北京汽车股份有限公司
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

股份代號: 1958
Stock code:1958

二零一六年中期報告
Interim Report 2016

*僅供識別
*For identification purpose only

Contents

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, 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
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

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

Ms. Sun Ke[3]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Company Secretary

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

Ms. Sun Ke[3]
5/F, 99 Shuanghe Street, Renhe Town, Shunyi District, Beijing, China

Company Secretary Assistant
Ms. Mok Ming Wai[3]
36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong

Hong Kong Legal Advisor

Clifford Chance
27/F Jardine House, 1 Connaught Place, Central, Hong Kong

China Legal Advisor
Jun He Law Office
20/F China Resources Building, 8 Jianguomenbei Avenue, Chaoyang District, Beijing, China

Auditors (External Audit Firm)

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

PricewaterhouseCoopers Zhong Tian LLP
11/F PricewaterhouseCoopers Center,
202 Hubin Road,
Shanghai, China

External Company Secretary

KCS Hong Kong Limited
36/F Tower Two, Times Square, 1 Matheson Street, Causeway Bay, 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
1/F, Block D, Building No. 309 Huizhong Beili, Datun Road, 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

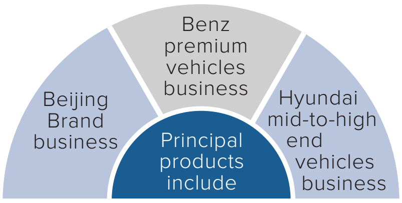
Investor Enquiry
Investor hotline: (86)10 5676 1958; (852) 3188 8333
Website: www.baicmotor.com
E-mail: ir@baicmotor.com

1 For reference only
2 Resigned from this position on September 23, 2016
3 Appointed on September 23, 2016

PART TWO: BUSINESS OVERVIEW

1. Principal Businesses

Established in September 2010, our Company is the platform for consolidating and developing all the passenger vehicles resources of BAIC Group. As an enterprise enjoying full support from the Beijing municipal government, we engage mainly in the research and development, manufacture and distribution of vehicles and relevant parts and components such as engines, gearboxes and powertrains. Our key products are: (i) the proprietary "Beijing Brand", (ii) the premium "Mercedes-Benz" passenger vehicles and (iii) the mid-to-high end "Hyundai" vehicles. Our multiple passenger vehicle brands complement each other and cover the various niche markets in passenger vehicles from the premium to the mid-to-high range joint venture brands as well as the mid-to-high tier to the economical domestic brand. Our portfolio of passenger vehicles includes mid-to-large size sedans, mid-size sedans, compact sedans, small-size sedans, SUV, MPV and CUV products to cater to different consumer demands.



Beijing Brand

The Beijing Brand passenger vehicle business is currently operated through three product series: Senova, BJ and Wevan. They are manufactured at our Beijing base (i.e. the Beijing branch of our Company), Zhuzhou base (the Zhuzhou branch of our Company) and Guangzhou base (our subsidiary BAIC Guangzhou Automotive Co., Ltd.), which have a combined designed capacity of 450,000 vehicles a year.

Senova

We began selling Senova passenger vehicles in 2013. Senova passenger vehicles are developed and designed by us though based on the Saab technologies that we acquired earlier. Senova is a mid- to high-end proprietary passenger vehicle product series. It inherits the European tradition of excellent craftsmanship and targets consumers who focus on performance and cost efficiency.

Currently, our Senova passenger vehicles include five sedans and four SUVs. In the first half of 2016, as part of our strategic adjustment in product structure, we launched two SUVs, the X55 and the X35.

BJ

In December 2013, the (BJ) 40 jeep was launched after rebranding BJ as a pioneer of die-hard off-road vehicles that inherited half a century of BAIC military genes. It aims to provide consumers with quality products that deliver excellent performance in pure-blooded cross-country spirit. In the first half of 2016, the BJ series added two new models, the (BJ)40L and the (BJ)80, while a face-lifted (BJ)40 was also introduced. In the second half of 2016, the BJ series will launch its first tough urban cross-country vehicle, the (BJ)20, which will be marketed as a light urban jeep to offer consumers a new experience.

Wevan

We commenced the sales of Wevan passenger vehicles in 2011. Our Wevan product series mainly include CUVs, Mini-MPVs and economical SUVs targeting small and micro businesses as well as individuals. We aim to produce "high quality, trustworthy" economical passenger vehicles. The main products in our Wevan series include the M20 Mini-MPV and its upgraded product M30, as well as the Wevan 306 and Wevan 307 CUVs. In the first half of 2016, we successfully launched the S50 economical SUV, which was soon produced in large quantity and expanded our SUV line.

To cater to the consumption upgrade of our traditional Mini-MPV users, we also plan to launch at the end of 2016 a front-wheel-drive mini-MPV for household use.

PART TWO: BUSINESS OVERVIEW

New energy vehicles

In the area of new energy vehicles, we have launched a comprehensive conversion of traditional vehicles into new energy ones by promoting swiftly the “same factory, shared platform” transformation strategy for traditional and new energy vehicles. We are actively preparing all our production bases for the manufacture of new energy vehicles in order to realize the synergy, enhance capacity utilization ratios and create production flexibility, thus driving our businesses with the twin engines of SUV and new energy products. At present, the new energy product EV series that we are marketing include the E150EV, EV160 and EV200 models, while new launches include EU260 and ES210 which are based on our popular traditional sedans. In 2016, Beijing Motor continues to implement its “new energy + suv” (“E+S”) strategy, with the launch in the first half of 2016 of EX200, the first pure electric car in China, and plans to launch a brand new flagship model EH400 new energy sedan, thus enriching our new energy product range and maintain our lead in the new energy vehicles market.

Beijing Brand Major Models


BAIC Senova X35


BAIC Senova X55


(BJ)40L


(BJ)80


Wevan S50


Wevan M30


BJEV EU260


BJEV EX200

For Reference Only

Beijing Benz

Beijing Benz is our subsidiary in which we hold 51% equity interest while Daimler AG and its wholly owned subsidiary Daimler Greater China Ltd. together hold 49%.

Beijing Benz All New E-Class Long Wheelbase

Beijing Benz began the manufacture and distribution of Mercedes-Benz passenger vehicles in 2005 in accordance with Daimler's global manufacturing and quality standards. It has built up a complete system for manufacturing luxury cars, and is the only Daimler joint venture to operate front-wheel-drive, rear-wheel-drive and power system platforms outside of Germany. It is also the largest Daimler manufacturing base outside Germany in terms of production capacity, with a designed capacity that meets future production plans and market demand. At present, Beijing Benz manufactures and sells the E-class sedan, the C-class sedan and the GLC- and GLA-class SUVs. On June 16, 2016, the brand new long-wheelbase E-class sedan rolled off the production line and is being marketed from the third quarter onward. This represents the final step in the complete update of all Beijing Benz models. The new product lineup injects a powerful competitiveness into Beijing Benz, further cementing its position in the premium passenger vehicle market.

Beijing Hyundai

Beijing Hyundai is the joint venture between the Company and Hyundai Motor Company. Each of BAIC Investment Co., Ltd., our subsidiary, and Hyundai Motor Company, holds 50% equity interest in Beijing Hyundai. Established in 2002 as the first joint venture automobile enterprise following China's entry into the World Trade Organization, Beijing Hyundai was able to realize the sale of Hyundai passenger vehicles within one year. At present, Beijing Hyundai is offering more than 10 models including the popular Sonata, Mistra and Elantra. In the first half of 2016, Beijing Hyundai successfully launched such new models as a brand new Elantra, the ninth-generation hybrid-powered Sonata and the Mistra 1.6T to cater to different consumer demands. Of them, the launch of the ninth-generation hybrid Sonata signaled the commencement of Beijing Hyundai's "NEW[2]" new energy strategy. In the second half, it will launch a brand new Verna A0 and a face-lifted New Santa-Fe, which will further strengthen its leadership in its niche markets.

Beijing Hyundai Elantra

The Beijing Hyundai Cangzhou plant began construction on April 3, 2015. As of June 2016, the main construction work and equipment installation of the five principal workshops (stamping, body, painting, assembly and engines) have been done and the plant is expected to be complete and commissioned in the second half of this year. As the industrial project commanding the largest investment in the joint development of Beijing, Tianjin and Hebei, the Cangzhou plant will be the new engine of economic development in the Beijing, Tianjin and Hebei region, and will greatly promote the economic development and industrial upgrade of Cangzhou.

Beijing Hyundai Ninth-generation hybrid-powered Sonata

[2] "N" represents the nine heavy-weight new energy products to be launched by Beijing Hyundai before 2020 to augment the positioning of its new energy products in various niche markets; "E" represents new energy technology, and heralds the full implementation of the HEV\PHEV\EV and FCV technologies in Beijing Hyundai's new energy products; while "W" represents the healthy lifestyle and travel mode being promoted by Beijing Hyundai.

PART TWO: BUSINESS OVERVIEW

The Beijing Hyundai Chongqing plant began construction on June 23, 2015. As of June 2016, it has completed the bearing platform foundation, equipment infrastructure and the steel structure. In the second half of the year, the focus will be on equipment installation and trial operations, with commissioning scheduled for 2017. It is expected that 2017, the five plants of Beijing Hyundai join forces to cover the whole country and achieve multi-core drivers in production capacity, product and market, thus building a solid foundation for its continued growth in the Chinese market.

Industry Chain Nearing Completion

On March 24, 2016, the Company entered into a capital increase agreement with BJEV for the subscription of new shares issued by BJEV in cash. Upon completion of the capital increase on April 26, 2016, the Company has acquired 6.5% interests in BJEV. This allowed the two sides to strengthen their business co-operation and synergies, thus further expanding our Company's strategic development and industry presence in the new energy vehicles area, and eventually benefiting from the development of new energy vehicles.

On June 12, 2016, the Company entered into a share transfer agreement with Fujian Motor with regard to the acquisition of its 35% equity interests in Fujian Benz. The completion of this transaction will realize the complete strategic co-operation between the Company and Daimler in the Benz brand, further strengthening our long-term partnership for our mutual benefits. This move will also enhance our product lineup in the high-end light commercial vehicles sector as consumer demand in the automotives market continues to diversify. As at June 30, 2016, the equity acquisition transaction has not yet completed.

For detailed information on the above co-operation, please refer to the Company's announcements dated March 28 and June 12, 2016.

Distribution Network

The Group has established extensive distribution network in China. The Beijing Brand, Beijing Benz and Beijing Hyundai each independently launch their own sales and marketing activities. As the first-tier cities continue to roll out various policies to restrict the purchase and use of vehicles, we have actively developed new regional markets to explore consumer demand in different levels of markets.

Engines and Automobile Parts and Components

For Beijing Brand, we manufacture the engines and other key automobile parts and components for use in our passenger vehicles as well as for sale to other automobile manufacturers. By digesting and assimilating Saab technology and through the combination of co-operative and independent development, we have completed the product development of engines and gearboxes one after another. Mass production of these products has commenced and they are widely used on passenger vehicle series such as Senova, Wevan and BJ, among others. At the same time, we produce core parts and components including camshafts and connecting rods for Beijing Motor's use. Currently, such products as camshafts and connecting rods are supplied to more than a dozen automobile manufacturers including Benz, Hyundai and Fiat.

Beijing Benz began to manufacture engines in 2013 and now has an engines manufacturing plant with annual production capacity of 300,000 units. It is the first engine manufacturing base of Mercedes-Benz outside of Germany, thus empowering Beijing Benz with the ability to manufacture critical parts and components of engines. From mid-2014, Beijing Benz began to export engine cylinder blocks, cylinder heads, crankshafts and other parts to Germany for use in the engines assembled by Daimler's engine plants. This further enhanced the link and status of Beijing Benz in Daimler's global manufacturing network.

Research and Development

The Group believes that research and development ability is crucial to future development. In 2009, BAIC Group acquired Saab technology, including structural design of three Saab models, two turbo engines, two gearboxes and production tools and molds. Through adopting and upgrading Saab's design and technical standards, Beijing Brand has built its own passenger vehicle platform, system and parts and components to meet the needs of passenger vehicle design and development. In recent years, the Beijing Brand has realized significant achievements in the R&D of new products, built up its intellectual property system, and strengthened patent applications. In the first half of 2016, the Company submitted 507 patent applications and obtained approval for 319 patents, bringing the total number of registered patents to more than 2,700. Further, the Group has in recent years built up alliances with its partners to create its own global R&D system for the Beijing Brand under the independent R&D +3M (MBtech/META/Michigan) structure. This provides sustainable support in R&D technology and personnel in such core areas as high-end vehicle models, new energy car assembly and powertrain.

Beijing Benz commissioned its new R&D center in Beijing in July 2014. The 150,000-square meter R&D center is equipped with world-class research and development facilities for localized adaptive design, testing and trial production of vehicles and parts and components, as well as the localization of parts and components production. The center is also Daimler's largest joint venture R&D center outside Germany.

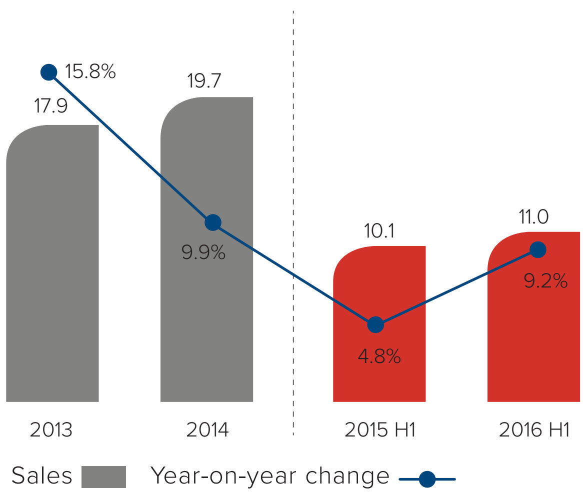
2. Review of Operations

Industry Overview

During 2016, the global macroeconomic situation grew increasingly complex as the economic trends of developed and emerging economies diverged further. With elevated geopolitical risks and chain reactions arising from the interaction between Brexit and the European debt problem, global economic outlook has turned increasingly uncertainty. Latest forecasts from International Monetary Fund suggest that the global economy is likely to grow 3.1% in 2016. During the first half of 2016, China's macroeconomic trends were stable with a 6.7% year-on-year growth in GDP. Although downward macroeconomic pressure remained heavy, industrial output and private consumption have shown signs of recovery, benefiting sales in the automotive market. In addition, the policy to reduce automobile purchase tax by half has had a pronounced effect on automobile sales, thus allowing China's auto industry to show signs of recovery. China Association of Automobile Manufacturers data show that 11.042 million passenger cars were sold in the first half of 2016, an increase of 9.2% from the corresponding period in 2015. For the month of June, the annual growth was as high as 17.7%. Within the passenger vehicles market, the "new normals" are increasingly entrenched. These include a steady growth in the market share of local brands, continued rapid growth of SUVs, and a robust trend in new energy vehicles.

Sales of Passenger Vehicles in Recent Years

(Million units)



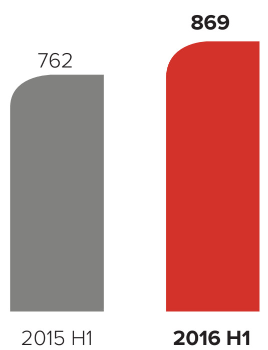
PART TWO: BUSINESS OVERVIEW

Our Operating Performance

In the first half of 2016, under the "new normals" in the macro-economic situation and the automobiles market, the Group adhered to its operating objectives of "structural adjustment, transformation, introspective and efficient" and strived to expand the domestic market. We achieved sales of approximately 869,000 vehicles, an increase of 14.1% compared with the last corresponding period, and about five percentage points faster than the 9.2% growth rate of the Chinese passenger vehicle market.

Overall Sales Volume

(Thousand units)



The Group's sales volume for the six months ended June 30, 2016 is as follows:

Number of vehicles	Sales volume	Same period last year	Year-on-year change
Beijing Brand	**203,001**	**148,512**	**36.7%**
SUV	98,005	10,911	798.2%
Sedans	6,659	42,281	-84.3%
MPV	67,261	56,770	18.5%
CUV	15,927	32,334	-50.7%
New energy vehicles	15,149	6,216	143.7%
Beijing Benz	**143,398**	**103,034**	**39.2%**
Beijing Hyundai	**522,769**	**510,276**	**2.5%**
Total	**869,168**	**761,822**	**14.1%**

3. Business Outlook

For the automobiles market, the 50% reduction in purchase tax for low-emission vehicles is likely to expire towards the end of 2016 and may well trigger a modest last-minute surge in its sale in the second half of 2016. The infrastructure for new energy vehicles market continues to improve and the public's approval gradually increases. As the government takes initiatives in the use and after-sales service of new energy vehicles, we expect considerable room for growth in new energy vehicle sales in the second half of 2016, despite a decline in new energy vehicles subsidies.

For the Group, a range of "quality improvement and efficiency enhancement" measures adopted during the first half of 2016 has achieved the goals that we set at the beginning of the year, leading to a steady increase in our operating performance. In the second half of 2016, we will continue to grasp the market dynamics and achieve our full year objectives in the spirit of "Tenacity, Perseverance, Focus and Perfection".

PART THREE: 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.

The Board and Committees

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 during the Reporting Period, which is consistent with that as set forth in the 2015 annual report of the Company.

Interim Dividend

The Board has not made any recommendation on the payment of an interim dividend for the six months ended June 30, 2016.

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. Ma Chuanqi and Mr. Liu Kaixiang, among which 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, 2016, the 2016 interim results and the 2016 interim report of the Group.

Information on Changes in Director, Supervisor and Senior Management

As at the date of this report, the Board has proposed the appointment of Mr. Zhang Jianrong and Ms. Shang Yuanxian as Directors upon the retirement of non-executive directors Mr. Li Zhili and Mr. Ma Chuanqi for age reason. If the appointments of Mr. Zhang and Ms. Shang are approved by the general meeting of shareholders, their terms will commence from the date of approval by the general meeting of shareholders until the expiry of the term of office of the current Board. For further details, please refer to the Company's announcement dated July 25, 2016.

Due to the needs of their work, the Company's vice-presidents Mr. Li Jikai, Mr. Chen Bao, Mr. Jiang Xiaodong, Mr. Liang Guofeng and Mr. Zhang Huaye have relinquished their positions from August 24, 2016, while Mr. Yan Xiaolei has ceased acting as secretary to the Board of the Company on August 24, 2016.

On August 24, 2016, the Board appointed Mr. Liu Yu as the Company's vice-president and Ms. Sun Ke as secretary to the Board of the Company, from August 24, 2016 until the expiry of the term of office of the second session of the Board.

On September 23, 2016, Mr. Yan Xiaolei ceased to be our company secretary and our authorized representative under Rule 3.05 of the Listing Rules. On the same day, the Board appointed Ms. Sun Ke as our company secretary and Ms. Mok Ming Wai, a director of KCS Hong Kong Limited, as our company secretary assistant. Ms. Sun also succeeds Mr. Yan as our authorized representative under Rule 3.05 of the Listing Rules. All these appointments were effective from September 23, 2016. With regard to the appointment of Ms. Sun, 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 waiver is for a period of three years. For details, please refer to the relevant announcement by the Company dated September 23, 2016.

The three-year term of the Company's second session of Board of Directors and Board of Supervisors expired on September 8, 2016. As the nomination of Directors and Supervisors is still underway, in order to provide continuity to the two Boards, the terms of the Second Board of Directors and Board of Supervisors have been extended until the new Board of Directors and Board of Supervisors are approved by Shareholders at the general meeting in accordance with the Articles of Association. The Company's China Legal Advisor, June He Law Office, considers that the postponed formation of a new Board of Directors and Board of Supervisors, and the continuation by the existing Directors and Supervisors to execute their duties until the Company's general meeting approving a new Board of Directors and Board of Supervisors do not contravene the rules of the Company Law or the Articles of Association.

PART THREE: CORPORATE GOVERNANCE

The Company is earnestly proceeding with the procedural work in relation to the candidates for the new Board of Directors and Board of Supervisors. Specifically, this include the selection of candidates, communications with Shareholders, implementation of decision-making process at the Shareholder level, as well as reporting to and registering with (if necessary) such regulatory agencies as the State-owned Assets Supervision and Administration Commission of the People's Government of Beijing Municipality. Prior to the effective date of the appointment of the new Board of Directors and Board of Supervisors, all members of the Company's Second Board of Directors, Board of Supervisors and senior management will continue to execute their respective duties in accordance with the requirements of China's Company Law, the Listing Rules and the Articles of Association.

Save as disclosed above, as at the date of this report, 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.

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

As of June 30, 2016, 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 debt instruments 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 of June 30, 2016, and to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and senior management) 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 deem 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 general meetings of the Company:

Name of Shareholder	Type of Share	Amount of share/ relevant share amount(Note 1)	Percentage to relevant share capital type (%)(Note 2)	Percentage to the total share capital (%)
BAIC Group	Domestic shares	3,416,659,704 (L)	62.18	44.98
Shougang Shares	Domestic shares	1,028,748,707 (L)	18.72	13.54
Shenzhen Benyuan Jinhong 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 amount of shares held by relevant person/the amount of relevant types of shares issued by December 31, 2015.

Material Litigation and Arbitration

As at June 30, 2016, 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.

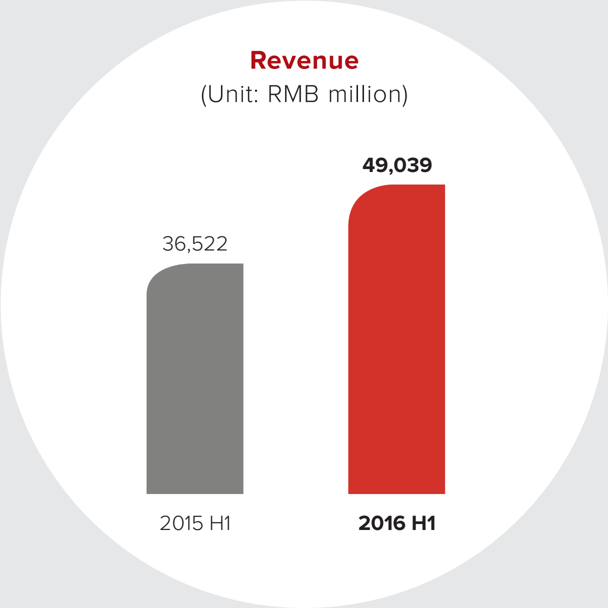
PART FOUR: MANAGEMENT DISCUSSION AND ANALYSIS

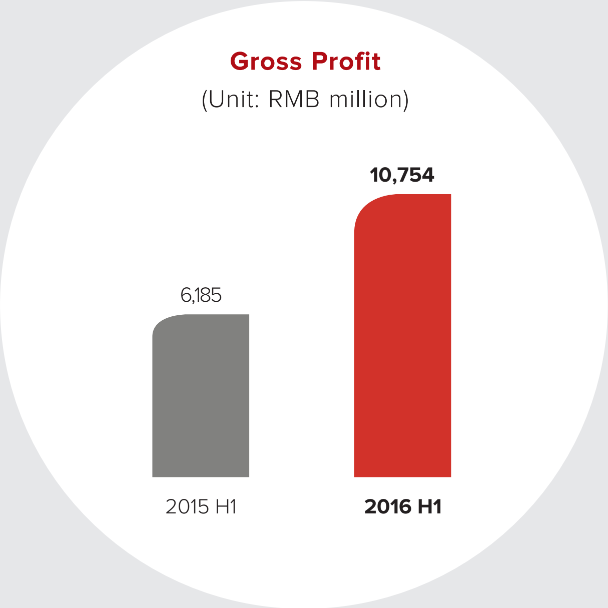
1. Summary of Financial Information

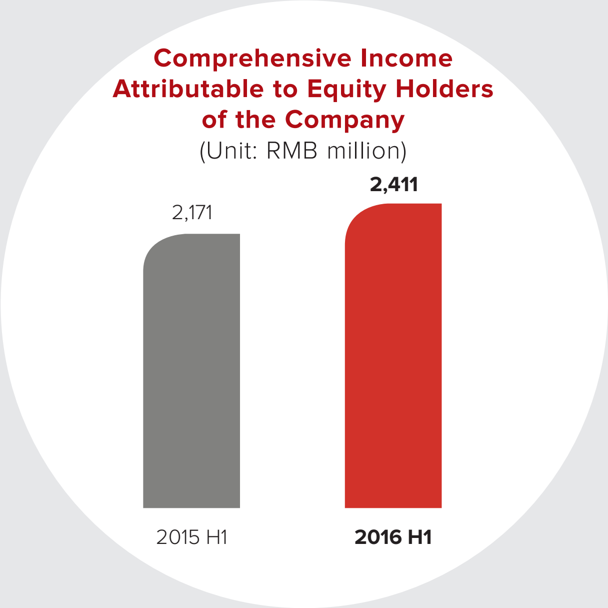
(Unit: RMB million)

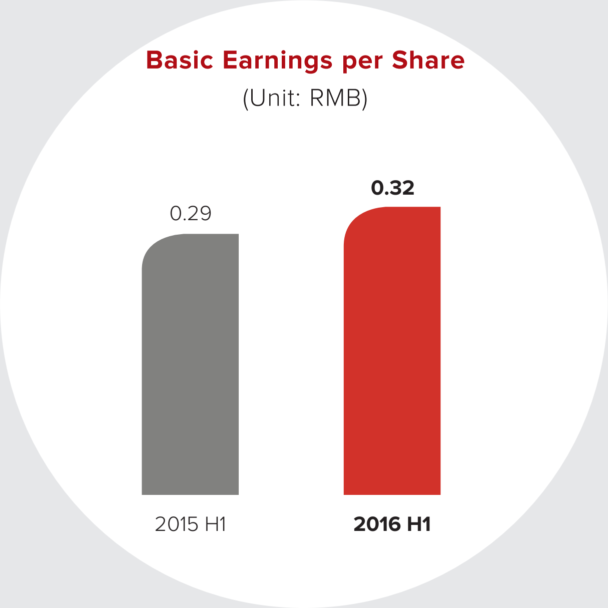
	Six months ended June 30	
	2016 (Unaudited)	2015 (Unaudited)
Comprehensive income		
Revenue	**49,039**	36,522
Cost of sales	**(38,285)**	(30,337)
Gross profit	**10,754**	6,185
Other (losses)/gains, net	**(247)**	1,252
Selling and distribution expenses	**(4,554)**	(2,983)
General and administrative expenses	**(1,923)**	(1,743)
Finance costs, net	**(255)**	(408)
Share of post-tax profits of joint ventures and associates	**1,979**	2,035
Profit before income tax	**5,754**	4,338
Income tax expense	**(1,334)**	(847)
Profit for the period	**4,420**	3,491
Other comprehensive income	**–**	–
Total comprehensive income for the period	**4,420**	3,491
Attributable to:		
Equity holders of the Company	**2,411**	2,171
Non-controlling interests	**2,009**	1,320
Earnings per share(RMB)		
Basic	**0.32**	0.29
Diluted	**0.32**	0.29

	As at June 30 2016 (Unaudited)	As at December 31, 2015 (Audited)
Total assets, total liabilities and total equity attributable to holders of the Company		
Total assets	**140,876**	127,393
Total liabilities	**89,946**	80,324
Total equity attributable to equity holders of the Company	**36,281**	35,010


Revenue
(Unit: RMB million)
49,039
36,522
2015 H1
2016 H1


Gross Profit
(Unit: RMB million)
10,754
6,185
2015 H1
2016 H1


Comprehensive Income Attributable to Equity Holders of the Company
(Unit: RMB million)
2,411
2,171
2015 H1
2016 H1


Basic Earnings per Share
(Unit: RMB)
0.32
0.29
2015 H1
2016 H1

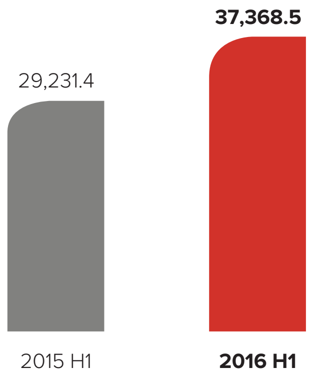
2. Results Analysis and Discussion

Revenue

The Group's main business operations are the design, research and development, manufacturing and sale of passenger vehicles and related after-sale services. The above business has brought sustained and stable revenue to our Group. Revenue of the Group increased to RMB49,038.8 million in the first half of 2016 from RMB36,522.3 million in the corresponding period in 2015, mainly attributable to the increase in revenue from Beijing Benz and Beijing Motor.

Revenue Generated by Beijing Benz

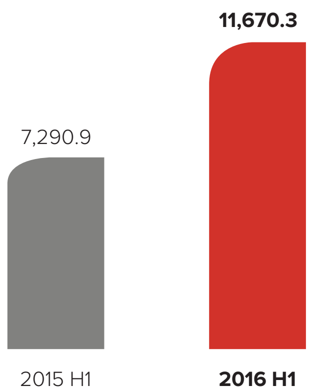
(Unit: RMB million)



Revenue generated by Beijing Benz increased by 27.8% to RMB37,368.5 million in the first half of 2016 from RMB29,231.4 million in the same period in 2015. The main contributing factors were (i) a 39.2% year-on-year increase in sales volume of Beijing Benz; (ii) the revenue was partially offset by a decline in average revenue caused by the larger sales volume of the lower-priced GLA-class SUVs; and (iii) a decrease in the proportion of sales volume of the higher priced E-class sedans prompted by the Group's decision to reduce production and clear out inventories in the first half of 2016. The all-new E-class sedans will go on sale in the third quarter of 2016. The Group is fully confident of its market prospects and expects this product to be a new source of profit growth for Beijing Benz.

Revenue Generated by Beijing Motor

(Unit: RMB million)



Revenue generated by Beijing Motor increased by 60.1% to RMB11,670.3 million in the first half of 2016 from RMB7,290.9 million in the corresponding period in 2015, mainly attributable to (i) a 36.7% year-on-year growth in sales volume of Beijing Motor; (ii) an increase in average revenue of products driven by increased proportion of sales volume of the higher priced SUV products; and (iii) the revenue was partially offset by sales discounts offered by Beijing Motor in order to strengthen and expand its market share.

Beijing Motor vigorously promoted the "E+S" strategy in the first half of 2016 with some initial success. "E+S" sales accounted for 55.7% of the total in the first half of 2016 against 11.5% in the first half of 2015. The new Senova X25, Senova X55 and Senova X35 SUVs that we developed on our own were launched at the end of 2015 and early 2016. During the first half of 2016, we sold about 77,000 Senovas, about 9,000 of which were the X35 launched on May 20, 2016. Our operating strategy of "Tenacity, Perseverance, Focus and Perfection" has yielded some success, and we expect the proportion of "E+S" sales will further increase in the second half of the year.

PART FOUR: MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

The Group's cost of sales increased to RMB38,284.4 million in the first half of 2016 from RMB30,336.9 million in the same period in 2015, mainly attributable to the increase in the sales volume and related costs of Beijing Benz and Beijing Motor.

Cost of sales incurred by Beijing Benz increased by 20.4% to RMB26,886.4 million in the first half of 2016 from RMB22,340.0 million in the same period last year, mainly attributable to (i) the 39.2% year-on-year increase in sales volume of Beijing Benz; and (ii) the partial cost offset at Beijing Benz upon its cost-reduction measures such as increasing the proportion of domestic sourcing of parts and components.

Cost of sales incurred by Beijing Motor increased by 42.5% to RMB11,398.0 million in the first half of 2016 from RMB7,996.9 million in the corresponding period in 2015, mainly attributable to (i) the 36.7% year-on-year increase in the sales volume of Beijing Motor; (ii) changing sales mix due to growth in sales volume of SUV products; and (iii) partial cost offset on the back of our Company's cost-reduction measures.

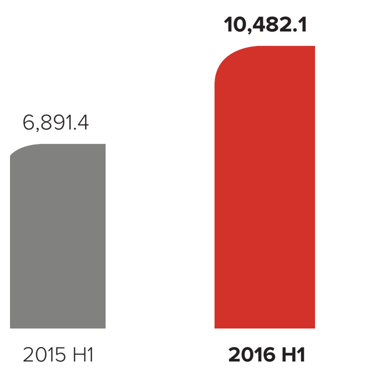
Gross Profit

Based on the aforesaid reasons, the Group recorded gross profit of RMB10,754.4 million in the first half of 2016, an increase of 73.9% over the RMB6,185.4 million gross profit in the same period last year, mainly because of the year-on-year increase in gross profit of Beijing Benz and Beijing Motor.

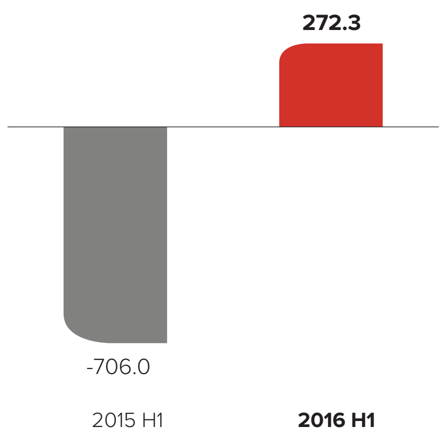
Beijing Benz's gross profit increased by 52.1% to RMB10,482.1 million in the first half of 2016 from RMB6,891.4 million in the corresponding period in 2015. Its gross margin increased to 28.1% in the first half of 2016 from 23.6% in the corresponding period in 2015, mainly attributable to (i) the 39.2% year-on-year increase in sales volume of Beijing Benz; and (ii) the partial cost was offset at Beijing Benz upon its cost-reduction measures such as increasing the proportion of domestic sourcing of parts and components.

Beijing Motor achieved gross profit of RMB272.3 million in the first half of 2016 against a gross loss of RMB706.0 million in the corresponding period in 2015. Gross margin rose to 2.3% in the first half of 2016 from -9.7% in the same period last year. This was mainly attributable to a higher sales proportion of the higher-margin SUV products, though it was partially offset by greater discounts in sales promotions to maintain market share.

Gross Profit of Beijing Benz
(Unit: RMB million)



Gross Profit of Beijing Motor
(Unit: RMB million)



Selling and Distribution Expenses

Selling and distribution expenses of the Group increased to RMB4,554.4 million in the first half of 2016 from RMB2,983.1 million in the same period last year, mainly attributable to the increase in selling and distribution expenses of Beijing Benz and Beijing Motor.

Selling and distribution expenses of Beijing Benz increased by 43.2% to RMB3,550.8 million in the first half of 2016 from RMB2,479.5 million in the same period a year ago. The proportion of Beijing Benz's selling and distribution expenses to its revenue increased to 9.5% in the first half of 2016 from 8.5% in the same time last year. This was mainly due to increased expenses, such as after-sales warranty and transport costs arising from a 39.2% year-on-year sales increase.

Selling and distribution expenses of Beijing Motor increased by 99.3% to RMB1,003.6 million in the first half of 2016 from RMB503.6 million in the same period last year, accounting for 8.6% of its revenue in the first half of 2016 against 6.9% in the first half of 2015. The main reasons for higher selling and distribution expenses were (i) increased expenses, such as after-sales warranty and transportation costs arising from a 36.7% year-on-year sales increase at Beijing Motor; and (ii) higher targeted advertising and promotion expenses due to new product centralised launches in the first half of 2016. Targeted advertising and promotion expenses are deployed in line with the pace of new product launches and tend to occur in stages. The Company will adjust the amount of targeted advertising and promotion expenses in the second half of 2016 according to market conditions.

General and Administrative Expenses

General and administrative expenses of the Group increased to RMB1,923.5 million in the first half of 2016 from RMB1,743.0 million in the same period in the first half of 2015, mainly due to the increase in general and administrative expenses of Beijing Benz and Beijing Motor.

General and administrative expenses of Beijing Benz increased by 2.7% to RMB1,292.2 million in the first half of 2016 from RMB1,258.3 million in the same period last year. This was mainly because (i) Beijing Benz has adopted a more vigorous budget control system; and (ii) it was partially offset by higher bonuses for managerial staff on the basis of increased sales, as well as increases in urban construction tax and education surcharge. The proportion of Beijing Benz's general and administrative expenses to its revenue decreased to 3.5% in the first half of 2016 from 4.3% in the first half of 2015.

General and administrative expenses of Beijing Motor increased by 30.2% to RMB631.3 million in the first half of 2016 from RMB484.7 million in the same period in 2015, mainly attributable to higher staff compensation costs due to the increase in the number of employees as Beijing Motor expanded its businesses. With the adoption of a more vigorous budget control system, the proportion of Beijing Motor's general and administrative expenses to its revenue decreased to 5.4% in the first half of 2016 from 6.7% in the first half of 2015.

Operating Profit

Based on the aforesaid reasons, the Group recorded operating profit of RMB4,029.8 million in the first half of 2016, an increase of 48.6% from RMB2,711.7 million in the same period last year, mainly because of higher operating profit of Beijing Benz.

Beijing Benz's operating profit increased by 47.4% to RMB5,239.0 million in the first half of 2016 from RMB3,554.7 million in the fist half of 2015, lifting the operating profit margin to 14.0% from 12.2%. The main contributing factors were (i) the 39.2% year-on-year increase in sales volume of Beijing Benz; and (ii) Beijing Benz adopted cost-reduction measures such as increasing the proportion of domestic sourcing of parts and components.

Operating loss of Beijing Motor increased by 43.4% to RMB1,209.2 million in the first half of 2016 from RMB843.0 million in the same period last year, yet operating profit margin improved to -10.4% from -11.6% in the fist half of 2015. This was mainly attributable to (i) the 36.7% year-on-year sales volume growth of Beijing Motor; and (ii) though it was partially offset by greater discounts and distribution fees in sales promotions to maintain market share.

Share of Post-Tax Profits of Joint Ventures and Associates

The Group recorded a total investment income of RMB1,978.8 million in the first half of 2016, representing a year-on-year decrease of 2.8%, mainly because of lower net profit of Beijing Hyundai as its product range entered a cycle of general upgrade, causing an increase in sales promotion and marketing expenses.

PART FOUR: MANAGEMENT DISCUSSION AND ANALYSIS

Finance Costs, Net

In the first half of 2016, the Group incurred total net financial expenses of RMB254.7 million. Beijing Benz recorded net financial income of RMB117.1 million against a net financial expense of RMB74.7 million in the first half of 2015. The turnaround was mainly attributable to (i) decreased financial expenses due to declines in both long and short-term borrowings; and (ii) higher interest income due to a stronger cash flow. Beijing Motor incurred net financial expense of RMB371.8 million against RMB334.0 million in the first half of 2015, mainly because of the higher interest expenses on the back of increased borrowings.

Foreign Exchange Losses

In the first half of 2016, the Group recorded a net foreign exchange loss of RMB422.0 million against a net foreign exchange gain of RMB590.8 million in the first half of 2015. This was mainly attributable to exchange losses incurred by Beijing Benz in its euro-denominated payments as a result of the decline in the renminbi exchange rate against the euro.

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

Since the second half of 2015, expectations have been strengthening for the depreciation of RMB, and the Group has accordingly reduced the size of debt denominated in foreign currencies. At the same time, our Group has a well-developed foreign exchange management strategy that regularly controls the foreign exchange rate risks. At present, we mainly used foreign exchange forward contracts as our hedging tool.

Income Tax Expenses

Income tax expenses of the Group increased to RMB1,333.6 million in the first half of 2016 from RMB847.1 million in the same period last year, mainly attributable to the increase in taxable income. Effective tax rate increased to 23.2% in the first half of 2016 from 19.5% in the first half of 2015.

The rates of income tax for enterprises applicable to the Company and its subsidiaries in the first half of 2016 and the first half of 2015 were: 15.0% for PRC subsidiaries entitled to new and high technology enterprises, 16.5% for Hong Kong profits tax, and 25.0% for other PRC enterprises.

Net Profit

Based on the aforesaid reasons, the Group recorded net profit of RMB4,420.3 million in the first half of 2016, representing a 26.6% year-on-year increase. Beijing Benz recorded net profit of RMB4,021.9 million with a net profit margin of 10.8%. Beijing Motor recorded net profit of RMB398.4 million, with a net profit margin of 3.4%.

In the first half of 2015, Beijing Benz recorded net profit of RMB2,610.0 million with a net profit margin of 8.9%. Beijing Motor recorded net profit of RMB880.8 million, with a 12.1% net profit margin.

Profit Attributable to Equity Holders of the Company

The Group recorded profit attributable to equity shareholders of the Company of RMB2,411.3 million in the first half of 2016. Basic earnings per share amounted to RMB0.32, with an increase of 10.3% as compared to the first half of 2015.

Financial Resources and Capital Structure

As at June 30, 2016, the Group had cash and cash equivalents of RMB26,618.2 million, notes receivable of RMB9,111.7 million, notes payable of RMB4,251.2 million, outstanding borrowings of RMB32,566.1 million, and unused bank credit lines of RMB33,658.1 million. At the same time, the Group had commitments for capital expenditure of RMB6,117.4 million. Included in the outstanding borrowings were euro-denominated borrowings equivalent to RMB1,757.9 million as at June 30, 2016.

As at December 31, 2015, the Group had cash and cash equivalents of RMB23,946.5 million, notes receivable of RMB6,370.6 million, notes payable of RMB2,104.6 million, outstanding borrowings of RMB30,266.0 million and unused bank credit lines of RMB33,390.3 million.

The Group usually satisfies its daily working capital requirements through self-generated cash and short-term borrowings. In February 2016, the Company completed the issuance of the first tranche of its 2016 ultra-short-term debentures of RMB2,000.0 million in principal amount, a coupon rate of 2.85% per annum and maturity of 270 days. In March 2016, the Company completed the issuance of the first tranche of its 2016 corporate bonds with RMB1,500.0 million in principal amount, an interest rate of 3.15% per annum and maturity of five years. In April 2016, the Company completed the issuance of the first tranche of its 2016 green corporate bonds in principal amount of RMB2,500.0 million, an interest rate of 3.45% per annum and maturity of seven years.

As at June 30, 2016, the Group's outstanding borrowings consisted of RMB21,961.2 million of short-term borrowings and RMB10,604.9 million of long-term borrowings. The Group will repay the above borrowings on a timely basis upon maturity.

As at June 30, 2016, none of the debt covenants includes any agreement on the performance of controlling shareholder's obligations. The Group has also strictly followed all the terms and conditions in its debt covenants, and no default has taken place.

Total Assets

As at June 30, 2016, the total assets of the Group were RMB140,876.3 million, representing an increase of RMB13,483.2 million as compared with that on December 31, 2015. This was mainly attributable to (i) the increase in accounts receivable as a result of increased sales volume of Beijing Benz and Beijing Motor; (ii) the increase in cash and cash equivalents as a result of increased sales volume of Beijing Benz and Beijing Motor; and (iii) the increase in fixed assets, intangible assets and work in progress.

Total Liabilities

As at June 30, 2016, the total liabilities of the Group were RMB89,946.1 million, representing an increase of RMB9,622.4 million as compared with that on December 31, 2015. This was mainly attributable to (i) the increase in bills payable for the purchase of raw materials as a result of increased sales volume of Beijing Benz and Beijing Motor; and (ii) the completion of the issues of ultra-short-term debentures, corporate bonds and green corporate bonds in the first half of 2016, among which fixed-rate liabilities amounted to RMB15,455.7 million.

Total Equity

As at June 30, 2016, the total equity of the Group was RMB50,930.2 million, representing an increase of RMB3,860.8 million as compared with that on December 31, 2015, mainly attributable to Beijing Benz's net profit.

Net Gearing Ratio

As at June 30, 2016, the Group's net gearing ratio ((total borrowings less cash and cash equivalents)/(total equity + total borrowings less cash and cash equivalent)) was 10.5%, representing a decrease of 1.3 percentage points from 11.8% as at December 31, 2015, mainly attributable to the increase in total equity.

Significant Investments

In the first half of 2016, the Group incurred total capital expenditures of RMB2,411.1 million, of which RMB2,040.0 million were incurred by Beijing Benz and RMB371.1 million by Beijing Motor. These capital expenditures are expected to provide the Group with sufficient production capacity to meet the changing demands in the market.

In the first half of 2016, the Group incurred total research and development expenses of RMB1,398.5 million, the majority of which were incurred by Beijing Motor for its product research and development projects. Based on applicable 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 March 24, 2016, the Company entered into a capital increase agreement with BJEV for the subscription of new shares issued by BJEV in cash. Upon completion of the capital increase on April 26, 2016, the Company has acquired 6.5% interests in BJEV.

PART FOUR: MANAGEMENT DISCUSSION AND ANALYSIS

On June 12, 2016, the Company entered into a share transfer agreement with Fujian Motor with regard to the acquisition of its 35% equity interests in Fujian Benz. Upon completion of the transaction, the Company and Fujian Motor will hold 35% and 15%, respectively, of the equity interests in Fujian Benz, with Daimler Vans Hong Kong Limited holding the remaining 50%. Fujian Motor shall act in concert with the Company in terms of the operations and management of Fujian Benz and other relevant matters, while the director(s) appointed by Fujian Motor shall exercise his rights as a director in concert with the Company. As at June 30, 2016, the equity acquisition transaction has not yet completed.

For detailed information on the above co-operation, please refer to the Company's announcements dated March 28 and June 12, 2016.

Pledge of Asset

As at June 30, 2016, the Group had pledged notes receivable of RMB4,886.1 million and pledged inventory of RMB665.7 million, respectively.

Contingent Liabilities

The Group had no material contingent liability in the first half of 2016.

Employee and Remuneration Policies

As at June 30, 2016, the Group had 24,454 employees, compared with 25,461 as at December 31, 2015. In the first half of 2016, the Group incurred total staff costs of RMB2,261.0 million, representing a year-on-year increase of 8.4%, mainly attributable to (i) the year-on-year increase in the number of employees of Beijing Benz and Beijing Motor; and (ii) the increase of relevant performance bonus of Beijing Benz based on the completion progress of annual operating plan.

Through 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 plan with certain guarantee on retirement income.

Lending

During the first half of 2016, the Group did not provide loans to any entities.

External Financial Assistance or Guarantees

During the first half of 2016, the Group did not provide financial assistance or guarantees to external parties.

PART FIVE: DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

The Directors, Supervisors and Senior management of the Company are:

Directors[1]

Mr. Xu Heyi	Chairman and Non-executive Director
Mr. Zhang Xiyong	Non-executive Director
Mr. Li Zhili	Non-executive Director
Mr. Li Feng	Executive Director and President
Mr. Ma Chuanqi	Non-executive Director
Mr. Qiu Yinfu	Non-executive Director
Mr. Hubertus Troska	Non-executive Director
Mr. Bodo Uebber	Non-executive Director
Ms. Wang Jing	Non-executive Director
Mr. Yang Shi	Non-executive Director
Mr. Fu Yuwu	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

Committees Under the Board[1]

Strategy Committee
Mr. Xu Heyi *(Chairman)*
Mr. Zhang Xiyong
Mr. Li Feng
Mr. Ma Chuanqi
Mr. Qiu Yinfu
Mr. Hubertus Troska
Mr. Yang Shi
Mr. Fu Yuwu
Mr. Zhao Fuquan
Ms. Meng Yulei

Audit Committee
Mr. Wong Lung Tak Patrick *(Chairman)*
Mr. Ma Chuanqi
Mr. Liu Kaixiang

Remuneration Committee
Mr. Bao Robert Xiaochen *(Chairman)*
Mr. Li Feng
Ms. Wang Jing
Mr. Wong Lung Tak Patrick
Mr. Liu Kaixiang

Nomination Committee
Mr. Xu Heyi *(Chairman)*
Mr. Li Zhili
Mr. Fu Yuwu
Mr. Bao Robert Xiaochen
Mr. Zhao Fuquan

[1] Due to the postponed formation of a new Board, the term of the current (second session) Board of Directors, special committees and senior management of the Company will expire upon the approval of the new Board at the Shareholders' general meeting.

PART FIVE: DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Supervisors[1]

Mr. Zhang Yuguo	Chairman of the Board of Supervisors
Mr. Yin Weijie	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

Senior Management[2]

Mr. Li Feng	President
Mr. Chen Guixiang	Vice-president
Mr. Wu Robin Xuebin	Vice-president
Mr. Zhou Yanming	Vice-president
Mr. Chen Hongliang	Vice-president
Mr. Liu Zhifeng	Vice-president
Mr. Wang Zhang	Vice-president
Mr. Cai Jianjun	Vice-president
Mr. Gu Lei	Vice-president
Mr. Yun Tae Hwa	Vice-president
Mr. Xie Wei	Vice-president
Mr. Liu Yu	Vice-president
Ms. Sun Ke	Secretary to the Board and Company Secretary

1 Due to the postponed formation of a new Board, the term of the current (second session) Board of Supervisors of the Company will expire upon the approval of the new Board of Supervisors at the Shareholders' general meeting.

2 Due to postponed formation of a new Board, the term of the current (second session) Board of Directors, special committees and senior management of the Company will expire upon the approval of the new Board at the Shareholders' general meeting.

PART SIX: UNAUDITED INTERIM FINANCIAL INFORMATION REVIEW REPORT

pwc

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 22 to 47, which comprises the interim condensed consolidated balance sheet of BAIC Motor Corporation Limited (the "Company") and its subsidiaries (together, the "Group") as at June 30, 2016 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 24, 2016

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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PART SEVEN: INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at June 30, 2016

	Note	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	6	**38,614,766**	38,353,039
Land use rights	6	**5,374,023**	5,222,063
Intangible assets	6	**12,556,620**	11,473,224
Investments in joint ventures		**12,359,777**	12,902,015
Investments in associates		**2,474,213**	1,680,360
Available-for-sale financial assets		**536,480**	4,000
Deferred income tax assets		**4,566,857**	4,208,609
Other long-term assets		**861,766**	1,313,159
		77,344,502	75,156,469
Current assets			
Inventories		**12,396,396**	9,870,762
Accounts receivable	7	**17,073,889**	10,948,608
Advances to suppliers		**1,647,526**	2,041,593
Other receivables and prepayments		**3,923,247**	3,965,500
Restricted cash		**1,872,533**	1,463,660
Cash and cash equivalents		**26,618,240**	23,946,496
		63,531,831	52,236,619
Total assets		**140,876,333**	127,393,088

	Note	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
EQUITY			
Capital and reserves attributable to equity holders			
Share capital	8	**7,595,338**	7,595,338
Other reserves		**17,679,349**	17,680,657
Retained earnings		**11,005,980**	9,733,988
		36,280,667	35,009,983
Non-controlling interests		**14,649,533**	12,059,419
Total equity		**50,930,200**	47,069,402
LIABILITIES			
Non-current liabilities			
Borrowings	9	**10,604,861**	8,986,078
Deferred income tax liabilities		**820,717**	839,971
Provisions		**1,829,813**	1,610,287
Deferred income		**1,379,096**	1,260,294
		14,634,487	12,696,630
Current liabilities			
Accounts payable	10	**28,326,354**	21,382,334
Advances from customers		**1,467,161**	1,283,647
Other payables and accruals		**22,216,691**	21,201,970
Current income tax liabilities		**735,251**	1,943,280
Borrowings	9	**21,961,204**	21,279,937
Provisions		**604,985**	535,888
		75,311,646	67,627,056
Total liabilities		**89,946,133**	80,323,686
Total equity and liabilities		**140,876,333**	127,393,088

The notes on pages 29 to 47 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, 2016

	Note	For the six months ended June 30, 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	5	**49,038,815**	36,522,319
Cost of sales		**(38,284,442)**	(30,336,885)
Gross profit		**10,754,373**	6,185,434
Selling and distribution expenses		**(4,554,392)**	(2,983,114)
General and administrative expenses		**(1,923,452)**	(1,743,033)
Other (losses)/gains, net		**(246,757)**	1,252,401
Operating profit	11	**4,029,772**	2,711,688
Finance income		**202,584**	145,976
Finance costs		**(457,307)**	(554,697)
Finance costs, net		**(254,723)**	(408,721)
Share of post-tax profits of joint ventures		**1,824,008**	1,941,752
Share of post-tax profits of associates		**154,772**	93,178
Profit before income tax		**5,753,829**	4,337,897
Income tax expense	12	**(1,333,568)**	(847,127)
Profit for the period		**4,420,261**	3,490,770
Other comprehensive income		**–**	–
Total comprehensive income for the period		**4,420,261**	3,490,770
Attributable to:			
Equity holders of the Company		**2,411,293**	2,170,790
Non-controlling interests		**2,008,968**	1,319,980
		4,420,261	3,490,770
Earnings per share for profit attributable to equity holders of the Company during the period (RMB)			
Basic and diluted	13	**0.32**	0.29

The notes on pages 29 to 47 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, 2016

	Unaudited						
	Attributable to equity holders of the Company						
	Share capital RMB'000	Capital reserve RMB'000	Statutory surplus 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	15,742,247	1,938,410	9,733,988	35,009,983	12,059,419	47,069,402
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	15,740,939	1,938,410	11,005,980	36,280,667	14,649,533	50,930,200

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	Capital reserve RMB'000	Statutory surplus 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, 2015							
Balance at January 1, 2015	7,508,018	15,214,551	1,462,662	9,169,736	33,354,967	8,613,649	41,968,616
Total comprehensive income for the period	–	–	–	2,170,790	2,170,790	1,319,980	3,490,770
Transactions with owners							
Issuance of new shares (Note 8)	87,320	526,113	–	–	613,433	–	613,433
Share issuance costs (Note 8)	–	(5,737)	–	–	(5,737)	–	(5,737)
Contribution from non-controlling interest holder of a subsidiary	–	–	–	–	–	1,409,189	1,409,189
Final dividends relating to 2014 declared in June 2015	–	–	–	(2,278,601)	(2,278,601)	–	(2,278,601)
Others	–	10,682	–	–	10,682	10,262	20,944
	87,320	531,058	–	(2,278,601)	(1,660,223)	1,419,451	(240,772)
Balance at June 30, 2015	7,595,338	15,745,609	1,462,662	9,061,925	33,865,534	11,353,080	45,218,614

The notes on pages 29 to 47 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, 2016

	For the six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Cash generated from operations	**6,499,660**	3,491,706
Interest paid	**(365,942)**	(505,994)
Interest received	**202,584**	145,976
Income tax paid	**(2,919,098)**	(774,772)
Net cash generated from operating activities	**3,417,204**	2,356,916
Cash flows from investing activities		
Purchase of property, plant and equipment	**(2,842,286)**	(4,576,854)
Purchase of land use rights	**(215,338)**	–
Addition of intangible assets	**(1,301,740)**	(1,896,575)
Investment in joint ventures	**(1,351,643)**	(419,138)
Investment in an associate	**(660,000)**	–
Investment in available-for-sale financial assets	**(532,480)**	–
Receipt of government grants for capital expenditures	**–**	75,000
Proceeds from disposals of property, plant and equipment and intangible assets	**3,330**	30,462
Dividends received from joint venture	**3,717,888**	5,169,655
Dividends received from associates	**27,731**	29,321
Increase of restricted cash	**(408,873)**	(2,756,427)
Net cash used in from investing activities	**(3,563,411)**	(4,344,556)

PART TEN: INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended June 30, 2016

	Note	For the six months ended June 30, 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Cash flows from financing activities			
Issuance of new shares	8	**–**	613,433
Proceeds from borrowings		**12,172,977**	12,874,735
Repayments of borrowings		**(9,937,501)**	(13,549,433)
Dividends to non-controlling interests holders of subsidiaries		**–**	(436,245)
Contribution from non-controlling interest holder of a subsidiary		**582,471**	1,409,189
Net cash generated from financing activities		**2,817,947**	911,679
Net increase/(decrease) in cash and cash equivalents		**2,671,740**	(1,075,961)
Cash and cash equivalents at January 1		**23,946,496**	21,923,296
Exchange gains on cash and cash equivalents		**4**	37,127
Cash and cash equivalents at June 30		**26,618,240**	20,884,462

The notes on pages 29 to 47 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, 2016

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 24, 2016.

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, 2015, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

As at June 30, 2016, the current liabilities of the Group exceeded its current assets by RMB11,780 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 RMB8,550 million and RMB25,108 million respectively as at June 30, 2016.

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.

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

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, 2015, as described in those annual financial statements except for the adoption of amendments to IFRSs effective for the financial year ending December 31, 2016.

(a) Changes effective for annual periods beginning on January 1, 2016.

Amendments to IFRSs effective for the financial year ending December 31, 2016 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 standard does not need to be applied until January 1, 2018 but is available for early adoption. The Group is currently assessing whether it should adopt IFRS 9 before its mandatory date.

(ii) IFRS 15 'Revenue from contracts with customers'

The 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 recognised 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 periods beginning on or after January 1, 2018, and will allow early adoption.

Management is currently assessing the effects of applying the new standard on the Group's financial statements.

(c) Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

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, 2015.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate 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, 2015.

There have been no changes in the risk management policy 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
At June 30, 2016 (unaudited)				
Borrowings	**22,662,835**	**2,690,814**	**5,700,770**	**3,728,700**
Accounts payable	**28,326,354**	**–**	**–**	**–**
Other payables and accruals	**20,597,881**	**–**	**–**	**–**
At December 31, 2015 (audited)				
Borrowings	22,166,736	4,624,677	4,138,489	1,050,140
Accounts payable	21,382,334	–	–	–
Other payables and accruals	19,382,116	–	–	–

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

4 Financial risk management (Continued)

4.3 Fair value estimation

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – 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 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The following table presents the Group's financial assets and liabilities that are measured at fair value.

	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				
At June 30, 2016 (unaudited)	–	–	–	–
At December 31, 2015 (audited)	–	56,678	–	56,678
Liabilities				
Financial liabilities at fair value through profit or loss				
At June 30, 2016 (unaudited)	–	(58,742)	–	(58,742)
At December 31, 2015 (audited)	–	–	–	–

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

There was no change in valuation techniques during the period.

4 Financial risk management (Continued)

4.4 Valuation techniques used to derive Level 2 fair values

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.

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 product perspective:

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

- Passenger vehicles of Beijing Benz Automotive Co., Ltd. ("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, 2016

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 Motor RMB'000 (Unaudited)	Passenger vehicles – Beijing Benz RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended June 30, 2016			
Total revenue	11,699,908	37,368,530	49,068,438
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
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 post-tax profits of joint ventures			1,824,008
Share of post-tax profits of associates			154,772
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)
Credit/(provisions) for impairments on inventories	67,481	(63,992)	3,489
As at June 30, 2016			
Total assets	71,902,850	68,973,483	140,876,333
Including:			
Investments in joint ventures	12,359,777	–	12,359,777
Investments in associates	2,474,213	–	2,474,213
Total liabilities	(50,181,549)	(39,764,584)	(89,946,133)

5 Segment information (Continued)

	Passenger vehicles – Beijing Motor RMB'000 (Unaudited)	Passenger vehicles – Beijing Benz RMB'000 (Unaudited)	Total RMB'000 (Unaudited)
For the six months ended June 30, 2015			
Total revenue	7,315,330	29,231,445	36,546,775
Inter-segment revenue	(24,456)	–	(24,456)
Revenue from external customers	7,290,874	29,231,445	36,522,319
Segment gross (loss)/profit	(706,009)	6,891,443	6,185,434
Selling and distribution expenses			(2,983,114)
General and administrative expenses			(1,743,033)
Other gains, net			1,252,401
Finance costs, net			(408,721)
Share of post-tax profits of joint ventures			1,941,752
Share of post-tax profits of associates			93,178
Profit before income tax			4,337,897
Income tax expense			(847,127)
Profit for the period			3,490,770
Other Information:			
Significant non-cash expenses			
Depreciation and amortization	(545,812)	(1,528,638)	(2,074,450)
Provisions for impairments on receivables and inventories	(411,701)	–	(411,701)
As at December 31, 2015			
Total assets	63,725,718	63,667,370	127,393,088
Including:			
Investments in joint ventures	12,902,015	–	12,902,015
Investments in associates	1,680,360	–	1,680,360
Total liabilities	(41,464,850)	(38,858,836)	(80,323,686)

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

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, 2016 and 2015.

The Group is domiciled in PRC. The percentage of its revenue from external customers residing in the PRC is approximately 99.3% for the six months ended June 30, 2016 (six months ended June 30, 2015: 99.8%).

As at June 30, 2016, 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 98.0% (as at December 31, 2015: 97.9%).

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
Net book amount 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)**
Net book amount at June 30, 2016 (unaudited)	**38,614,766**	**5,374,023**	**12,556,620**
Net book amount at January 1, 2015 (audited)	34,218,190	5,347,184	8,251,308
Additions	3,094,801	–	1,230,338
Disposals	(30,485)	–	–
Depreciation/amortization	(1,793,371)	(62,560)	(233,643)
Net book amount at June 30, 2015 (unaudited)	35,489,135	5,284,624	9,248,003

(a) There are no property, plant and equipment, land use rights and intangible assets pledged as collateral under borrowing agreements at June 30, 2016 and December 31, 2015.

(b) The Group has capitalized borrowing costs amounting to approximately RMB189,408,300 on qualifying assets of property, plant and equipment and intangible assets for the six months ended June 30, 2016 (six months ended June 30, 2015: approximately RMB235,192,000). Borrowing costs were capitalized at the weighted average of its borrowing rate of 4.23% during the six months ended June 30, 2016 (six months ended June 30, 2015: 4.80%).

7 Accounts receivable

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Trade receivables, gross (note (a))	**7,963,257**	4,579,034
Less: provision for impairment	**(1,047)**	(1,047)
	7,962,210	4,577,987
Notes receivable	**9,111,679**	6,370,621
	17,073,889	10,948,608

(a) The majority of the Group's sales are on credit or on advance payments. A credit period of up to 3 to 6 months 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, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Current to 1 year	**7,925,003**	4,560,463
1 to 2 years	**28,696**	15,166
Over 2 years	**9,558**	3,405
	7,963,257	4,579,034

(b) All notes receivable are with average maturity periods of within six months.

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

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

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

7 Accounts receivable (Continued)

(e) 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, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Pledged notes receivable	**4,886,085**	2,696,141

8 Share capital

	Number of shares of RMB1 each ('000)	**Share capital RMB'000**
At January 1, 2016 (audited)	**7,595,338**	**7,595,338**
At June 30, 2016 (unaudited)	**7,595,338**	**7,595,338**
At January 1, 2015 (audited)	7,508,018	7,508,018
Additions (note (a))	87,320	87,320
At June 30, 2015 (unaudited)	7,595,338	7,595,338

(a) On January 9, 2015, the Company issued additional 87,320,000 new shares with nominal value of RMB1.00 each for the exercise of over-allotment of the Global Offering at a price of HK$8.90 per share.

The total gross proceeds from the exercises of over-allotment of the Global Offering was approximately HK$777,088,000 (equivalent to approximately RMB613,433,000), of which RMB87,320,000 was credited to share capital and approximately RMB526,113,000 was credited to share premium. The related share issuance costs amounted to approximately RMB5,737,000.

9 Borrowings

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Non-current		
Bank borrowings	**2,015,760**	2,959,570
Corporate bonds	**8,589,101**	6,026,508
Total non-current borrowings	**10,604,861**	8,986,078
Current		
Bank borrowings	**15,337,884**	16,124,013
Add: current portion of non-current bank borrowings	**692,780**	1,157,712
	16,030,664	17,281,725
current portion of non-current corporate bonds	**5,930,540**	3,998,212
Total current borrowings	**21,961,204**	21,279,937
Total borrowings	**32,566,065**	30,266,015

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

9 Borrowings (Continued)

Movements in borrowings is analyzed as follows:

	Six months ended 30 June,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
At the beginning of the period	**30,266,015**	29,918,248
Proceeds of new borrowings	**13,989,504**	10,687,710
Repayments of borrowings	**(11,689,750)**	(13,848,021)
Amortization of bond issuance costs	**296**	4,246
At the end of the period	**32,566,065**	26,762,183

The Group has the following undrawn borrowing facilities:

	June 30, 2016	December 31, 2015
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Floating rate:		
– Expiring within 1 year	**8,550,000**	9,015,079
– Expiring beyond 1 year	**25,108,147**	24,375,229
	33,658,147	33,390,308

10 Accounts payable

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Trade payables	**24,075,180**	19,277,708
Notes payable	**4,251,174**	2,104,626
	28,326,354	21,382,334

Ageing analysis of trade payables is as follows:

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Current to 1 year	**24,056,285**	19,236,144
1 year to 2 years	**13,109**	38,357
Over 2 years	**5,786**	3,207
	24,075,180	19,277,708

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

11 Operating profit

	For the six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation and amortization	**2,494,189**	2,074,450
(Credit)/Provisions for impairments on receivables and inventories	**(3,489)**	411,701
Employee benefit costs	**2,260,982**	2,085,172
Gains from sales of scrap materials	**(16,528)**	(23,804)
Net foreign exchange losses/(gains), including forward foreign exchange contracts with fair value through profit or loss	**468,899**	(590,835)
Government grants	**(228,848)**	(652,384)
Losses on disposal of property, plant and equipment	**960**	22

12 Income tax expense

	For the six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Current income tax	**1,711,070**	1,415,747
Deferred income tax credit	**(377,502)**	(568,620)
	1,333,568	847,127

Except for certain group companies being recognized as new and high-technology enterprises with preferential income tax rate of 15% and a subsidiary which is subject to Hong Kong profits tax at a rate of 16.5%, provision for PRC enterprise income tax is calculated based on the statutory income tax rate of 25% in accordance with relevant PRC enterprise income tax rules and regulations.

13 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,	
	2016 (Unaudited)	2015 (Unaudited)
Profit attributable to equity holders of the Company (RMB'000)	**2,411,293**	2,170,790
Weighted average number of ordinary shares in issue (thousands)	**7,595,338**	7,589,032
Earnings per share for profit attributable to equity holders of the Company	**0.32**	0.29

During the six months ended June 30, 2016 and 2015, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.

14 Dividends

The Board of Directors of the Company did not recommend the payment of any interim dividend for the six months ended June 30, 2016 (six months ended June 30, 2015: Nil). The dividend of approximately RMB1,139,301,000 (RMB0.15 per share) relating to the year ended December 31, 2015 was approved by the shareholders at a meeting held on May 2016 and paid in July 2016.

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

15 Capital Commitments

The Group have the following capital expenditures contracted but not yet incurred as at June 30, 2016 and December 31, 2015 respectively.

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Contracted but not yet incurred	**6,117,412**	7,331,424

16 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, 2016 and 2015.

16 Related party transactions (Continued)

(a) Significant transactions with related parties

	For the six months ended June 30,	
	2016	2015
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of goods, materials and technology to		
– BAIC Group	**428**	245
– subsidiaries of BAIC Group	**4,044,588**	3,151,373
– joint ventures	**175,580**	149,295
– an associate	**20**	23
– other related companies	**569,173**	326,876
Services provided to		
– subsidiaries of BAIC Group	**–**	81,161
– associates	**12,225**	977
– other related companies	**26,871**	15,970
Purchases of goods and materials from		
– subsidiaries of BAIC Group	**7,499,071**	3,610,243
– an associate	**49,527**	–
– other related companies (note)	**17,066,314**	12,133,636
Services received from		
– BAIC Group	**152,479**	130,458
– subsidiaries of BAIC Group	**859,509**	686,495
– joint ventures	**459,441**	262,204
– other related companies	**1,478,590**	1,344,158
Rental expenses paid/payable to		
– BAIC Group	**30,000**	–
– subsidiaries of BAIC Group	**64,629**	50,752
Interest income received from		
– an associate	**36,411**	29,062
Interest expenses paid/payable to		
– an associate	**59,436**	47,429
Key management compensations		
– salaries, allowances and other benefits	**5,120**	6,527
– employer's contribution to pension scheme	**313**	308
– discretionary bonuses	**607**	1,302

Note:

For the six months ended June 30, 2016, the Group purchased goods and materials from Daimler AG of approximately RMB11,636,237,000 (six months ended June 30, 2015: approximately RMB8,775,437,000).

PART ELEVEN: NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the Six Months Ended June 30, 2016

16 Related party transactions (Continued)

(b) Significant balances with related parties:

	June 30, 2016 RMB'000 (Unaudited)	December 31, 2015 RMB'000 (Audited)
Assets		
Other long-term assets		
– subsidiaries of BAIC Group	**15,348**	337,758
Available-for-sale financial assets		
– subsidiaries of BAIC Group	**532,480**	–
– other related companies	**4,000**	4,000
Accounts receivable		
– BAIC Group	**1,024**	1,839
– subsidiaries of BAIC Group	**2,382,829**	1,319,502
– joint ventures	**36,455**	27,174
– an associate	**14,637**	–
– other related companies	**500,056**	195,746
Advances to suppliers		
– subsidiaries of BAIC Group	**577,440**	792,526
– other related companies	**163,290**	262,020
Other receivables and prepayments		
– BAIC Group	**27,215**	27,462
– subsidiaries of BAIC Group	**1,239,001**	1,001,991
– joint ventures	**888**	1,985
– associates	**12,274**	24,107
– other related companies	**145,254**	187,139
Cash and cash equivalents		
– an associate	**8,427,444**	5,930,713
Liabilities		
Accounts payable		
– BAIC Group	**612**	31,477
– subsidiaries of BAIC Group	**6,748,081**	3,996,945
– an associate	**45,547**	7,981
– other related companies	**8,363,570**	6,688,576
Advances from customers		
– subsidiaries of BAIC Group	**101,294**	28,874
– an associate	**327**	327
– other related companies	**156**	17
Other payables and accruals		
– BAIC Group	**535,041**	511,439
– subsidiaries of BAIC Group	**1,262,373**	1,171,139
– joint ventures	**198,520**	148,568
– an associate	**40**	40
– other related companies	**1,424,352**	1,935,501
Dividends payable to		
– BAIC Group	**512,499**	–
– other related companies	**1,521,321**	1,470,000
Borrowings from		
– an associate	**2,421,664**	3,213,190

16 Related party transactions (Continued)

(c) Guarantees:

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

17 Events occurring after the balance sheet date

On August 10, 2016, the Company completed the issuance of the second tranche of 2016 ultra short-term debentures, the issuance size was RMB2.5 billion with a term of 270 days and an interest rate of 2.65% per annum.

PART TWELVE: DEFINITIONS

"Articles of Association" or "Articles"	the Articles of Association of BAIC Motor Corporation Limited (as approved at the 2014 Annual General Meeting on June 29, 2015)
"Audit Committee"	the Audit Committee under the Board of Directors
"BAIC Group"	Beijing Automotive Group Co., Ltd.
"BAIC Investment"	BAIC Investment Co., Ltd., a company incorporated in the PRC on June 28, 2002, a subsidiary of our Company with 97.95% equity interest owned by our 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 our Company, 38.665% owned by Daimler AG and 10.335% owned by Daimler Greater China
"Beijing Brand"	Proprietary brand of BAIC Motor, which is operated through three product series, including Senova Series, BJ Series and Wevan Series
"Beijing Hyundai"	Beijing Hyundai Motor Co., Ltd., a company incorporated in the PRC on October 10, 2002, a joint venture of our Company in which BAIC Investment owns 50.0% equity interest with the remaining 50.0% owned by Hyundai Motor
"Beijing Motor"	When referring to a business segment, it means the consolidated business of our Company and its subsidiaries (excluding Beijing Benz)
"EJEV"	Beijing Electric Vehicle Co., Ltd.
"Board of Supervisors"	the board of Supervisors of the Company
"Board" or "Board of Directors"	the board of Directors of the Company
"CASBE"	Chinese Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC
"China" or "PRC"	the People's Republic of China excluding, for the purpose of this report, Hong Kong SAR, Macau SAR and Taiwan
"Company Law"	the Company Law of the People's Republic of China as promulgated after amendments by the Standing Committee of the National People's Congress on December 28, 2013 and effective from March 1, 2014 (and as amended, supplemented or revised in other means from time to time)
"Controlling Shareholder"	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 AG"	Daimler AG, a company established in Germany in 1886 which is a Substantial Shareholder of the Company and a Connected Person of the Company
"Date of this report"	August 24, 2016, the date this report was submitted to the board for consideration
"Directors"	Directors of the Company

"Domestic Shares"	ordinary shares in the Company's share capital, with a nominal value of RMB1.00 each, which are subscribed for and paid up in renminbi by PRC nationals and/or PRC incorporated entities
"Fujian Benz"	Fujian Benz Automotive Co., Ltd.
"Fujian Motor"	Fujian Motor Industry Group Co.
"H shares"	overseas listed foreign shares in our ordinary share capital with a nominal value of RMB1.00 each, subscribed for and traded in Hong Kong dollars and listed on the Hong Kong Stock Exchange
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hyundai"	a branded 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
"Listing"	Listing of the H Shares of the Company on the Stock Exchange
"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
"Mercedes-Benz"	a branded owned by Daimler AG and which our subsidiary Beijing Benz is authorized to use
"MBtech"	MBtech Group GmbH & Co. KgaA, a company 65% held and controlled by AKA TECHNOLOGIES SA with the remaining 35% held by Daimler. In the context of 3M research and development system, this generally refers to Beijing BAIC Mbtech Technology Center Co., Ltd., a joint venture between the Company and MBtech Group
"META"	Motoren-und Energie-Technik GmbH
"Michigan"	BAIC Motor Technical Center, America (proposed name, company undergoing registration process)
"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
"PwC"	PricewaterhouseCoopers
"PwC Zhong Tian"	PricewaterhouseCoopers Zhong Tian LLP

PART TWELVE: DEFINITIONS

"Reporting Period" or "First Half of 2016"	from January 1, 2016 to June 30, 2016
"Remuneration Committee"	the Remuneration Committee under the Board of Directors
"RMB" or "Renminbi"	the lawful currency of the PRC
"Shareholder(s)"	holder(s) of the Share(s)
"Share(s)"	Domestic Shares and H Shares
"Select Committees"	a collective term for the Strategy Committee, Audit Committee, Remuneration Committee and Nomination Committee under the Board of Directors
"Stock Exchange" or "Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Strategy Committee"	the Strategy Committee under the Board of Directors
"Subsidiary(ies)"	has the meaning ascribed thereto in section 2 of the Companies Ordinance, Chapter 622 of the laws of Hong Kong
"Supervisor(s)"	Supervisor(s) of the Company
"The Company" or "we" or "our"	BAIC Motor Corporation Limited
"The Group" or "Our Group"	The Company and its subsidiaries
"Yuan" or "CNY"	Chinese Yuan Renminbi

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