

BEIJING[®]

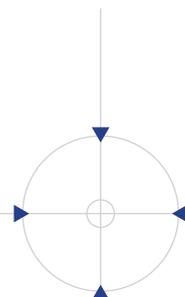


北京汽车股份有限公司
BAIC MOTOR CORPORATION LIMITED*

(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 Stock code : 1958

*僅供識別 For identification purpose only



2 0 2 0
INTERIM REPORT
中期報告



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

行有道·達天下

Your Wish · Our Ways



Vehicle model on the cover page:
BEIJING Illuminate Concept

Vehicle model of the interior:
BEIJING-X7

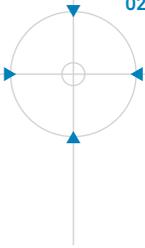




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OVERVIEW

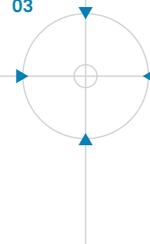
The board (the “Board”) of directors (the “Directors”) of BAIC Motor Corporation Limited (the “Company” or “BAIC Motor”) presents the unaudited interim condensed financial information of the Company and its subsidiaries (collectively referred to as the “Group” or “we” or “our”) for the six months ended June 30, 2020 (the “first half of 2020” or “Reporting Period”). The condensed financial information has been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” issued by the International Accounting Standards Board and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The results of the Group for the first half of 2020 have been approved by the Board of the Company. The unaudited interim condensed financial information set out in this report has been reviewed by PricewaterhouseCoopers, the auditor of the Company.

In the first half of 2020, affected by various factors such as the global outbreak of the Corona Virus Disease 2019 (the “COVID-19”) and the macro-economic downturn, the overall performance of the PRC passenger vehicle industry picked up following an initial dip, with the wholesale sales volume of 7.873 million units of vehicles in the first half of 2020, representing a year-on-year decline of 22.4%¹. Against the backdrop of overall economic downturn, facing internal and external challenges, the Group actively responded and achieved rapid resumption of work and production while effectively fighting the COVID-19: during the Reporting Period, Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz of the Group sold a total of 0.503 million units of vehicles; achieved the consolidated revenue of RMB77.85 billion; and achieved a profit attributable to equity holders of the Company of RMB1.05 billion and earnings per share of RMB0.12.

The Board has not made any recommendation on the payment of an interim dividend for the Reporting Period.

¹ Source: China Association of Automobile Manufactures (“CAAM”)



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 Limited²

- **REGISTERED OFFICE**

A5-061, Unit 101, 5th Floor, Building No. 1, Courtyard No. 99, Shuanghe Street, Shunyi District, Beijing 101300, China

- **HEADQUARTERS**

No. 99 Shuanghe Street, Shunyi District, Beijing 101300, China

- **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

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

- **AUTHORIZED REPRESENTATIVES**

Mr. Chen Hongliang

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

Mr. Wang Jianhui

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

- **COMPANY SECRETARY**

Mr. Wang Jianhui

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

- **COMPANY SECRETARY ASSISTANT**

Mr. Lee Kwok Fai

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

- **HONG KONG LEGAL ADVISOR**

Linklaters

10th Floor, Alexandra House, 18 Chater Road, Hong Kong

- **CHINA LEGAL ADVISOR**

JunHe LLP

20/F, China Resources Building, 8 Jianguomenbei Avenue, Dongcheng District, Beijing, China

- **AUDITOR (EXTERNAL AUDIT FIRM)**

PricewaterhouseCoopers

Certified Public Accountants and Registered PIE Auditor

22/F, Prince's Building, Central, Hong Kong

PricewaterhouseCoopers Zhong Tian LLP

11/F, PricewaterhouseCoopers Center, 202 Hubin Road, Shanghai, China

- **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, Tower D, Tian Chuang Shi Yuan Building, No. 309 Huizhong Beili, Chaoyang District, Beijing, China

- **H SHARE REGISTRAR**

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17/F, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

- **H SHARE STOCK CODE**

1958

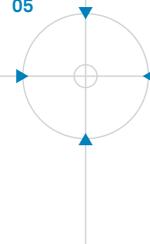
- **INVESTOR ENQUIRY**

Investor hotline: (86)10 5676 1958; (852)3188 8333

Website: www.baicmotor.com

E-mail: ir@baicmotor.com

² For identification purpose only



Part Two

Summary of Financial and Business Information

In April 2020, the Company purchased 100% equity interest in BAIC International and 24.78% equity interest in BAIC Ruili from Beijing Automotive Group Co., Ltd. (“BAIC Group”, the controlling shareholder of the Company) respectively. Given the Company, BAIC International and BAIC Ruili are under common control of BAIC Group before the business combination, the acquisitions are business combinations under common control, thus the Company applies the merger accounting principle in preparing the Condensed Financial Information, and BAIC International and BAIC Ruili are deemed to have been included in the consolidated scope of the Company since they were under common control of BAIC Group together with the Company. The consolidated scope of the Condensed Financial Information for the first half of 2020 includes the balance sheets, statements of comprehensive income and cash flow statements of BAIC International and BAIC Ruili. Comparative figures on December 31, 2019 (the “end of 2019”) and for the six months ended June 30, 2019 (the “first half of 2019”) are also restated following this principle. Please refer to the section headed “Report on Review of Unaudited Interim Condensed Consolidated Financial Information” in this report for the specific adjustments and impacts.

BAIC International conducted a number of asset divestitures before the Company becoming its shareholder. After restatement, the changes in profit during the first half of 2019 were mainly caused by the above divested assets. For relevant profit data of BAIC International (excluding the divested assets), please refer to relevant announcement issued by the Company on March 13, 2020.

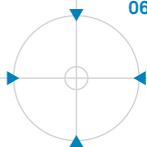
II. MAJOR PERFORMANCE SUMMARY

The wholesale sales volume of vehicles of each passenger vehicle business segment of the Group for the first half of 2020 is as follows:

Unit: unit

Business Segment	First Half of 2020 Cumulative Sales Volume	First Half of 2019 Cumulative Sales Volume
Beijing Brand ^{Note}	35,065	82,443
Oil-powered vehicle	24,133	28,145
New energy	10,932	54,298
Beijing Benz	270,112	282,046
Beijing Hyundai	184,314	276,412
Fujian Benz	13,560	12,687

Note: In the first half of 2019, the sales volume of Beijing Brand included “BJ” series of off-road vehicle products; in June 2019, the Company ceased to sell “BJ” series of off-road vehicle products (mainly BJ40 and BJ80 vehicle models). For the business organization relation between the Company and BAIC Group Off-road Vehicle Co., Ltd., please refer to the section headed “Relationship with BAIC Group” in the prospectus published by the Company on December 9, 2014 and relevant disclosure in previous announcements of the Company.



Part Three

Company Profile and Business Overview

I. OVERVIEW

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

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

II. MAJOR BUSINESS OPERATIONS

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

Passenger Vehicles

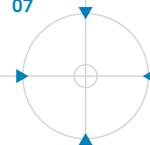
Our passenger vehicle business is conducted through four business segments, namely Beijing Brand, Beijing Benz, Beijing Hyundai and Fujian Benz.

1. Beijing Brand

Beijing Brand, our proprietary brand, has nearly ten models on the market, covering a full range of oil powered models and new energy models of sedan and SUV.

Traditional oil-powered models under Beijing Brand are targeted at consumers who value both vehicle performance and high-quality life, with the "metropolitan beauty" design philosophy and continual quality improvement. In 2019, the new "BEIJING" brand was launched, with the features of Beijing culture, namely confidence, grandness, refinement and leading, and the brand philosophy of "becoming the leader of the new four automobile modernizations and guarding the beautiful travel dream of mankind". In June 2020, the BEIJING-X7 middle class SUV, which inherited the "metropolitan beauty" and DNA of confident aesthetics, was launched and became a vital member of the new "BEIJING" brand series. At present, "BEIJING" brand has BEIJING-X3 compact SUV, BEIJING-X7 middle class SUV, BEIJING-U5 compact sedan, and BEIJING-U7 middle class sedan and other best-selling vehicle models. In the future, it will enrich its product lineup.

While manufacturing traditional oil-powered passenger vehicles, Beijing Brand accelerates the electrification process, developing many pure electric new energy vehicle models based on traditional oil-powered car models. It has BEIJING-EU5, BEIJING-EU7 and other best-selling electric vehicle products. Its major vehicle models have a mileage range in the integrated operating condition reaching 500 km. Meanwhile, Beijing Brand is arranging for and promoting electrification work for the diversity of products including 48V hybrid models and PHEV plug-in hybrid models.



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Company Profile and Business Overview

2. Beijing Benz

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

Beijing Benz currently manufactures and sells several types of Mercedes-Benz vehicles, including E-Class long-wheelbase sedan, the C-Class long-wheelbase and standard-wheelbase sedan, A-Class long-wheelbase sedan, long-wheelbase GLC SUV, GLA SUV, GLB SUV, EQC pure electric SUV and AMG A 35 L.

Beijing Benz has become a joint venture company of Daimler AG, owning the platforms of three main vehicle models, namely front-wheel drive vehicle, rear-wheel drive vehicle and electric vehicle, as well as an engine factory and a power battery factory in the world. It has exported core engine parts and engines and become an important part of the global production network of Mercedes-Benz. In recent years, it has won the honorary titles of “Global Excellent Operating Factory”, “Green Model Factory”, “Beijing Intelligent Manufacturing Benchmarking Enterprise” and “Sino-German Intelligent Manufacturing Cooperation Pilot Model Project”, etc.

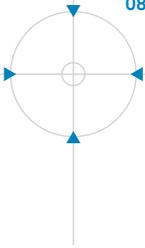
3. Beijing Hyundai

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

At present, Beijing Hyundai has capacities in Beijing, Hebei and Chongqing, which form a nationwide production and marketing system. Beijing Hyundai manufactures and sells over ten types of vehicles, covering a full range of major sedan models including middle class, compact and A0-Class models, as well as SUV models, with vehicle models for sale mainly including fourth-generation Santa Fe, fourth-generation TUCSON, LA FESTA EV, ENCINO EV, etc., to fully meet the needs of different consumers.

4. Fujian Benz

Fujian Benz Automotive Co., Ltd. (“Fujian Benz”) is a joint venture of the Company. The Company holds 35.0% equity interest of Fujian Benz, and establishes an act-in-concert agreement with Fujian Motor Industry Group Co. (“FJMOTOR”), which holds 15.0% equity interest of Fujian Benz. The consensus will be reached while making decisions regarding the operation, management and other matters of Fujian Benz, as well as the exercising of power



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Company Profile and Business Overview

by the directors appointed by FJMOTOR. Daimler Vans Limited (Hong Kong) holds the remaining 50.0% equity interest of Fujian Benz. Fujian Benz commenced the manufacturing and sales of multi-purpose passenger vehicles and light passenger vehicles of Mercedes-Benz brand in 2010.

At present, Fujian Benz stays on the leading edge in the field of joint venture premium business purpose vehicles, with production and sale of Mercedes-Benz V-Class vehicles and New Vito products.

Core Parts and Components for Passenger Vehicles

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

In respect of Beijing Brand, we manufacture engines, transmissions, new energy reducers and other core automobile parts and components through entities including BAIC Motor Powertrain Co., Ltd. mainly for use in our whole vehicles as well as for sale to other automobile manufacturers. Beijing Benz commenced to manufacture engines in 2013. At present, it owns two engine factories and the first power battery factory outside Germany. Its products include M270, M274, M264 and M282 engines and the first new energy power battery product. It has exported core engine parts and engines. Beijing Hyundai commenced to manufacture engines in 2004, and currently has several engine factories. Its products are mainly for use in Hyundai branded passenger vehicles manufactured by Beijing Hyundai, while certain products are sold to overseas factories of Hyundai Motor.

Car Financing

We conduct car financing and automobile aftermarket-related businesses of Beijing Brand, Mercedes-Benz brand and Hyundai brand through associates including BAIC Group Finance Co., Ltd. (“BAIC Finance”), Mercedes-Benz Leasing Co., Ltd., Beijing Hyundai Auto Finance Co., Ltd. and BH Leasing Co., Ltd. and continuously promote rapid development of car financing businesses by methods including capital investment and business cooperation.

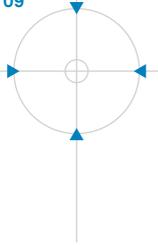
Sales and Service Business

In April 2020, the Company and BAIC BluePark New Energy Technology Co., Ltd. (“BAIC BluePark”) jointly established BAIC BluePark Marketing Services Co., Ltd. (北京汽車藍穀營銷服務有限公司) (“BAIC Marketing Services”). BAIC Marketing Services is committed to providing the Company and BAIC BluePark with marketing business consultation, signing service agreements, promoting the sharing of channels, service resources and sales resources, etc., and enhancing the marketing competitiveness of the “BEIJING” brand as a whole.

International Business

We promote the rapid development of international business through the production and operation businesses of the South African production base and the marketing business in South African and Southern African Development Community (SADC) markets which are in the charge of BAIC Automobile SA Proprietary Limited, a joint venture of the Company, through international marketing business in markets outside China and South Africa which are in the charge of BAIC International, a wholly-owned subsidiary of the Company, and through overseas sales companies, KD technology³ cooperation, vehicle distribution, etc. International business focuses on exporting passenger vehicle products of Beijing Brand.

³ means Knocked-down



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Company Profile and Business Overview

Other Related Businesses

In the first half of 2020, we continued to conduct research and development of light materials, new energy technology changes, information big data and used car businesses through relevant joint ventures.

III. INDUSTRY DEVELOPMENT IN THE FIRST HALF OF 2020

According to the National Bureau of Statistics, due to the impact of the COVID-19, in the first half of 2020, China's GDP fell by 1.6% on a year-on-year basis, economic performance data first fell and then rose, and the overall economy showed a steady recovery trend.

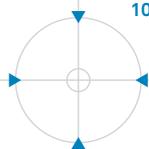
Affected by multiple factors including COVID-19, industrial policy changes and weak consumer demand, the domestic passenger vehicle market continued its downward trend in the first half of 2020. The data of the CAAM shows that, the overall wholesale sales volume of passenger vehicles in the PRC in the first half of 2020 was 7.873 million units, representing a year-on-year decrease of 22.4%, with sales volumes of all passenger vehicle models including sedan, SUV, MPV and CUV declining to varying degrees.

Affected by the influence of policies such as subsidy reduction, the competitiveness of products has declined in terms of new energy passenger vehicles, and the market decline is greater than the overall passenger

vehicle market. In the first half of 2020, the wholesale sales volume was 0.352 million units, representing a year-on-year decrease of 38.5%, including sales of 0.267 million units of pure electric passenger vehicles, representing a year-on-year decrease of 40.8%, and 0.086 million units of plug-in hybrid passenger vehicles, representing a year-on-year decrease of 30.3%.

In addition, the outbreak of COVID-19 has an impact on the high-end vehicle market. The data of Automotive Data of China Co., Ltd. show that, in the first half of 2020, the retail sales volume of premium vehicles reached 1.467 million units, representing a year-on-year decrease of 4.5%. However, since April, there has been a strong recovery and rebound, with continuous improvement in the market demand. In the first half of the year, the market share of premium vehicles increased by 4.3 percentage points to 18.5%, compared with the same period of last year.

In terms of industry policies, with a focus on large areas of stabilizing and expanding the purchase of vehicles, key policies include the Notice on Several Measures to Stabilize and Expand the Purchase of Vehicles and the Notice on Adjustment and Improvement of Subsidy Policies for New Energy Vehicles published by the state in the first half of 2020, specifying the measures to promote the purchase of vehicles and extension of the term of new energy vehicle subsidies to the end of 2022, which have a positive impact on the automobile industry.



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Company Profile and Business Overview

IV. OPERATIONAL PERFORMANCE OF THE GROUP IN THE FIRST HALF OF 2020

Operational Performance by Brands

1. Beijing Brand

The Company actively responded to the pressure from the outbreak of COVID-19 and the intensified industry competition and continuously promoted the product strategy driven by “new energy + intelligentization” to enhance the brand strength and the intelligentization level. During the Reporting Period, the sales volume of Beijing Brand reached 35 thousand units.

In the first half of 2020, affected by the outbreak of COVID-19 and the delay in the resumption of work, the production and marketing capabilities of vehicle enterprises have declined. Beijing Brand has fully resumed work and production despite the outbreak of COVID-19 and launched two key vehicle models (i.e. BEIJING-X7 and BEIJING-X7PHEV) as planned, thus promoting a steady increase in the sales volume of SUV vehicle models and achieving a year-on-year increase against the adverse market environment.

2. Beijing Benz

In the first half of 2020, Beijing Benz actively promoted the resumption of work and production under the premise of normalizing the prevention and control of COVID-19, rushed to catch up with the sales gap caused by COVID-19, and achieved sales of 270 thousand units, representing a year-on-year decrease of 4.2%, and sales volume remained at the forefront of domestic luxury brands.

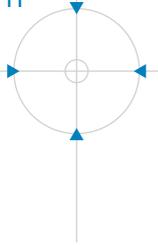
In terms of sales of product segment, in the first half of 2020, Beijing Benz saw a strong sales performance, with the average monthly sales volumes of three major vehicle models, namely E-Class sedan, C-Class sedan and GLC SUV, exceeding ten thousand units, outperforming the market.

Meanwhile, Beijing Benz made every effort to promote the implementation of key project plans. With the construction philosophy of “digitalized, flexible and green”, the overall renovation and construction work of the factory of Beijing Benz in Shunyi District went on smoothly.

3. Beijing Hyundai

In the first half of 2020, under the background of the outbreak of COVID-19 and intensified market competition, Beijing Hyundai adjusted its marketing progress in a timely manner and took “change, breakthrough, regeneration” as its management principle. The wholesale sales volume of vehicles of Beijing Hyundai for the first half of 2020 was 184 thousand units, and under the guidance of the target of reducing inventories, it reported the retail sales volume of 235 thousand units during the Reporting Period, which mitigates the operation pressure of dealers to the maximum and lays a good foundation for greater achievement in subsequent production and sale.

In terms of specific products, in the first half of 2020, LA FESTA EV, a pure electric sedan of Beijing Hyundai, was successfully launched, thus further enriching the product lines of new energy vehicle models, and continuously improving the product strength and market competitiveness.



Part Three

Company Profile and Business Overview

4. Fujian Benz

Affected by macroeconomic downturn and the outbreak of COVID-19, the operation of the overall automobile industry stayed at a low level. The vehicle sales volume of Fujian Benz was 14 thousand units in the first half of 2020, representing a year-on-year increase of 6.9%, achieving growth against the trend, and highlighting a good development trend. In the second half of 2020, Fujian Benz will continue to optimize and upgrade its main sales products, further tap market potential, and stabilize its development momentum to lay a foundation for achieving annual results and sustainable development.

5. Impact of the COVID-19

In the first half of 2020, the decrease in the results of the Group was mainly due to the impact of the COVID-19, which resulted in a significant decrease in sales volume of whole vehicles, especially in the first quarter, as compared with the corresponding period last year. Since the second quarter of 2020, the Group actively responded to the COVID-19 in various business segments and achieved full resumption of work and production. The sales volume remained at the same level to that for the same period last year, which had effectively slowed the downturn in profits in the first half of 2020.

Sales Network

The Group always attaches great importance to the interests of customers, strives to optimize its product-service system, and is devoted to enabling product distributors and customers to receive timely, efficient, accurate and service guarantee with high-quality. All brands have independent marketing channels. In the first half of 2020, the Group followed the “customer

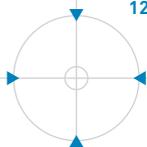
first” principle, continued to optimize and upgrade the dealer network, comprehensively improved customer experience, and enhanced overall competitiveness; Beijing Benz and Beijing Hyundai always paid attention to network efficiency and quality, and committed to improving the profitability of dealers and OEMs and realizing mutual trust and win-win results.

Research and Development

The Group believes that the research and development capability is crucial to future development. In the first half of 2020, it continuously made efforts to promote the construction of research and development systems and capacity, for all of its brand businesses.

Beijing Brand has continuously made research and development investment and has made achievements in the construction of research and development systems and the research and development of new vehicle models: BEIJING-X7 and its PHEV models incorporate the research achievements of Beijing Brand in intelligent networking, new energy product development, vehicle platform and vehicle safety, etc. Meanwhile, it continues to carry out in-depth strategic cooperation with intelligent technology companies including Beidou Zhilian, Microsoft, Huawei and ByteDance, so as to continuously promote the process of research and development of new energy products including 48V hybrid electric vehicle and so on.

Beijing Benz has the largest research and development center among all joint venture enterprises of Daimler AG, and introduces the Mercedes-Benz development system (MDS), continuously shortens the development cycle and strengthens the digital verification



Part Three

Company Profile and Business Overview

capability. The center has international advanced laboratories respectively for climate corrosion, vehicle emissions, engines, vibration noise and the special purpose of new energy which are established and operated in strict accordance with standards of Daimler AG, providing major technical support for research and development and manufacturing of Mercedes-Benz's domestic traditional vehicle models and new energy vehicle models.

In the first half of 2020, Beijing Hyundai simultaneously promoted the development of two local vehicle models and six imported vehicle models, and the overall development was good. The CNG China VI compliant vehicle models⁴, which are developed under its leadership, were put into mass production in May, with the gas consumption better than similar products in the market. It steadily promoted WLTC re-certification for 13 mass-produced vehicles, so as to ensure compliance with the requirements of China V fuel consumption regulations.

Production Facilities

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

Beijing Benz continuously builds Mercedes-Benz's most comprehensive production base in the world to meet the requirements of Made in China 2025 and green manufacturing system construction: The factory in Shunyi District will be constructed as a high-end production base based on the standard of a digitalized, flexible and green intelligent factory.

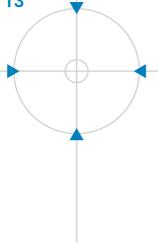
All factories of Beijing Hyundai are equipped with state-of-the art production equipment, with the equipment automation rate exceeding 90%, so as to ensure the precision and production of products with high quality. Meanwhile, Beijing Hyundai is capable of effectively and flexibly arranging factory production plans and mixed-model production to further reduce the manufacturing cost reasonably.

Industry Chain Extension and Cooperation

In the first half of 2020, the Group made breakthroughs in capital operation and industrial cooperation, further enhancing its overall business strength:

On February 13, 2020, BAIC Investment, a non wholly-owned subsidiary of the Company, entered into a capital increase agreement with BAIC Finance, pursuant to which, BAIC Investment agreed to further contribute RMB500 million to the newly increased registered capital of BAIC Finance (RMB2.5 billion in aggregate) based on its proportion in the registered capital of BAIC Finance for the time being (i.e. 20%). Upon the completion of the capital increase, the proportion of capital contribution by BAIC Investment to the registered capital (as increased) of BAIC Finance will remain unchanged (i.e. 20%), representing a total capital contribution of RMB1 billion.

⁴ means natural gas taxis



Part Three

Company Profile and Business Overview

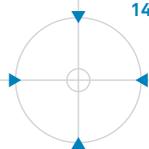
On March 13, 2020, the Company and BAIC Group entered into an equity transfer agreement, pursuant to which the Company agreed to purchase, and BAIC Group agreed to dispose of 100% equity interest in BAIC International and 24.78% equity interest in BAIC Ruili held by BAIC Group respectively, at a total consideration of approximately RMB80 million. Upon the completion of the transaction under the equity transfer agreement, BAIC International will become a wholly-owned subsidiary of the Company, and BAIC Ruili will become a non wholly-owned subsidiary of the Company.

V. OUTLOOK FOR THE SECOND HALF OF 2020

In terms of the whole industry, according to the forecast by CAAM, in the second half of 2020, the automobile market in China will be generally stable with improvement, and there will be a continued downward trend with a smaller decline in the industry. The mid to high-end market of passenger vehicles is expected to perform better, while the markets of low-end vehicles and new energy vehicles will see a turnaround after sales slump, due to relevant favorable policies issued by the state, but still face the impact of shrinking industry and intensified competitive pressure.

Under pressure, in the second half of 2020, the Group will continue to actively respond to industry change and formulate and determine an operation policy for steady development:

In terms of Beijing Brand, under the guidance of the overall management principle of “brand upgrade, three strengths, and breakthrough through reform”, efforts will be made to continue to promote the improvement in the brand strength of “BEIJING” and product upgrades. With focus on key vehicle models including BEIJING-X3, BEIJING-X7, efforts will be made to promote the increase in sales volume. Beijing Benz focuses on ensuring the completion of new factories and the launch of new vehicle models, so as to consolidate its leading position in the high-end premium vehicle market. Beijing Hyundai will launch a number of products, including tenth-generation Sonata and seventh-generation Elantra, and will increase the brand strength and sales volume through the management innovation of the launch of new vehicles and sales network.



Part Four Governance Practice

I. CORPORATE GOVERNANCE

Compliance with the Corporate Governance Code

The Company has been building and maintaining a high level of corporate governance so as to protect the rights and interests of shareholders and enhance the Company's corporate value and sense of responsibility. With reference to the Code on Corporate Governance as set forth in Appendix 14 to the Listing Rules (the "Corporate Governance Code"), the Company has established a modern and balanced corporate governance structure which comprises a number of independently operated bodies including the shareholders' general meeting, the Board, the board of supervisors (the "Board of Supervisors") and senior management. The Company had complied with the Corporate Governance Code throughout the Reporting Period.

Compliance with the Model Code

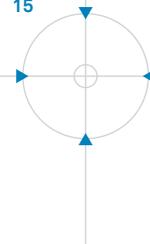
The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") in Appendix 10 to the Listing Rules as the code of conduct for dealing in securities of the Company by all our Directors and supervisors of the Company (the "Supervisors"). In response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

Changes in Composition of the Board and the Committees

The three-year term of the third session of the Board of the Company was expired on April 20, 2020. In order to implement corresponding measures in response to the outbreak of the COVID-19, the re-election and appointment of the third session of the Board of the Company has

been postponed until a new session of the Board is approved by the shareholders of the Company at a general meeting in accordance with the requirements of the articles of association of the Company, in order to maintain the continuity of the work of the Board. Meanwhile, the terms of the special committees under the third session of the Board of the Company will be correspondingly extended. The PRC legal adviser of the Company, JunHe LLP, is of the view that the postponed re-election and appointment of the third session of the Board, and the continuation by the existing Directors to execute their duties until the general meeting approving the new session of the Board do not contravene the requirements under the Company Law of the PRC and the articles of association of the Company. For details, please refer to the relevant announcement of the Company dated April 24, 2020.

On July 24, 2020, Mr. Yan Xiaolei has resigned as the non-executive Director, the member of the strategy committee (the "Strategy Committee") and the audit committee under the Board (the "Audit Committee") due to job reassignment. The Board resolved to propose to appoint Mr. Liao Zhenbo as the non-executive Director for a term commencing from the date of approval at the shareholders' general meeting until the expiration of the term of the third session of the Board. Pursuant to Rule 3.21 of the Listing Rules, the audit committee under the board must comprise a minimum of three members. Upon the resignation of Mr. Yan Xiaolei, the number of members of the Audit Committee decreased from three to two, falling below the minimum number required under Rule 3.21 of the Listing Rules. For details, please refer to the relevant announcement of the Company dated July 24, 2020.



Part Four

Governance Practice

On July 31, 2020, the Board resolved to appoint Mr. Liao Zhenbo as a member of the Strategy Committee (Mr. Liao Zhenbo has not become a Director of the Company, and the nomination of him as a Director is subject to the approval by the shareholders' general meeting) and appoint Ms. Shang Yuanxian as a member of the Audit Committee, whose tenures both commence from July 31, 2020. Upon the appointment of Ms. Shang Yuanxian as a member of the Audit Committee, the Company has re-complied with the minimum number of members of the audit committee required under Rule 3.21 of the Listing Rules. For details, please refer to the relevant announcement of the Company dated July 31, 2020.

On September 9, 2020, Mr. Xu Heyi has resigned as the Chairman, a non-executive Director, the chairman of the Strategy Committee and the chairman of the nomination committee under the Board due to work re-designation. On September 11, 2020, the Board resolved to propose to appoint Mr. Jiang Deyi as a non-executive Director for a term commencing from the date of approval at the shareholders' general meeting until the expiration of the term of the third session of the Board. For details, please refer to the relevant announcement of the Company dated September 11, 2020.

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

Changes in Information of Directors, Supervisors, Senior Management and Company Secretary

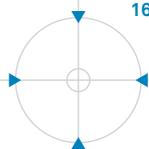
Supervisors

On June 18, 2020, the Company convened the 2019 annual general meeting, at which Mr. Qi Chunyu was appointed as the shareholder representative Supervisor for a term commencing from June 18, 2020 until the expiration of the term of the third session of the Board of Supervisors. Due to other job assignment, from the effective date of the above appointment of Mr. Qi Chunyu as the shareholder representative Supervisor, Mr. Yao Shun has ceased to serve as the shareholder representative Supervisor. For details, please refer to the relevant announcement of the Company dated June 18, 2020.

Senior management and company secretary

On July 1, 2020, Mr. Liu Yu ceased to serve as the vice president of the Company due to work change. On July 24, 2020, the Board appointed Mr. Li Jingang, Mr. Du Junbao and Mr. Li Xingxing as vice presidents of the Company for a term commencing from July 24, 2020 until the expiration of the term of the third session of the Board.

Save as disclosed above, from January 1, 2020 to the Latest Practicable Date, there was no other change in the Directors, Supervisors and senior management of the Company. Meanwhile, the Directors, Supervisors and senior management of the Company confirmed that there was no information to be disclosed in accordance with Rule 13.51B(1) of the Listing Rules.



Part Four

Governance Practice

Interim Dividend

The Board has not made any recommendation on the payment of an interim dividend for the first half of 2020.

Audit Committee

The Company has established the Audit Committee with written terms of reference. As at the Latest Practicable Date, the Audit Committee comprises Mr. Wong Lung Tak Patrick (Chairman), Ms. Shang Yuanxian 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 first half of 2020, the 2020 interim results and the 2020 interim report of the Group.

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.

As at the end of June 2020, the interests held by Mr. Yan Xiaolei in the Company within the meaning of Part XV of the SFO are as follows:

Name	Capacity	Number of H Shares Held	Nature of Interest	Approximate Percentage of the Issued H Shares (%)	Approximate Percentage of the Issued Shares (%)
Yan Xiaolei	Beneficial owner	5,000	Long position	0.0002	0.00006

Interests and Short Positions of Directors, Supervisors and Chief Executive in Shares, Underlying Shares and Debentures

As at June 30, 2020 ("end of June 2020"), except for Mr. Yan Xiaolei (resigned as a non-executive Director on July 24, 2020), none of the Company's other Directors, Supervisors or chief executive had interests or short positions (including deemed interests and deemed short positions according to the relevant clauses of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") in any shares, underlying shares or debentures in the Company or any relevant entities (as defined under Part XV of the SFO) that were required to be notified to the Company and the Stock Exchange under Division 7 and Division 8 of Part XV of the SFO, nor any interests or short positions that were required to be recorded in the register under Section 352 of the SFO, nor any interests or short positions that were required to be notified to the Company and the Stock Exchange according to the Model Code.



Part Four

Governance Practice

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

As at end of June 2020, to the best knowledge of the Directors, the following entities/persons (except for the Directors, Supervisors and chief executive) had interests or short positions in the shares or underlying shares which were required to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of SFO, or recorded in the register required to be kept under section 336 of the SFO, or who were directly and/or indirectly deemed to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meeting of the Company:

Name of Shareholder	Class of Shares	Amount of Shares/ Underlying Shares Held ^(Note 1)	Percentages to Relevant Class of Shares (%) ^(Note 2)	Percentage to the total share capital (%)
Beijing Automotive Group Co., Ltd.	Domestic Shares	3,416,659,704(L)	62.18	42.63
Shougang Group Co., Ltd.	Domestic Shares	1,028,748,707(L)	18.72	12.83
Shenzhen Benyuan Jinghong Equity Investment Fund (Limited Partner)	Domestic Shares	342,138,918(L)	6.23	4.27
Daimler AG	H Share	765,818,182(L)	30.38	9.55
Citigroup Inc.	H Share	280,034,718(L)	11.10	3.49
		540,000(S)	0.02	0.007
		277,745,958(P)	11.01	3.47
GIC Private Limited	H Share	176,273,500(L)	6.99	2.20
BlackRock, Inc.	H Share	145,212,937(L)	5.76	1.81

Notes:

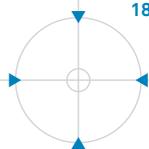
- (L) – Long position, (S) – Short position, (P) – Shares can be loaned.
- The percentage is calculated by the amount of shares held by relevant person/the amount of relevant class of shares issued by the Company as at the end of June 2020.

Material Litigation and Arbitration

As at the end of June 2020, the Company had no material litigation or arbitration. The Directors were also not aware of any material litigations or claims which were pending or had significant adverse effect on the Company.

Matters After the Reporting Period

Please refer to note 18 to the interim condensed consolidated financial information of this interim report for details of matters after the Reporting Period.



Part Four Governance Practice

II. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

As of the Latest Practicable Date, the Directors, Supervisors and senior management of the Company are:

Directors

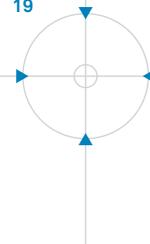
Name	Title
Ms. Shang Yuanxian	Non-executive Director
Mr. Chen Hongliang	Executive Director and President
Mr. Xie Wei	Non-executive Director
Mr. Qiu Yinfu	Non-executive Director
Mr. Hubertus Troska	Non-executive Director
Mr. Harald Emil Wilhelm	Non-executive Director
Mr. Jin Wei	Non-executive Director
Mr. Lei Hai	Non-executive Director
Mr. Ge Songlin	Independent Non-executive Director
Mr. Wong Lung Tak Patrick	Independent Non-executive Director
Mr. Bao Xiaochen Robert	Independent Non-executive Director
Mr. Zhao Fuquan	Independent Non-executive Director
Mr. Liu Kaixiang	Independent Non-executive Director

Supervisors

Name	Title
Mr. Gu Zhangfei	Chairman of the Board of Supervisors
Mr. Wang Min	Supervisor
Mr. Qi Chunyu	Supervisor
Mr. Meng Meng	Supervisor
Ms. Wang Bin	Employee Representative Supervisor
Ms. Li Chengjun	Employee Representative Supervisor
Mr. Li Shuangshuang	Employee Representative Supervisor
Mr. Pang Minjing	Independent Supervisor
Mr. Zhan Zhaohui	Independent Supervisor

Senior Management and Company Secretary

Name	Title
Mr. Chen Hongliang	President
Mr. Li Jingang	Vice President
Mr. Chen Wei	Vice President
Mr. Du Junbao	Vice President
Mr. Huang Wenbing	Vice President
Mr. Li Deren	Vice President
Mr. Yang Xueguang	Vice President
Mr. Wu Zhoutao	Vice President
Mr. Li Xingxing	Vice President
Mr. Wang Jianhui	Secretary to the Board and Company Secretary



Part Five

Management Discussion and Analysis

Note: Due to the acquisition of 100% equity interest in BAIC International and 24.78% equity interest in BAIC Ruili, the Condensed Financial Information of the Company as at the end of 2019 and the first half of 2019 has been restated in accordance with the principles of business combinations under common control. The financial figures for the first half of 2019 and the end of 2019 quoted in this section are restated figures.

REVENUE AND NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

The Group's main business operations are the research and development, manufacturing, sales and after-sale services of passenger vehicles. The above business has brought sustained and stable revenue to the Group. The Group's revenue decreased from RMB88,101.3 million in the first half of 2019 to RMB77,854.4 million for the first half of 2020, representing a year-on-year decrease of 11.6%, mainly due to the decrease in the revenue of Beijing Benz and Beijing Brand.

The revenue associated with Beijing Benz decreased from RMB77,807.4 million in the first half of 2019 to RMB74,920.4 million in the first half of 2020, representing a year-on-year decrease of 3.7%, mainly due to a year-on-year decrease of 4.2% in sales volume affected by the outbreak of COVID-19.

The revenue associated with Beijing Brand decreased from RMB10,293.9 million in the first half of 2019 to RMB2,934.0 million in the first half of 2020, representing a year-on-year decrease of 71.5%, mainly due to (i) a year-on-year decrease in the sales volume affected by the outbreak of COVID-19; and (ii) the decline in new energy subsidies.

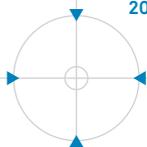
The Group's net profit attributable to equity holders of the Company decreased from RMB3,053.6 million in the first half of 2019 to RMB1,046.9 million in the first half of 2020, representing a year-on-year decrease of 65.7%; the basic earnings per share decreased from RMB0.37 in the first half of 2019 to RMB0.12 in the first half of 2020, representing a year-on-year decrease of 67.6%, mainly due to the decline in profits of Beijing Brand and certain investment enterprises affected by the outbreak of COVID-19, the increased competition in the domestic passenger vehicle industry and the overall downturn of the market.

GROSS PROFIT

The Group's gross profit decreased to RMB18,030.3 million in the first half of 2020 from RMB20,658.0 million in the first half of 2019, representing a year-on-year decrease of 12.7%, mainly due to the decrease in the gross profit of Beijing Benz and Beijing Brand.

The gross profit of Beijing Benz decreased from RMB22,023.6 million in the first half of 2019 to RMB19,865.0 million in the first half of 2020, representing a year-on-year decrease of 9.8%; the gross profit margin decreased from 28.3% in the first half of 2019 to 26.5% in the first half of 2020, mainly due to an increase in the proportion of the sales volume of vehicle models with relatively lower gross profit.

The gross profit of Beijing Brand decreased from RMB-1,365.5 million in the first half of 2019 to RMB-1,834.6 million in the first half of 2020, and the gross profit margin decreased from -13.3% in the first half of 2019 to -62.5% in the first half of 2020, mainly due to (i) the increased efforts for vehicle sales promotion; and (ii) the decline in new energy subsidies.



Part Five

Management Discussion and Analysis

WORKING CAPITAL AND FINANCIAL RESOURCES

The Group usually satisfied its daily working capital requirements through self-owned cash and borrowings. The Group's net cash generated from operating activities decreased from RMB11,187.2 million in the first half of 2019 to RMB5,265.5 million in the first half of 2020, representing a year-on-year decrease of 52.9%, mainly due to a decrease in the net cash inflow generated from operating activities of Beijing Benz.

As at the end of June 2020, the Group had cash and cash equivalents of RMB51,721.4 million, notes receivable of RMB1,436.5 million, notes payable of RMB6,149.7 million, outstanding borrowings of RMB25,244.4 million, unused bank credit lines of RMB25,732.6 million and commitments for capital expenditure of RMB15,429.0 million.

CAPITAL STRUCTURE

The Group maintained a reasonable combination of equity and liability to ensure an effective capital structure.

The Group's asset-liability ratio (total liabilities/total assets) increased from 63.1% at the end of 2019 to 65.8% at the end of June 2020, representing a year-on-year increase of 2.7 percentage points, mainly attributable to a greater increase in liabilities than in assets.

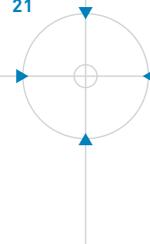
The Group's net gearing ratio ((total borrowings less cash and cash equivalents)/(total equity plus the total borrowings less cash and cash equivalents)) decreased from -56.4% at the end of 2019 to -64.9% at the end of June 2020, representing a year-on-year decrease of 8.5 percentage points, mainly attributable to (i) an increase in cash and cash equivalents; and (ii) the decrease in total equity was greater than the increase in cash and cash equivalents.

On January 8, 2020, the Company issued corporate bonds in an amount of RMB600 million with the term of three years and the annual coupon rate of 3.39%, and all proceeds were used for repaying interest-bearing debts.

On March 10, 2020, the Company issued ultra short-term commercial paper in an amount of RMB1,500 million with the term of 269 days and the annual coupon rate of 2.39%, and all proceeds were used for repaying bank borrowings and replenishing the working capital.

On April 17, 2020, the Company issued ultra short-term commercial paper in an amount of RMB1,500 million with the term of 252 days and the annual coupon rate of 1.82%, and all proceeds were used for repaying bank borrowings and replenishing the working capital.

As at the end of June 2020, the total outstanding borrowings was RMB25,244.4 million, including short term borrowings of RMB17,014.8 million in aggregate and long-term borrowings of RMB8,229.6 million in aggregate. The Group will repay the aforesaid borrowings in a timely manner at maturity.



Part Five

Management Discussion and Analysis

As at the end of June 2020, none of the Group's debt covenants in effect includes any agreement on the obligations to be performed by controlling shareholders. In the meantime, the Group has also strictly followed all the terms and conditions in its debt covenants, and no default has taken place.

SIGNIFICANT INVESTMENTS

Total capital expenditures of the Group increased to RMB3,347.7 million in the first half of 2020 from RMB2,542.2 million in the first half of 2019, representing a year-on-year increase of 31.7%. Among which, capital expenditures of Beijing Benz increased to RMB3,028.2 million in the first half of 2020 from RMB2,107.4 million in the first half of 2019, and capital expenditures of Beijing Brand decreased to RMB319.5 million in the first half of 2020 from RMB434.8 million in the first half of 2019.

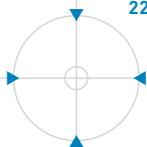
Total research and development expenses of the Group decreased slightly to RMB1,131.6 million in the first half of 2020 from RMB1,215.7 million in the first half of 2019, the majority of which were incurred by the Group for its product research and development activities. Based on the accounting standards and the Group's accounting policy, the amounts of the aforesaid total research and development expenses which complied with capitalization conditions had been capitalized accordingly.

MATERIAL ACQUISITIONS AND DISPOSALS

On February 13, 2020, BAIC Investment, a non wholly-owned subsidiary of the Company, entered into a capital increase agreement with BAIC Finance, pursuant to which, BAIC Investment agreed to further contribute RMB500 million to the newly increased registered capital of BAIC Finance (RMB2.5 billion in aggregate) based on its proportion in the registered capital of BAIC Finance for the time being (i.e. 20%). Upon the completion of the capital increase, the proportion of capital contribution by BAIC Investment to the registered capital (as increased) of BAIC Finance will remain unchanged (i.e. 20%), representing a total capital contribution of RMB1 billion.

On March 13, 2020, the Company and BAIC Group entered into an equity transfer agreement, pursuant to which the Company agreed to purchase, and BAIC Group agreed to dispose of 100% equity interest in BAIC International and 24.78% equity interest in BAIC Ruili held by BAIC Group respectively, at a total consideration of RMB80 million. Upon the completion of the transaction under the equity transfer agreement, BAIC International will become a wholly-owned subsidiary of the Company, while BAIC Ruili will become a non wholly-owned subsidiary of the Company.

For details of the aforesaid cooperation matters, please refer to relevant announcements of the Company dated February 13, 2020 and March 13, 2020 respectively.



Part Five

Management Discussion and Analysis

FOREIGN EXCHANGE GAINS OR LOSSES⁵

The Group's foreign exchange gains or losses (mainly from the businesses of Beijing Benz) decreased from foreign exchange losses of RMB196.9 million in the first half of 2019 to foreign exchange losses of RMB147.7 million in the first half of 2020, mainly due to (i) the effective control on the foreign exchange rate risks due to the judgment in foreign exchange forward contracts; and (ii) the decrease in exchange gains from Euro-denominated payments as a result of the fall in the exchange rate of RMB against Euro.

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

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

EMPLOYEE AND REMUNERATION POLICIES

The number of Group's staffs decreased from 21,712 at the end of 2019 to 20,715 at the end of June 2020. The staff costs incurred by the Group decreased from RMB3,033.2 million in the first half of 2019 to RMB2,859.7 million in the first half of 2020, representing a year-on-year decrease of 5.7%, mainly due to a decrease in the number of staffs.

Through integrating human resources strategy on the basis of job classification, the Group has established a performance and competence based remuneration system, and will link the annual business objectives with the performance appraisal of staff through a performance evaluation system, providing effective insurance in the recruiting, retaining and motivating talents, as well as the pursuit of the Group's human resources strategy.

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

PLEDGE OF ASSETS

As at the end of June 2020, the Group had pledged notes receivable of RMB586 million.

CONTINGENT LIABILITIES

As at the end of June 2020, the Group had no material contingent liabilities.

⁵ Foreign exchange gains or losses include foreign exchange forward contracts at fair value through profit or loss



Part Six

Report on Review of Unaudited Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020



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 24 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, 2020 and the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of 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 of the Group is not prepared, in all material respects, in accordance with International Accounting Standard 34 “Interim Financial Reporting”.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, August 31, 2020

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Part Seven

Interim Condensed Consolidated Balance Sheet

As at June 30, 2020

	Note	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
ASSETS			
Non-current assets			
Property, plant and equipment	6	49,273,912	48,758,070
Land use rights	6	7,249,241	7,339,955
Intangible assets	6	12,924,596	13,047,095
Investments accounted for using equity method		15,083,193	15,938,613
Financial assets at fair value through other comprehensive income		1,407,526	1,278,650
Deferred income tax assets		9,739,674	10,540,458
Other non-current assets		1,030,608	662,081
		96,708,750	97,564,922
Current assets			
Inventories		18,843,363	20,192,070
Accounts receivable	7	22,559,294	21,094,943
Advances to suppliers		346,200	390,990
Other receivables and prepayments		5,450,223	5,040,559
Restricted cash		931,670	1,878,230
Cash and cash equivalents		51,721,352	50,231,353
		99,852,102	98,828,145
Total assets		196,560,852	196,393,067



Part Seven

Interim Condensed Consolidated Balance Sheet

As at June 30, 2020

	Note	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	8	8,015,338	8,015,338
Perpetual bond	9	1,998,160	1,998,160
Other reserves		20,589,838	20,667,653
Retained earnings		18,898,259	19,325,921
		49,501,595	50,007,072
Non-controlling interests		17,770,431	22,367,709
Total equity		67,272,026	72,374,781
LIABILITIES			
Non-current liabilities			
Borrowings	10	8,229,620	9,815,277
Lease liabilities		108,080	77,045
Deferred income tax liabilities		721,151	731,315
Provisions		2,552,673	2,562,269
Deferred income		3,815,128	3,867,752
Other payables		154,016	174,676
		15,580,668	17,228,334
Current liabilities			
Accounts payable	11	45,657,033	45,443,866
Contract liabilities		1,071,409	1,007,754
Other payables and accruals		47,127,710	39,416,198
Current income tax liabilities		822,707	4,442,695
Borrowings	10	17,014,813	14,319,995
Lease liabilities		120,477	33,195
Provisions		1,894,009	2,126,249
		113,708,158	106,789,952
Total liabilities		129,288,826	124,018,286
Total equity and liabilities		196,560,852	196,393,067



Part Eight

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2020

	Note	For the six months ended June 30,	
		2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Revenue	5	77,854,370	88,101,327
Cost of sales		(59,824,034)	(67,443,294)
Gross profit		18,030,336	20,658,033
Selling and distribution expenses		(5,089,547)	(6,272,412)
General and administrative expenses		(2,655,873)	(3,022,451)
Net impairment losses on financial assets		(121,932)	(206,164)
Other gains, net		69,800	981,289
Operating profit	12	10,232,784	12,138,295
Finance income		485,374	416,339
Finance costs		(465,405)	(525,149)
Finance income/(costs), net		19,969	(108,810)
Share of loss of investments accounted for using equity method		(1,164,871)	(373,450)
Profit before income tax		9,087,882	11,656,035
Income tax expense	13	(3,276,537)	(3,506,355)
Profit for the period		5,811,345	8,149,680
Profit attributable to:			
Equity holders of the Company		1,046,945	3,053,553
Non-controlling interests		4,764,400	5,096,127
		5,811,345	8,149,680
Earnings per share for profit attributable to ordinary shareholders of the Company for the period (expressed in RMB)			
Basic and diluted	14	0.12	0.37



Part Eight

Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, 2020

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Profit for the period	5,811,345	8,149,680
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Gain/(loss) on cash flow hedges, net of tax	41,098	(34,737)
Share of other comprehensive income of investments accounted for using the equity method	4,918	–
Currency translation differences	(198,180)	49,463
<i>Items that will not be reclassified to profit or loss</i>		
Changes in fair value of financial assets at fair value through other comprehensive income	128,876	(296,585)
Other comprehensive loss for the period	(23,288)	(281,859)
Total comprehensive income for the period	5,788,057	7,867,821
Attributable to:		
Equity holders of the Company	1,049,724	2,786,589
Non-controlling interests	4,738,333	5,081,232
	5,788,057	7,867,821

Part Nine

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2020

	(Unaudited)						
	Attributable to equity holders of the Company						
	Share capital RMB' 000	Perpetual bond RMB' 000	Other reserves 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, 2020							
Balance at January 1, 2020, as previously reported	8,015,338	1,998,160	21,008,386	19,381,328	50,403,212	22,223,988	72,627,200
Effect of business combinations under common control (Note 2.1(b))	-	-	(340,733)	(55,407)	(396,140)	143,721	(252,419)
Balance at January 1, 2020, as restated	8,015,338	1,998,160	20,667,653	19,325,921	50,007,072	22,367,709	72,374,781
Profit for the period	-	112,000	-	934,945	1,046,945	4,764,400	5,811,345
Other comprehensive income/(loss)	-	-	2,779	-	2,779	(26,067)	(23,288)
Total comprehensive income for the period	-	112,000	2,779	934,945	1,049,724	4,738,333	5,788,057
Transactions with owners							
Consideration for business combinations under common control (Note 2.1(b))	-	-	(80,594)	-	(80,594)	-	(80,594)
Interest of perpetual bond	-	(112,000)	-	-	(112,000)	-	(112,000)
2019 final dividends	-	-	-	(1,362,607)	(1,362,607)	-	(1,362,607)
Dividends to non-controlling interests of a subsidiary	-	-	-	-	-	(9,310,000)	(9,310,000)
Disposal of a subsidiary	-	-	-	-	-	(18,953)	(18,953)
Acquisition of non-controlling interests of a subsidiary	-	-	-	-	-	(6,658)	(6,658)
	-	(112,000)	(80,594)	(1,362,607)	(1,555,201)	(9,335,611)	(10,890,812)
Balance at June 30, 2020	8,015,338	1,998,160	20,589,838	18,898,259	49,501,595	17,770,431	67,272,026



Part Nine

Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2020

	(Unaudited) (Restated)						
	Attributable to equity holders of the Company					Sub-total RMB' 000	Non- controlling interests RMB' 000
Share capital RMB' 000	Perpetual bond RMB' 000	Other reserves RMB' 000	Retained earnings RMB' 000				
For the six months ended June 30, 2019							
Balance at January 1, 2019, as previously reported	8,015,338	1,998,160	21,041,578	17,360,387	48,415,463	20,822,318	69,237,781
Effect of business combinations under common control (Note 2.1(b))	-	-	(205,727)	(968,988)	(1,174,715)	41,811	(1,132,904)
Balance at January 1, 2019, as restated	8,015,338	1,998,160	20,835,851	16,391,399	47,240,748	20,864,129	68,104,877
Profit for the period	-	112,000	-	2,941,553	3,053,553	5,096,127	8,149,680
Other comprehensive loss	-	-	(266,964)	-	(266,964)	(14,895)	(281,859)
Total comprehensive income/(loss) for the period	-	112,000	(266,964)	2,941,553	2,786,589	5,081,232	7,867,821
Transactions with owners							
Interest of perpetual bond	-	(112,000)	-	-	(112,000)	-	(112,000)
2018 final dividends	-	-	-	(1,522,914)	(1,522,914)	-	(1,522,914)
Dividends to non-controlling interests of a subsidiary	-	-	-	-	-	(8,820,000)	(8,820,000)
Disposal of subsidiaries	-	-	177,894	-	177,894	(5,763)	172,131
	-	(112,000)	177,894	(1,522,914)	(1,457,020)	(8,825,763)	(10,282,783)
Balance at June 30, 2019, as restated	8,015,338	1,998,160	20,746,781	17,810,038	48,570,317	17,119,598	65,689,915



Part Ten

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2020

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Cash flows from operating activities		
Cash generated from operations	11,341,254	15,439,353
Interest paid	(446,282)	(428,619)
Interest received	485,374	416,339
Income tax paid	(6,114,805)	(4,239,865)
Net cash generated from operating activities	5,265,541	11,187,208
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,161,007)	(2,725,331)
Addition of intangible assets	(842,012)	(1,038,559)
Addition of investments accounted for using equity method	(625,000)	(245,000)
Receipt of government grants for capital expenditures	262,088	159,284
Proceeds from disposals of property, plant and equipment and intangible assets	15,033	61,963
Proceeds from disposal of subsidiaries, net of cash disposed	(35,626)	(13,400,564)
Dividends received from investments accounted for using equity method	319,993	217,257
Purchase of financial assets	-	(5,417,920)
Dividends received from financial assets	-	968,323
Decrease of restricted cash	500,000	261,730
Net cash used in investing activities	(4,566,531)	(21,158,817)
Cash flows from financing activities		
Proceeds from borrowings	12,719,628	28,931,968
Repayments of borrowings	(11,749,139)	(7,928,491)
Loans from immediate parent company	-	200,000
Principal elements of lease payments	(56,044)	(3,565)
Interests paid to perpetual bondholders	(112,000)	(112,000)
Acquisition of non-controlling interests of a subsidiary	(6,658)	-
Net cash generated from financing activities	795,787	21,087,912
Net increase in cash and cash equivalents	1,494,797	11,116,303
Cash and cash equivalents at January 1	50,231,353	36,642,588
Exchange (losses)/gains on cash and cash equivalents	(4,798)	23,071
Cash and cash equivalents at June 30	51,721,352	47,781,962



Part Eleven

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

1 GENERAL INFORMATION

BAIC Motor Corporation Limited (the “Company”), 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 A5-061, Unit 101, 5th Floor, Building No.1, Courtyard No.99, Shuanghe Street, 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 (“SASAC Beijing”). The Company’s ordinary 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’000”), unless otherwise stated, and is approved for issue by the Board of Directors on August 31, 2020.

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, 2019, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

- (a) As at June 30, 2020, the current liabilities of the Group exceeded its current assets by approximately RMB13,856 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 RMB23,433 million and RMB2,300 million respectively as at June 30, 2020.

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

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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

- (b) In April 2020, the Company acquired from BAIC Group its entire 100% equity interest in BAIC International Development Co., Ltd. ("BAIC International") and 24.78% equity interest in BAIC Yunnan Ruili Motor Co., Ltd. ("BAIC Ruili") at a total cash consideration of approximately RMB80 million.

The acquisitions were business combinations under common control given that the Company, BAIC International and BAIC Ruili are under common control of BAIC Group immediately before and after the business combinations, the Company applies the principles of merger accounting in preparing this Condensed Financial Information.

By applying the principles of merger accounting, this Condensed Financial Information also includes the financial positions, results and cash flows of BAIC International and BAIC Ruili as if they had been combined with the Group throughout the six months ended June 30, 2020. Comparative figures as at December 31, 2019 and for the six months ended June 30, 2019 have been restated as a result of such.

The followings are reconciliations of the effects arising from the abovementioned common control combinations on the consolidated balance sheet as at December 31, 2019, consolidated statement of comprehensive income and consolidated statement of cash flows for the six months ended June 30, 2019.

- (i) The consolidated balance sheet as at December 31, 2019:

	Balances as previously reported RMB'000	Merger of BAIC International RMB'000	Merger of BAIC Ruili RMB'000	Adjustments RMB'000	Balance as restated RMB'000
Assets					
Non-current assets	95,152,366	1,006,342	1,571,749	(165,535)	97,564,922
Current assets	98,059,620	2,597,753	165,363	(1,994,591)	98,828,145
Equity					
Share capital	8,015,338	1,252,442	296,655	(1,549,097)	8,015,338
Perpetual bond	1,998,160	–	–	–	1,998,160
Other reserves	21,008,386	(1,673,330)	39,466	1,293,131	20,667,653
Retained earnings/ (accumulated losses)	19,381,328	51,544	(578,114)	471,163	19,325,921
Non-controlling interests	22,223,988	432,292	–	(288,571)	22,367,709
Liabilities					
Non-current liabilities	16,286,964	391,801	549,569	–	17,228,334
Current liabilities	104,297,822	3,149,346	1,429,536	(2,086,752)	106,789,952



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(b) (Continued)

(ii) The consolidated statement of comprehensive income for the six months ended June 30, 2019:

	Amounts as previously reported RMB'000	Merger of BAIC International RMB'000	Merger of BAIC Ruili RMB'000	Adjustments RMB'000	Amounts as restated RMB'000
Revenue	87,764,002	327,673	17,245	(7,593)	88,101,327
Profit/(loss) for the period	7,229,104	944,844	(72,366)	48,098	8,149,680

(iii) The consolidated statement of cash flows for the six months ended June 30, 2019:

	Amounts as previously reported RMB'000	Merger of BAIC International RMB'000	Merger of BAIC Ruili RMB'000	Adjustments RMB'000	Amounts as restated RMB'000
Net cash generated from/ (used in) operating activities	10,720,008	501,382	(34,182)	–	11,187,208
Net cash used in investing activities	(3,148,240)	(18,206,506)	(136,555)	332,484	(21,158,817)
Net cash generated from financing activities	3,847,891	17,404,329	170,380	(334,688)	21,087,912

2.2 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended December 31, 2019, as described in those annual financial statements except for the estimation of income tax using the tax rate that would be applicable to expected total annual earnings and the adoption of certain amended standards as set out below.

Amended standards adopted by the Group

The following amended standards became applicable for the current reporting period:

- Amendments to IAS 1 and IAS 8 Definition of Material
- Amendments to IFRS 3 Definition of a Business
- Amendments to IFRS 9, IAS 39 and IFRS 7 Interest Rate Benchmark Reform

These amended standards did not have any significant impact on the Group's accounting policies and did not require retrospective adjustments.

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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

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, 2019.

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, 2019.

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

4.2 Liquidity risk

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

	Less than 1 year RMB' 000	1-2 years RMB' 000	2-5 years RMB' 000	Over 5 years RMB' 000 (Note)
At June 30, 2020 (unaudited)				
Borrowings	17,515,612	2,168,529	7,175,282	–
Lease liabilities	125,297	49,370	2,483	12,817,987
Accounts payable	45,657,033	–	–	–
Other payables	44,743,231	57,373	107,854	–
At December 31, 2019 (restated)				
Borrowings	14,666,598	4,041,468	6,682,370	–
Lease liabilities	34,564	19,066	3,617	15,450,277
Accounts payable	45,443,866	–	–	–
Other payables	34,506,287	56,794	132,335	–

Note: This is mainly related to a long-term lease with significant discounting impact by which the present value of its lease payments is calculated and recognised in the consolidated balance sheet.



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

4 FINANCIAL RISK MANAGEMENT (CONTINUED)

4.3 Fair value estimation

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

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

	Level 1 RMB' 000	Level 2 RMB' 000	Level 3 RMB' 000	Total RMB' 000
Assets				
Financial assets at fair value through other comprehensive income ("FVOCI")				
At June 30, 2020 (unaudited)	1,404,526	1,229,934	–	2,634,460
At December 31, 2019	1,275,650	1,950,357	–	3,226,007
Derivative financial instruments				
At June 30, 2020 (unaudited)	–	103,586	–	103,586
At December 31, 2019	–	–	–	–
Liabilities				
Derivative financial instruments				
At June 30, 2020 (unaudited)	–	–	–	–
At December 31, 2019	–	48,950	–	48,950

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 and has the following reportable segments:

- Passenger vehicles of Beijing Brand: manufacturing and sales of passenger vehicles of BAIC brands, and providing other businesses and related services;
- Passenger vehicles of Beijing Benz Automotive Co., Ltd. ("Beijing Benz"): manufacturing and sales of passenger vehicles of Beijing Benz brand, and providing other related services.

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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

5 SEGMENT INFORMATION (CONTINUED)

Management defines segment results based on gross (loss)/profit. Information about reportable segments and reconciliations of reportable segment results are as follows:

	Passenger vehicles – Beijing Brand (Unaudited) RMB' 000	Passenger vehicles – Beijing Benz (Unaudited) RMB' 000	Eliminations (Unaudited) RMB' 000	Total (Unaudited) RMB' 000
For the six months ended June 30, 2020				
Total revenue	2,990,030	74,920,368	(56,028)	77,854,370
Inter-segment revenue	(56,028)	–	56,028	–
Revenue from external customers	2,934,002	74,920,368	–	77,854,370
Timing of revenue recognition				
– At a point in time	2,877,182	74,160,136	–	77,037,318
– Over time	56,820	760,232	–	817,052
	2,934,002	74,920,368	–	77,854,370
Segment gross (loss)/profit	(1,834,637)	19,864,973	–	18,030,336
Other profit & loss disclosure:				
Selling and distribution expenses				(5,089,547)
General and administrative expenses				(2,655,873)
Net impairment losses on financial assets				(121,932)
Other gains, net				69,800
Finance income, net				19,969
Share of loss of investments accounted for using equity method				(1,164,871)
Profit before income tax				9,087,882
Income tax expense				(3,276,537)
Profit for the period				5,811,345
Other information:				
Significant non-cash expenses				
Depreciation and amortization	(1,638,692)	(2,195,484)	–	(3,834,176)
Provisions for impairments on assets	(22,765)	(135,195)	–	(157,960)
As at June 30, 2020				
Total assets	90,723,981	128,243,945	(22,407,074)	196,560,852
Including:				
Investments accounted for using equity method	15,083,193	–	–	15,083,193
Total liabilities	(47,734,186)	(91,784,824)	10,230,184	(129,288,826)



Part Eleven

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

5 SEGMENT INFORMATION (CONTINUED)

	Passenger vehicles – Beijing Brand (Unaudited) (Restated) RMB' 000	Passenger vehicles – Beijing Benz (Unaudited) RMB' 000	Eliminations (Unaudited) RMB' 000	Total (Unaudited) (Restated) RMB' 000
For the six months ended June 30, 2019				
Total revenue	10,354,020	77,807,423	(60,116)	88,101,327
Inter-segment revenue	(60,116)	–	60,116	–
Revenue from external customers	10,293,904	77,807,423	–	88,101,327
Timing of revenue recognition				
– At a point in time	10,231,399	77,076,752	–	87,308,151
– Over time	62,505	730,671	–	793,176
	10,293,904	77,807,423	–	88,101,327
Segment gross (loss)/profit	(1,365,521)	22,023,554	–	20,658,033
Other profit & loss disclosure:				
Selling and distribution expenses				(6,272,412)
General and administrative expenses				(3,022,451)
Net impairment losses on financial assets				(206,164)
Other gains, net				981,289
Finance costs, net				(108,810)
Share of losses of investments accounted for using equity method				(373,450)
Profit before income tax				11,656,035
Income tax expense				(3,506,355)
Profit for the period				8,149,680
Other information:				
Significant non-cash expenses				
Depreciation and amortization	(1,485,562)	(1,880,167)	–	(3,365,729)
Provisions for impairments on assets	(148,318)	(213,324)	–	(361,642)
As at December 31, 2019				
Total assets	86,490,516	122,639,923	(12,737,372)	196,393,067
Including:				
Investments accounted for using equity method	15,938,613	–	–	15,938,613
Total liabilities	(47,493,661)	(77,050,212)	525,587	(124,018,286)

Part Eleven

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

5 SEGMENT INFORMATION (CONTINUED)

There is no customer accounting for 10 percent or more of the Group's revenue for each of the six months ended June 30, 2020 and 2019.

The Group is domiciled in the PRC. The percentage of its revenue from external customers residing in the PRC is approximately 99.6% for the six months ended June 30, 2020 (six months ended June 30, 2019: 99.6% as restated).

As at June 30, 2020, 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 97.4% (December 31, 2019: 97.4% as restated).

6 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS

	Property, plant and equipment RMB' 000	Land use rights RMB' 000	Intangible assets RMB' 000
Six months ended June 30, 2020			
Net book amount at January 1, 2020 (previously reported)	46,329,140	7,201,549	13,039,160
Effect of business combinations under common control (Note 2.1(b))	2,428,930	138,406	7,935
Net book amount at January 1, 2020 (restated)	48,758,070	7,339,955	13,047,095
Additions	3,259,484	–	951,039
Disposals	(25,023)	–	–
Disposal of a subsidiary	(1,824)	–	–
Depreciation/amortization	(2,716,795)	(90,714)	(1,073,538)
Net book amount at June 30, 2020 (unaudited)	49,273,912	7,249,241	12,924,596
Six months ended June 30, 2019			
Net book amount at January 1, 2019 (previously reported)	43,230,966	7,378,380	13,123,352
Effect of business combinations under common control (Note 2.1(b))	2,080,228	156,542	8,754
Net book amount at January 1, 2019 (restated)	45,311,194	7,534,922	13,132,106
Additions	2,541,931	411	1,018,066
Disposals	(195,025)	–	(4,208)
Disposal of subsidiaries	(9,978)	(14,784)	(485)
Depreciation/amortization	(2,343,333)	(90,500)	(975,895)
Net book amount at June 30, 2019 (restated)	45,304,789	7,430,049	13,169,584



Part Eleven

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

6 PROPERTY, PLANT AND EQUIPMENT, LAND USE RIGHTS AND INTANGIBLE ASSETS (CONTINUED)

Notes:

- (a) There was no property, plant and equipment, land use rights and intangible assets being pledged as security for borrowings at June 30, 2020 and December 31, 2019.
- (b) The Group has capitalized borrowing costs amounting to RMB119,928,000 on qualifying assets of property, plant and equipment and intangible assets for the six months ended June 30, 2020 (six months ended June 30, 2019: RMB128,477,000 as restated). Borrowing costs were capitalized at the weighted average of its borrowing rate of 4.01% during the six months ended June 30, 2020 (six months ended June 30, 2019: 4.17% as restated).
- (c) The right-of-use assets included in property, plant and equipment as of June 30, 2020 amounted to RMB276,371,000 (December 31, 2019: RMB161,831,000 as restated).

7 ACCOUNTS RECEIVABLE

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Trade receivables, gross (note (a))	21,485,119	19,148,048
Less: provision for impairment	(362,359)	(261,565)
	21,122,760	18,886,483
Notes receivable (note (b)) measured at		
– FVOCI	1,226,934	1,947,357
– amortized cost	209,600	261,103
	22,559,294	21,094,943

Notes:

- (a) The majority of the Group's sales are on credit. A credit period 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 based on invoice date is as follows:

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Current to 1 year	11,394,516	11,896,085
1 to 2 years	6,621,840	3,789,377
2 to 3 years	837,240	1,362,293
Over 3 years	2,631,523	2,100,293
	21,485,119	19,148,048



Part Eleven

Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

7 ACCOUNTS RECEIVABLE (CONTINUED)

Notes: (Continued)

- (b) 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, 2020 (Unaudited) RMB'000	December 31, 2019 (Restated) RMB'000
Pledged notes receivable	586,033	1,655,008

8 SHARE CAPITAL

	Number of ordinary shares of RMB1 each (thousands)	RMB'000
At January 1, 2020 (audited)	8,015,338	8,015,338
At June 30, 2020 (unaudited)	8,015,338	8,015,338
At January 1, 2019 (audited)	8,015,338	8,015,338
At June 30, 2019 (unaudited)	8,015,338	8,015,338

9 PERPETUAL BOND

On April 10, 2018, the Company issued perpetual bond with par value of RMB2 billion to qualified investors with direct issuance costs of RMB1,840,000 which are deducted from equity.

The perpetual bondholders are entitled to an interest of 5.6% per annum in the first three years after issuance, and the interest rate will be reset once every three years thereafter. The principal amount has a repayment term of once every three years. Upon each maturity the Company can elect to extend repayment of the bond for another three years indefinitely. The interest payments fall due annually. Unless the Company declares dividend to shareholders or reduces the registered capital within 12 months before the interest due date ("mandatory interest payment event"), the Company can elect to defer the payment of all current or deferred interests to the next anniversary.



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

10 BORROWINGS

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Non-current		
– Borrowings from financial institutions	1,034,375	1,720,662
– Corporate bonds	7,195,245	8,094,615
	8,229,620	9,815,277
Current		
– Current borrowings from financial institutions	8,609,281	4,853,866
– Current portion of non-current borrowings from financial institutions	907,858	3,967,892
– Corporate bonds	7,497,674	5,498,237
	17,014,813	14,319,995
Total borrowings	25,244,433	24,135,272

Notes:

(a) Movements in borrowings are analyzed as follows:

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
At the beginning of the period	24,135,272	33,580,202
Proceeds of new borrowings	12,719,628	28,931,968
Repayments of borrowings	(11,749,139)	(7,928,491)
Amortization of bond issuance costs	2,984	3,365
Foreign exchange losses/(gains)	135,688	(31,395)
Disposal of subsidiaries	–	(26,093,974)
At the end of the period	25,244,433	28,461,675

(b) Undrawn facilities at floating rate:

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Within 1 year	23,432,552	10,364,111
Over 1 year	2,300,000	5,148,240
	25,732,552	15,512,351

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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

11 ACCOUNTS PAYABLE

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Trade payables	39,507,318	37,954,869
Notes payable	6,149,715	7,488,997
	45,657,033	45,443,866

Ageing analysis of trade payables is as follows:

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Current to 1 year	38,585,752	37,059,486
1 to 2 years	437,821	841,132
2 to 3 years	472,948	44,812
Over 3 years	10,797	9,439
	39,507,318	37,954,869

12 OPERATING PROFIT

Operating profit is arrived at after charging/(crediting) the following:

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Depreciation and amortization	3,834,176	3,365,729
Employee benefit costs	2,455,198	2,585,209
Warranty expenses	79,817	777,600
Provision for impairment on non-financial assets	36,028	155,478
Foreign exchange gains	(46,767)	(146,440)
Loss on forward foreign exchange contracts with fair value through profit or loss	194,470	343,339
Gain from sales of scrap materials	(49,538)	(62,179)
Loss on disposals of property, plant and equipment and intangible assets	3,946	91,004
Government grants	(166,215)	(186,139)



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

13 INCOME TAX EXPENSE

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Current income tax	2,499,616	3,824,576
Deferred income tax expense/(credit)	776,921	(318,221)
	3,276,537	3,506,355

14 EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2020 (Unaudited)	2019 (Unaudited) (Restated)
Profit attributable to ordinary shareholders of the Company (RMB' 000) (note (a))	934,945	2,941,553
Weighted average number of ordinary shares issued (thousands)	8,015,338	8,015,338
Earnings per share for profit attributable to ordinary shareholders of the Company for the period (RMB)	0.12	0.37

Notes:

- For the six months ended June 30, 2020, the profit attributable to equity holders of the Company amounted to RMB1,046,945,000 (six months ended June 30, 2019: RMB3,053,553,000 as restated), including the profit attributable to ordinary shareholders and perpetual bondholders of approximately RMB934,945,000 and RMB112,000,000 (six months ended June 30, 2019: RMB2,941,553,000 as restated and RMB112,000,000), respectively.
- During the six months ended June 30, 2020 and 2019, there were no potential dilutive ordinary shares and diluted earnings per share was equal to basic earnings per share.



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

15 DIVIDENDS

The Board of Directors of the Company does not recommend the payment of any interim dividend for the six months ended June 30, 2020 (six months ended June 30, 2019: Nil).

The final dividend of approximately RMB1,362,607,000 (RMB0.17 per share) relating to the year ended December 31, 2019 was approved by the shareholders meeting held in June 2020.

16 CAPITAL COMMITMENTS

The Group has the following capital commitments for property, plant and equipment as at June 30, 2020 and December 31, 2019 respectively:

	June 30, 2020 (Unaudited) RMB'000	December 31, 2019 (Restated) RMB'000
Contracted but not provided for	15,428,978	14,470,950
Authorized but not contracted for	1,287,697	3,514,689



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

17 RELATED PARTY TRANSACTIONS

In addition to the information disclosed elsewhere in this Condensed Financial Information, the followings are related party transactions which were carried out in the ordinary course of the Group's business and determined based on mutually agreed terms for each of the six months ended June 30, 2020 and 2019.

(a) Significant transactions with related parties

	For the six months ended June 30,	
	2020 (Unaudited) RMB' 000	2019 (Unaudited) (Restated) RMB' 000
Sale of goods and materials and property, plant and equipment to		
– fellow subsidiaries	7,739,623	11,104,504
– joint ventures	405,048	426,398
– associates	99,309	–
– other related companies	1,912,753	1,066,150
Services provided to		
– fellow subsidiaries	34,563	1,087
– other related companies	37,808	–
Purchases of goods and materials from		
– fellow subsidiaries	8,134,705	8,180,680
– joint ventures	38,350	1,107
– an associate	2,362	–
– other related companies	22,097,866	24,888,056
Services received from		
– immediate parent company	353,860	332,726
– fellow subsidiaries	1,211,442	1,523,244
– a joint venture	681,777	809,226
– other related companies	3,530,926	2,743,273
Lease expenses to		
– fellow subsidiaries	62,442	63,446
Interest income from		
– an associate	151,488	123,550
– other related companies	2,053	–
Interest expenses to		
– immediate parent company	12,694	7,777
– fellow subsidiaries	3,158	–
– an associate	37,322	20,998
Key management compensations		
– salaries, allowances and other benefits	4,646	4,385
– employer's contribution to pension schemes	140	405
– discretionary bonuses	3,369	3,562



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

17 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Significant balances with related parties

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Assets		
Financial assets at FVOCI		
– a fellow subsidiary	1,404,526	1,275,650
Trade receivables		
– fellow subsidiaries	1,910,828	1,924,207
– joint ventures	118,853	103,504
– associates	6,761	–
– other related companies	1,690,075	1,578,239
Notes receivables		
– fellow subsidiaries	248,336	261,989
– other related companies	3,520	–
Advances to suppliers		
– fellow subsidiaries	170,896	232,856
– other related companies	1,460	739
Other receivables		
– fellow subsidiaries	539,787	470,111
– a joint venture	58	14,192
– an associate	–	3,706
– other related companies	132,608	367,093
Cash and cash equivalents		
– an associate	15,609,939	15,872,433
– an other related company	124,585	437



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Notes to the Interim Condensed Consolidated Financial Information

For the six months ended June 30, 2020

17 RELATED PARTY TRANSACTIONS (CONTINUED)

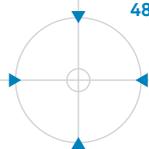
(b) Significant balances with related parties (Continued)

	June 30, 2020 (Unaudited) RMB' 000	December 31, 2019 (Restated) RMB' 000
Liabilities		
Trade payables		
– fellow subsidiaries	10,197,604	9,263,703
– joint ventures	22,825	40,992
– other related companies	14,900,674	14,465,672
Notes payable		
– fellow subsidiaries	2,684,228	2,922,592
– joint ventures	16,117	198
– other related companies	187,626	445,330
Contract liabilities		
– fellow subsidiaries	5,745	7,568
– an associate	–	327
– other related companies	822	205
Other payables		
– immediate parent company	1,478,079	1,162,784
– fellow subsidiaries	2,055,403	1,555,228
– joint ventures	329,870	269,272
– associates	17,540	–
– other related companies	3,135,286	2,918,222
Dividends payable to		
– other related companies	9,843,596	533,596
Borrowings from		
– an associate	2,286,110	2,120,210

18 EVENT OCCURRING AFTER THE BALANCE SHEET DATE

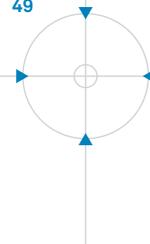
On 3 August 2020, BAIC Guangzhou Automotive Co., Ltd. (“BAIC Guangzhou”), a wholly-owned subsidiary of the Company, and BAIC BluePark New Energy Technology Co., Ltd. (“BAIC BluePark”), an A-share listed subsidiary of BAIC Group, entered into a share subscription agreement, pursuant to which BAIC BluePark agrees to issue to BAIC Guangzhou, and BAIC Guangzhou agrees to subscribe for, not less than 6.25% of the total number of new A shares to be issued by BAIC BluePark, up to a maximum subscription amount of approximately RMB344 million.

In accordance with the share subscription agreement, the minimum shareholding of BAIC Guangzhou in BAIC BluePark will remain at 6.25% and the maximum shareholding will not exceed 7.32% upon completion of the subscription (if the actual subscription price is determined according to the audited net asset value per share of BAIC BluePark as at 31 December 2019, namely RMB5.06).



Part Twelve Definitions

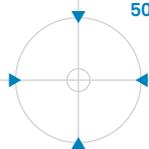
“Audit Committee”	the audit committee under the Board
“BAIC Group”	Beijing Automotive Group Co., Ltd., the controlling shareholder of the Company
“BAIC Investment”	BAIC Investment Co., Ltd.
“Beijing Benz”	Beijing Benz Automotive Co., Ltd. (previously known as Beijing Jeep Motor Co., Ltd. and Beijing Benz-Daimler Chrysler Automotive Co., Ltd.), a company incorporated in the PRC on July 1, 1983, a subsidiary of the Company with 51.00% equity interest owned by our Company, 38.67% owned by Daimler AG and 10.34% owned by Daimler Greater China
“Beijing Brand”	When referring to a brand, “Beijing Brand” means the passenger vehicle business of our proprietary brand. When referring to a business segment, means the consolidated business of our Company and its subsidiaries (excluding Beijing Benz). Segment profits of Beijing Brand included the share of profits of Beijing Hyundai and other invested enterprises
“Beijing Hyundai”	Beijing Hyundai Motor Co., Ltd., a company incorporated in the PRC on October 16, 2002, a joint venture of the Company in which BAIC Investment owns 50.00% equity interest with the remaining 50.00% owned by Hyundai Motor Company
“Board” or “Board of Directors”	the Board of Directors of the Company
“Board of Supervisors”	the Board of Supervisors of the Company
“Company” or “BAIC Motor”	BAIC Motor Corporation Limited



Part Twelve

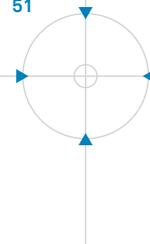
Definitions

“controlling shareholder(s)”	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
“CAAM”	China Association of Automobile Manufacturers
“COVID-19”	the global outbreak of the Corona Virus Disease 2019
“Date of Issue of the Report”	August 31, 2020, i.e. the date on which the report is approved by the Board of Directors
“BAIC Ruili”	BAIC Yunnan Ruili Motor Co., Ltd.
“Daimler AG”	Daimler AG, a company established in Germany in 1886 which is a Shareholder and a Connected Person of the Company
“Daimler Greater China”	Daimler Greater China Ltd., a wholly-own subsidiary of Daimler AG in the PRC
“Domestic Share(s)”	ordinary shares in the Company’s share capital, with a nominal value of RMB1.0 each, which are subscribed for and paid up in Renminbi
“first half of 2020” or “Reporting Period”	six months ended June 30, 2020
“first half of 2019”	six months ended June 30, 2019
“end of June 2020”	June 30, 2020



Part Twelve Definitions

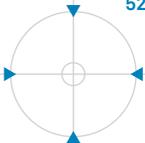
“end of 2019”	December 31, 2019
“Fujian Benz”	Fujian Benz Automotive Co., Ltd.; the Company has held 35.00% equity interest in Fujian Benz since September 2016, and has reached an act-in-concert agreement with FJMOTOR, which holds 15.00% equity interest in Fujian Benz, with regard to the operation, management and other matters of Fujian Benz, as well as exercise of the authority by the directors appointed by FJMOTOR
“FJMOTOR”	Fujian Motor Industry Group Co.
“BAIC Finance”	BAIC Group Finance Co., Ltd.
“BAIC International”	BAIC International Development Co., Ltd.
“BAIC Marketing Services”	BAIC BluePark Marketing Services Co., Ltd.
“BAIC BluePark”	BAIC BluePark New Energy Technology Co., Ltd.
“Group” or “we” or “our”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.0 each, to be subscribed for and traded in HK dollars and listed and traded on the Stock Exchange



Part Twelve

Definitions

“HK dollar(s)”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hyundai”	a brand owned by Hyundai Motor Company and which the Company’s 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 a 50.00% equity interest in Beijing Hyundai
“IFRSs”	International Financial Reporting Standards issued by the International Accounting Standards Board
“Latest Practicable Date”	September 14, 2020, being the latest practicable date prior to the printing of this interim report for the purpose of ascertaining the relevant information contained in this interim report
“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 options market), independent of the growth enterprise market of the Stock Exchange and under parallel operation with the growth enterprise market



Part Twelve Definitions

“Mercedes-Benz”	a brand owned by Daimler AG and which our subsidiary Beijing Benz is authorized to use
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set forth in Appendix 10 to the Listing Rules
“RMB” or “Renminbi”	the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
“share(s)”	Domestic Shares and H Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Strategy Committee”	the strategy committee under the Board
“subsidiary(ies)”	has the meaning ascribed thereto in section 2 of the Company Ordinance
“Director(s)”	director(s) of the Company
“Supervisor(s)”	supervisor(s) of the Company



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