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長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock code: 2333)

ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS

The Board is pleased to announce that the leasing in the lease agreement executed by Chongqing Branch of Great Wall Motor and Chongqing Chuangban will become connected transaction after completion of the equity transfer, and on 19 June 2020, the Company entered into the Supplemental Agreement with Great Wall Holdings in relation to adjusting the caps of certain continuing connected transactions involving (i) the Group purchasing services from Great Wall Holdings; (ii) the Group providing services to Great Wall Holdings; and (iii) the Group leasing from Great Wall Holdings.

Great Wall Holdings is a company held as to 99% by Mr. Wei Jian Jun, the Chairman of the Board of the Company. Meanwhile, Innovation Great Wall, a controlling Shareholder of the Company, holds 55.74% of issued share capital of the Company, which is in turn held as to 62.854% by Great Wall Holdings. Meanwhile, after completion of the equity transfer, Chongqing Chuangban will become an indirect subsidiary of Great Wall Holdings, and accordingly, Chongqing Chuangban, after completion of the equity transfer, and Great Wall Holdings are connected persons (as defined under the Hong Kong Listing Rules) of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) of the transactions under the lease agreement between Chongqing Branch of Great Wall Motor and Chongqing Chuangban and the adjusted purchasing services, providing services and leasing transactions under the Supplemental Agreement is higher than 0.1% and less than 5%, therefore, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

LEASE AGREEMENT

On 19 June 2020, the Company transferred its 100% equity of Chongqing Chuangban, a wholly-owned subsidiary, to Chongqing Lingkan, an indirect wholly-owned subsidiary of Great Wall Holdings. After the equity transfer is completed, the leasing business in the lease agreement executed by Chongqing Branch of Great Wall Motor and Chongqing Chuangban will become a daily connected transaction of the Company. The lease agreement between Chongqing Branch of Great Wall Motor and Chongqing Chuangban is as follows:

Parties

Chongqing Branch of Great Wall Motor and Chongqing Chuangban

Term of the Agreement

From June 2020 to May 2023

Content of Transactions

Pursuant to the lease agreement, Chongqing Branch of Great Wall Motor leases the machinery and equipment held by Chongqing Chuangban, with monthly rental amount being RMB4,918,400 and annual rental amount being RMB59,021,200.

Pricing Policies

The pricing policies are determined by the parties with reference to various factors such as industry standards and market conditions, based on fair and reasonable principles and normal commercial terms, and on the basis of cost plus profit (a rate of profit of 6%).

The lease agreement and its terms are entered into by the parties after arm's length negotiations.

THE SUPPLEMENTAL AGREEMENT

Reference is made to the Framework Agreement entered into between the Company and Great Wall Holdings dated 20 February 2019 in relation to purchase of products, sales of products and purchase of services by the Company.

On 19 June 2020, the Company entered into the Supplemental Agreement with Great Wall Holdings. According to the Supplemental Agreement, the Company adjusted the daily caps of connected transactions for 2020-2021 involving the purchasing services, provision of services and leasing between the Group and Great Wall Holdings.

Parties

The Company (for itself and its subsidiaries) and Great Wall Holdings (for itself and its subsidiaries and associates).

Term of the Framework Agreement and Supplemental Agreement

The Company entered into the Framework Agreement with Great Wall Holdings on 20 February 2019, which is effective from 20 February 2019 to 31 December 2021.

The Supplemental Agreement will be effective from the date of signing of the Supplemental Agreement to 31 December 2021.

Content of Transactions

Pursuant to the terms of the Framework Agreement and the Supplemental Agreement, the Company shall conduct the following transactions with Great Wall Holdings:

- (i) to purchase services (including mainly pipeline construction, testing, processing, hazardous wastes disposal, greening service, services through a tendering process, transportation services, software development services, management and renovation services for expert rooms of the Company) from Great Wall Holdings.
- (ii) to provide services (including mainly testing and inspection, vehicle repair and maintenance, consulting services, operation and maintenance services, development training services, legal services, software development services, technical consultancy services, warehousing, transportation and packaging services, logistics and insurance products development services etc.) to Great Wall Holdings; and
- (iii) to lease (including mainly houses, equipment, venues, vehicles, etc.) from Great Wall Holdings.

Pricing Policies

The pricing policies are consistent with those in the Framework Agreement entered into between the Company and Great Wall Holdings on 20 February 2019.

The pricing shall be in compliance with the requirements of relevant laws, regulations and the Listing Rules, with reference to the prevailing market price charged by the Company for the purchase or provision of similar products and services to the Independent Third Parties in the ordinary course of business in accordance with normal commercial terms, and are determined based on fair and reasonable principles and normal commercial terms:

Transaction Category	Pricing Policies
Purchase of services by the Company from Great Wall Holdings	The transaction price will be determined by the Company through open tendering, or by its business departments through reviewing and (if practicable) comparing at least two identical or comparable product quotations with reference to industry standards, market conditions and the Company's operation strategies, which is subject to the final negotiation with Great Wall Holdings.
Provision of services by the Company to Great Wall Holdings	The Company will determine and negotiate the selling price with reference to the prevailing fair market price of the comparable services and in accordance with the general commercial terms that are in the interest of the Company. The price at which the Company provide the services will not be lower than the above fair market price range.

Leasing by the Company to Great Wall Holdings	The transaction price will be determined by the Company through open tendering, or by its business departments through reviewing and (if practicable) comparing at least two identical or comparable product quotations with reference to industry standards, market conditions and the Company's operation strategies, which is subject to the final negotiation with Great Wall Holdings.
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Proposed Adjusted Caps and Historical Amounts:

The table below sets out the proposed annual caps before and after adjustment for the two years ending 31 December 2020 and 2021 by category between the Group and Great Wall Holdings:

RMB0'000

Category	For the year ending 31 December 2020		2021	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Purchase of services	3,461.00	5,000.00	3,592.00	5,500.00
Provision of services	1,490.00	8,100.00	1,813.00	8,900.00
Leasing	1,895.00	14,200.00	2,005.00	98,400.00

The table below sets out the historical amounts for the three years ended 31 December 2017, 2018 and 2019 of the transactions by category between the Group and Great Wall Holdings:

RMB0'000

Category	For the year ended 31 December		
	2017	2018	2019
Purchase of services	959.20	1,708.58	4,707.40
Provision of services	4.79	213.41	3,228.52
Leasing	539.42	822.07	1,177.17

Basis for Determining the Caps

(i) The basis for disclosing the increased cap for purchase of services by the Group

The proposed annual caps for the purchase of services by the Group from Great Wall Holdings has been determined mainly with reference to (1) the purchase of services through a tendering process from Great Wall Holdings; testing and inspection services to be provided by Honeycomb Energy (with its subsidiaries); power purchase management and the disposal of hazardous wastes service to be provided by Kelin Heat Supplying; the purchase of transportation services and software development services from Great Wall Sharing (with its subsidiaries); purchase of greening service from Furui Landscape and Bochuang Park Construction; the pipeline construction service to be provided by Wan Wei Municipal; management services for the expert building to be provided by Aiqing Property; renovation services for the expert building to be provided by Baoding Jiangren Jiangxin; and (2) the expected level of the respective service prices of the abovementioned services of the Group from 2020 to 2021.

After adjustment, the annual cap for 2020 for the connected transaction of purchase of services by the Group from Great Wall Holdings has been changed from RMB34.61 million to RMB50.00 million and annual cap for 2021 for the connected transaction of purchase of services has been changed from RMB35.92 million to RMB55.00 million. The adjustment of caps for connected transaction for 2020 and 2021 is mainly due to the increase in the purchase of services through a tendering process from Great Wall Holdings, power purchase management service to be provided by Kelin Heat Supplying and renovation services for the expert building to be provided by Baoding Jiangren Jiangxin.

(ii) Provision of services by the Group

The proposed annual caps for the provision of services by the Group to Great Wall Holdings has been determined mainly with reference to (1) provision of operation and maintenance services by the Group to Great Wall Holdings; operation and maintenance services, development training services, legal services and testing and inspection services to be provided by FTXT Energy (with its subsidiaries); provision of operation and maintenance services, software development services, technical consultancy services, warehousing, transportation and packaging services and other services to Honeycomb Energy (with its subsidiaries); provision of logistics services and other services to Great Wall Sharing (with its subsidiaries); provision of insurance products development services to Yihe Technology Co., Ltd. (易和科技有限公司); and (2) the expected price level of the Group's provision of related services from 2020 to 2021.

(iii) Leasing by the Group

The Group leases vehicles from Great Wall Sharing (with its subsidiaries); leases houses from Honeycomb Energy (with its subsidiaries), Bochuang Park Construction, Bochuang Urban Construction, Shanghai Fuel Cell and Great Wall Holdings; leases plants and equipment from Smart Technology and its subsidiaries; and leases equipment from Chongqing Chuangban; and (2) the expected relevant rental level of the Group's lease from 2020 to 2021.

The Framework Agreement, the Supplemental Agreement and theirs terms are entered into by the parties after arm's length negotiations.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The leasing business between the Group and Chongqing Chuangban is conducted in line with the Company's business development needs and the relevant transactions are conducted in accordance with normal commercial terms, which are in the interests of the Group.

The Group has entered into the Supplemental Agreement with Great Wall Holdings in relation to adjusting the caps of the purchasing services, providing services and leasing.

The continuing connected transactions between the Group and Great Wall Holdings were entered into in the ordinary course of business, which is conducive to the reasonable allocation of resources pursuant to the advantages on resources of the parties and the improvement of manufacturing efficiency and the caps adjustment of continuing connected transactions is in line with the Company's business development needs and the relevant transactions are conducted in accordance with normal commercial terms, which are in the interests of the Group.

INFORMATION OF THE PARTIES INVOLVED

(i) Information on the Company

The Company is an integrated automobile manufacturer and together with its subsidiaries, the Group also engages in the production and sales of certain automotive parts and components.

(ii) Information on Chongqing Branch of Great Wall Motor

Manufacturing of automobiles and components, accessories thereof; production, development, design, research and development and technical services, processing agency and sale of accessories and provision of after-sale services and consultation services thereof; information technology services; manufacturing of electronic and mechanical equipments (except for those restricted or prohibited by the State from foreign investment and those with special limitations); processing and manufacturing of moulds; repair and maintenance of automobiles; general cargo freight transportation and special transportation; storage services (excluding dangerous chemicals); export of components and accessories of automobiles manufactured and purchased by the Company; import and export of goods and techniques (excluding those distributed and operated exclusively by the State and except for those restricted by the State); leasing out self-owned buildings and equipment. Sales of lubricants, automotive apparel and automotive decorations; sales of general merchandise; consulting services of automotive sales information; training of maintenance skills and relevant services; wholesale and retail of electronic hardware and products (excluding electronic publications); used car dealing; automobile rental (shall not engage in the operations of leasing passenger transportation and passenger and freight road transportation); registration agents; transfer agency services; design, production and sale of motor batteries; services and sales of application software.

(iii) Information on Chongqing Chuangban

Chongqing Chuangban is engaged in non-residential real estate leasing, mechanical equipment leasing, office equipment leasing service, production line management service and corporate headquarters management.

(iv) Information on Great Wall Holdings

Great Wall Holdings is engaged in corporate headquarter management; IT consulting services; internet information services; internet lifestyle services platform, internet innovative technology platform, internet public services platform; technical services for Internet of Things; decoration and renovations for homes; wholesale of cultural and sports supplies and equipment, machines and facilities, hardware products and appliances, computers, software and supporting devices; real estate agency services; operation and leasing of medical equipment; leasing of cultural and sports equipment and supplies; consultancy services for healthcare; promotion services for energy-efficient technologies; greenery management; domestic trading agency services; integration services for information system; R&D and design of education equipment; services for digital contents; R&D of drawing, computing and surveying equipment; development and sales of hardware and software for computer; construction and management of park infrastructure; development of education software; plantation of garden plants; sales of various household supplies; enterprise management consulting; leasing of owned houses; park industrial services; health management services; energy conservation management services; public relation services; conference & exhibition services; leasing of owned equipment. (The projects, which are subject to approval in accordance with the laws, shall be operated only after receiving approval from relevant authorities).

HONG KONG LISTING RULES IMPLICATIONS

Great Wall Holdings is a company held as to 99% by Mr. Wei Jian Jun, the Chairman of the Board of the Company. Meanwhile, Innovation Great Wall, a controlling Shareholder of the Company, holds 55.74% of issued share capital of the Company, which is in turn held as to 62.854% by Great Wall Holdings. Meanwhile, after completion of the equity transfer, Chongqing Chuangban will become an indirect subsidiary of Great Wall Holdings, and accordingly, Chongqing Chuangban, after completion of the equity transfer, and Great Wall Holdings are connected persons (as defined under the Hong Kong Listing Rules) of the Company.

As one or more of the applicable percentage ratios (other than the profits ratio) of the transactions under the lease agreement between Chongqing Branch of Great Wall Motor and Chongqing Chuangban and the adjusted purchasing services, providing services and leasing transactions under the Supplemental Agreement, on an annual basis, is higher than 0.1% and less than 5%, therefore, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

The Directors (including the independent non-executive Directors) are of the view that the relevant transactions are conducted in the ordinary and usual course of business of the Company and the terms under the Framework Agreement are normal commercial terms and are in the benefit of the Company and its Shareholders as a whole, which will have no impact on the independence of the Company and will not lead to any circumstances that will undermine interests of the Company or Shareholders of the Company, especially minority Shareholders.

As Great Wall Holdings is the associate of Mr. Wei Jian Jun, the Director of the Company, and Mr. Wei Jian Jun has material interests in the transactions under the Framework Agreement, he has abstained from voting on the Board resolutions in relation to the continuing connected transactions as specified in this announcement.

DEFINITIONS

In this announcement, the following terms have the following meanings unless the context requires otherwise:

“Aiqing Property”	Beijing Aiqing Property Services Co., Ltd. (北京愛情物業服務有限公司), a company incorporated in the PRC on 4 January 2012 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Baoding Jiangren Jiangxin”	Baoding Jiangren Jiangxin Decoration Engineering Co., Ltd., (保定匠人匠心裝飾工程有限公司), a company incorporated in the PRC on 6 March 2020 and is a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Board”	the board of directors of the Company;
“Bochuang Park Construction”	Baoding Bochuang Park Construction and Development Company Limited (保定博創園區建設開發有限公司), a company incorporated in the PRC on 21 May 2015 and is a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;

“Bochuang Urban Construction”	Bochuang Urban Construction and Development Company Limited (博創城市建設開發有限公司), a company incorporated in the PRC on 7 May 2009 and is a company established under the laws of the PRC, and is a wholly-owned subsidiary of Great Wall Holdings;
“Chongqing Branch of Great Wall Motor”	Chongqing branch of Great Wall Motor Company Limited, a branch of the Company, which was incorporated in the PRC on 10 May 2019;
“Chongqing Chuangban”	Chongqing Chuangban Enterprise Management Co., Ltd. (重慶創伴企業管理有限公司), a wholly-owned subsidiary of the Company, which was incorporated in the PRC on 3 June 2020, and will become an indirect subsidiary of Great Wall Holdings after completion of the equity transfer;
“Chongqing Lingkan”	Chongqing Lingkan Enterprise Management Co., Ltd.(重慶領瞰企業管理有限公司), a company established under the laws of the PRC on 3 June 2020, is an indirect wholly-owned subsidiary of Great Wall Holdings and therefore is a connected person (as defined under the Hong Kong Listing Rules) of the Company;
“Company”	Great Wall Motor Company Limited (長城汽車股份有限公司);
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the Framework Agreement entered into between the Company and Great Wall Holdings on 20 February 2019, pursuant to the Agreement the Group shall purchase certain products and services from Great Wall Holdings and sell certain products to Great Wall Holdings during the term of the Agreement;
“FTXT Energy”	FTXT Energy & Technology Co., Ltd. (未勢能源科技有限公司), a company incorporated in the PRC on 15 April 2019 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Furui Landscape”	Baoding Furui Landscape Co., Ltd. (保定市富瑞園林有限公司), a company incorporated in the PRC on 17 January 2006 and is a company established under the laws of the PRC, and is a wholly-owned subsidiary of Great Wall Holdings;
“Great Wall Holdings”	Baoding Great Wall Holdings Company Limited (保定市長城控股集團有限公司), holds 62.854% equity interest in Innovation Great Wall, is a connected person of the Company;
“Great Wall Sharing”	Tianjin Great Wall Sharing Car Service Company Limited (天津長城共享汽車服務有限公司), which is a wholly-owned subsidiary of Great Wall Holdings, and which was incorporated under the PRC laws on 21 December 2017;

“Group”	Great Wall Motor Company Limited and its subsidiaries;
“Honeycomb Energy”	Honeycomb Energy Technology Company Limited (蜂巢能源科技有限公司), a company incorporated in the PRC on 12 February 2018 and is a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Independent Shareholders”	independent Shareholders who are not involved or interested in the Framework Agreement;
“Independent Third Parties”	the parties who are independent from and not connected with the Group, its substantial Shareholders, Directors and their respective associates;
“Innovation Great Wall”	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), a substantial Shareholder of the Company holding approximately 84.17% of the A Shares of the Company, which accounts for 55.74% of the issued share capital of the Company;
“Kelin Heat Supplying”	Baoding Kelin Heat Supplying Co., Ltd. (保定科林供熱有限公司), a company incorporated in the PRC on 20 July 2012 and is a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“lease agreement”	The lease agreement executed by Chongqing Branch of Great Wall Motor and Chongqing Chuangban on 9 June 2020, pursuant to which, Chongqing Branch of Great Wall Motor leases the machinery and equipment held by Chongqing Chuangban;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Shanghai Fuel Cell”	Shanghai Fuel Cell Vehicles Power System Co., Ltd. (上海燃料電池汽車動力系統有限公司), a company incorporated in the PRC on 14 December 2001 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Shares”	ordinary share(s) of RMB1.00 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of the Company’s Shares;

“Smart Technology”	Baoding Great Wall Smart Technology Co., Ltd (保定市長城智能科技有限公司), a company incorporated in the PRC on 21 November 2018 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Supplemental Agreement”	the supplemental agreement to the Framework Agreement entered into between the Company and Great Wall Holdings on 19 June 2020, pursuant to which the Group shall adjust the caps of transactions in respect of purchasing services from, providing services to and leasing from, Great Wall Holdings for 2020-2021;
“subsidiary(ies)”	unless the context requires otherwise, has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Wan Wei Municipal”	Baoding Wan Wei Municipal Engineering Co., Ltd. (保定市萬維市政工程有限公司), a company incorporated in the PRC on 19 May 2014 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings;
“Yihe Technology”	Tianjin Yihe Information Technology Co., Ltd. (天津易和信息科技有限公司), a company incorporated in the PRC on 11 June 2019 and a company established under the laws of the PRC, and is an indirect wholly-owned subsidiary of Great Wall Holdings; and
“%”	per cent.

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By order of the Board
Great Wall Motor Company Limited
Xu Hui
Company Secretary

Baoding, Hebei Province, the PRC, 19 June 2020

As at the date of this announcement, the Board comprises:

Executive Directors: Mr. Wei Jian Jun, Ms. Wang Feng Ying and Ms. Yang Zhi Juan.

Non-executive Director: Mr. He Ping.

Independent Non-executive Directors: Ms. Yue Ying, Mr. Li Wan Jun and Mr. Ng Chi Kit.

* *For identification purpose only*