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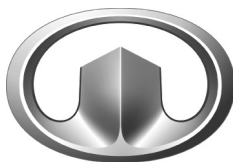
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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, a bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Great Wall Motor Company Limited, you should at once pass this circular and the enclosed proxy form to the purchaser, the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**GRANT OF RESERVED RESTRICTED SHARES  
TO PARTICIPANTS AND CONNECTED TRANSACTION**

**INDEPENDENT FINANCIAL ADVISER TO  
THE INDEPENDENT BOARD COMMITTEE AND  
THE INDEPENDENT SHAREHOLDERS**



Gram Capital Limited  
嘉林資本有限公司

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The EGM of the Company is to be held on Thursday, 18 March 2021 at 2:00 p.m. at the Company's Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC. Notice of the EGM has been sent to the Shareholders together with the proxy form and the reply slip on 28 January 2021. Whether or not you are able to attend the EGM in person, you are requested to complete the proxy form enclosed in accordance with the instructions printed thereon. For H Shareholders, the proxy form should be returned, in person or by post, to the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, in any event, not later than 24 hours before the designated time for the commencement of the EGM. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM should you so wish.

\* For identification purposes only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“2020 Incentive Scheme”, “Incentive Scheme”, “Scheme”	the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited;
“A Shares”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
“A Shareholder(s)”	holders of A Share(s);
“A Shareholders’ Class Meeting”	the class meeting of A Shareholders;
“Articles of Association”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Board”	the board of directors of the Company;
“close associate(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“Company” or “Great Wall Motor”	長城汽車股份有限公司 (Great Wall Motor Company Limited*), a joint stock company incorporated in the PRC with limited liability, the H Shares and A Shares of which are listed on Hong Kong Stock Exchange and Shanghai Stock Exchange, respectively;
“Company Law”	the Company Law of the PRC, as amended from time to time;
“connected person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	director(s) of the Company;
“EGM”	the extraordinary general meeting of the Company to be held on Thursday, 28 January 2021 at 2:00 p.m. for the purposes of considering and approving the grant of reserved Restricted Shares to connected persons;

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## DEFINITIONS

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“Grant Date”	the date on which the Company shall grant entitlements to the Participants, which must be a trading day;
“Grant Price”	the price of each Restricted Share granted to the Participants by the Company;
“Group”	Great Wall Motor Company Limited and its subsidiaries;
“H Shares”	the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
“H Shareholder(s)”	holders of H Share(s);
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Director(s)”	the independent non-executive director(s) of the Company;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser to the Independent Board Committee and Independent Shareholders in respect of the grant of reserved Restricted A Shares to the Participants who are connected persons of the Company by the Company;
“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);

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## DEFINITIONS

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“Latest Practicable Date”	23 February 2021, being the latest practicable date prior to the issuance of this circular for ascertaining certain information contained herein;
“Lock-up Period”	the period during which the Restricted Shares are restricted to be transferred or assigned or used as guarantee or for repayment of debts, if the conditions for exercise of entitlements by the Participants as stipulated in the Incentive Scheme are not satisfied;
“Management Measures for Share Incentives”	the Management Measures for Share Incentives of Listed Companies;
“Mandatory Provisions”	the Mandatory Provisions for the Articles of Association of Companies Listed Overseas;
“Participants”	senior management, core management and core technical (business) backbone staff of the Company and directors and senior management of certain subsidiaries to be granted the reserved Restricted Shares and the Share Options pursuant to the Incentive Scheme;
“PRC”	the People’s Republic of China, excluding, for the purpose of this circular only, Hong Kong, the Macau Special Administrative Region and Taiwan;
“reserved Restricted Shares” or “reserved Restricted A Shares”	a certain reserved number of Shares of the Company granted to the Participants according to the conditions and price stipulated in the 2020 Incentive Scheme, which are subject to a Lock-up Period and can only be unlocked for trading when the unlocking conditions as stipulated in the Incentive Scheme are satisfied;
“RMB”	Renminbi, the lawful currency of the PRC;
“Securities Law”	the Securities Law of the People’s Republic of China, as amended from time to time;
“SFO”	Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong) as amended from time to time;
“Share(s)”	A Share(s) and H Share(s);

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## DEFINITIONS

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“Shareholders”	holders of the Company’s Shares including A Share(s) and H Share(s);
“Share Options”, “Options”	the rights to be granted by the Company to the Participants to purchase a certain number of Shares of the Company at a predetermined price within a certain period of time in the future;
“SSE Listing Rules”	Rules Governing the Listing of Stocks on the Shanghai Stock Exchange;
“Stock Exchange”	the Shanghai Stock Exchange;
“subsidiary(ies)”	unless the context requires otherwise, has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Supervisor(s)”	supervisor(s) of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“Unlocking Period”	the period during which the Restricted Shares of the Participants are unlocked and can be transferred upon the fulfillment of the unlocking conditions as stipulated in the Incentive Scheme.

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## LETTER FROM THE BOARD

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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)**

***Executive Directors:***

Wei Jian Jun

Wang Feng Ying

Yang Zhi Juan

***Non-executive Director:***

He Ping

***Independent non-executive Directors:***

Yue Ying

Li Wan Jun

Ng Chi Kit

***Registered office, head office and  
principal place of business:***

No. 2266 Chaoyang Road South

Baoding

Hebei Province

the PRC

26 February 2021

*To the Shareholders*

Dear Sir or Madam,

**GRANT OF RESERVED RESTRICTED SHARES  
TO PARTICIPANTS AND CONNECTED TRANSACTION**

**I. INTRODUCTION**

Reference is made to the announcement of the Company dated 28 January 2021, in relation to the grant of reserved Restricted Shares or Share Options to Participants and connected transaction.

This circular is issued in relation to the EGM to be held at 2:00 p.m. on Thursday, 18 March 2021 at the Company's Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC.

\* For identification purposes only

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## LETTER FROM THE BOARD

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### II. GRANT OF RESERVED RESTRICTED SHARES TO PARTICIPANTS

On 15 April 2020, the Company's 2020 Incentive Scheme was approved by way of special resolution at extraordinary general meeting (“**EGM**”), the H shareholders' class meeting (“**H Shareholders' Class Meeting**”) and the A shareholders' class meeting (“**A Shareholders' Class Meeting**”) (together with EGM and H Shareholders' Class Meeting, the “**General Meetings**”).

According to the authorisation of the General Meetings, on 28 January 2021, the Board considered and approved relevant resolution and determined that, among others, the Grant Date of the reserved Restricted Shares of the Company shall be 28 January 2021, 8,748,000 Restricted Shares shall be granted to 347 Participants at RMB21.08 per Share.

#### (I) Explanation on Satisfaction of Conditions of the Grant in respect of the Reserved Grant under the 2020 Incentive Scheme

In accordance with the requirements of relevant laws and regulations and 2020 Incentive Scheme, the conditions of granting reserved Restricted Shares to Participants by the Company are detailed below:

##### *1. There is no occurrence of any of the following events on the part of the Company:*

- (1) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the financial report of the Company for its most recent accounting year;
- (2) issue of an auditors' report with adverse opinion or which indicates an inability to give opinion by a certified public accountant with respect to the internal control of the financial report of the Company for its most recent accounting year;
- (3) failure to conduct profit distribution in accordance with laws and regulations, the Articles of Association and public undertakings during the last 36 months after listing;
- (4) prohibition from implementation of a share incentive scheme by laws and regulations;
- (5) other circumstances determined by the CSRC.



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## LETTER FROM THE BOARD

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**2. *There is no occurrence of any of the following events on the part of the Participants:***

- (1) he or she has been determined by any stock exchange as an ineligible person in the last 12 months;
- (2) he or she has been determined by CSRC and its delegated agencies as an ineligible person in the last 12 months;
- (3) he or she has been imposed by the CSRC or its delegated agencies with administrative penalties or measures prohibiting access into the market in the last 12 months due to material non-compliance with laws or regulations;
- (4) he or she is prohibited from acting as a Director or a member of the senior management as required by the Company Law;
- (5) he or she is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
- (6) he or she is under other circumstances determined by the CSRC.

The Board considers that there are no circumstances where the reserved Restricted Shares may not be granted under 2020 Incentive Scheme and provisions of relevant laws and regulations; all Participants to whom the Restricted Shares will be granted are in conformity with the provisions regarding eligibility of Participants as stipulated in the 2020 Incentive Scheme and the conditions for granting under the Incentive Scheme have been met.

**(II) Details of the Reserved Restricted Shares Grant under the 2020 Incentive Scheme**

**1. *Source of Shares of the reserved Restricted Shares:***

The Company issues RMB ordinary shares of the Company (A Shares) to Participants

**2. *Grant Date of the reserved Restricted Shares:* 28 January 2021**

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## LETTER FROM THE BOARD

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### 3. *Grant Price of the Reserved Restricted Shares:*

The Grant Price of the reserved Restricted Shares will be RMB21.08 per share, which is no less than the carrying amount of such shares and no less than the higher of the following:

- 1) 50% of the average trading price of the Company's A shares on a trading day preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares, i.e. RMB21.08 per share;
- 2) 50% of the average trading price of the Company's A shares for 120 trading days preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares, i.e. RMB13.76 per share.

The grant price is fixed in compliance with Article 23 of the Management Measures issued by the China Securities Regulatory Commission, which states that:

“When a listed company grants restricted shares to participants, it should fix the grant price or the method of determining the grant price. The grant price must not be lower than the nominal value of the share, and in principle must not be lower than the higher of:

- (I) 50% of the average trading price of the company's shares on the trading day immediately before the announcement of the draft share incentive scheme;
- (II) 50% of the average trading price of the company's shares for 20, 60 or 120 trading days preceding the date of the announcement of the draft share incentive scheme.

If a listed company adopts other methods to determine the grant price of restricted shares, it shall explain the pricing basis and method in the share incentive scheme.”

## LETTER FROM THE BOARD

**4. Under the reserved entitlements grant, 347 Participants are proposed to be granted 8,748,000 Restricted Shares. The allocation is detailed below:**

Among the Participants of the reserved Restricted Shares, Mr. Tang Haifeng and Mr. Zheng Lipeng (鄭立朋) are directors and general managers (or held the positions in the past 12 months) of significant subsidiaries of the Company and therefore are the Company's connected persons as defined in the Listing Rules of the Hong Kong Stock Exchange, excluding parties that are not regarded as the Company's connected persons under Rule 14A.09 of the Listing Rules. The details are below:

Name	Position	Reason for being a connected person/related party	Number of the Restricted Shares granted (0' 000 shares)	Total value (Grant Price × the number of grant) (RMB0'000)	Percentage to the total number of the Restricted Shares to be granted	Percentage to the total number of the Restricted Shares under the 2020 Incentive Scheme	Percentage to the total number of Shares as at the date of this announcement
Li Hong Shuan <sup>#</sup>	Financial controller	–	15	316.20	1.71%	0.24%	0.002%
Tang Haifeng <sup>*</sup>	Director and general manager of subsidiaries (or held the positions in the past 12 months)	Director of subsidiaries (or held the position in the past 12 months)	35	737.80	4.00%	0.57%	0.004%
Zheng Lipeng <sup>*</sup> (鄭立朋)	Director and general manager of subsidiaries	Director of subsidiaries	15	316.20	1.71%	0.24%	0.002%
Core management, core technical (business) backbone staff (344 people)	–	–	809.8	17,070.58	92.57%	13.18%	0.088%
Total	–	–	874.8	18,440.78	100.00%	14.24%	0.095%

<sup>\*</sup> The connected persons grantees pursuant to Hong Kong regulations: Directors or General Managers (or those who held the positions in the past 12 months) of the Company's significant subsidiaries, who are the connected persons of the Company as defined in the Hong Kong Listing Rules.

<sup>#</sup> The related parties as defined in the laws and regulations of PRC.

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## LETTER FROM THE BOARD

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*Note:*

1. The Participants above exclude the Company's Directors, Supervisors, the Shareholders individually or in aggregate holding 5% or more of the Shares of the Company or the de facto controllers and their spouses, parents or children.
2. The total entitlements of the Company granted under the fully effective Share Incentive Scheme to any one of the above-mentioned Participants have not exceed 1% of the total share capital of the Company. The total underlying shares of the Company involved under the fully effective Incentive Scheme will not exceed 10% of the total number of shares of the Company as at the date of the proposal of the Share Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

In determining the number of the Restricted Shares entitled to each of connected persons, The Company determined the total number of Shares (i.e. the sum of number of Restricted A Shares and Shares as the result from the exercise of Share Options) entitled to the Connected Participants by taking into account of the adjusted standardized number of Shares entitled to the president level staff (the "**Adjusted Standardized Number**") , and further adjusted based on (i) the participant's positions and seniority; (ii) the participant's performance in the company which he/she is working for; (iii) the participant's salary level; (iv) the participant's years of services; and (v) the participant's capacities.

After the maximum total number of Shares entitled to the Connected Participants being determined, the Company further determined the maximum number of Restricted A Shares according to the Connected Participants' positions and the Connected Participant's intention for subscribing the Restricted A Shares (including subscription contribution amounts). The maximum number of Share Options was calculated by the maximum total number of Shares entitled to the Connected Participants minus the maximum number of Restricted A Shares.

### **5. Performance appraisal at company level of the reserved Restricted Shares under 2020 Incentive Scheme**

- 1) The annual performance appraisal targets of the reserved portion of Restricted Shares are as follows:

Selection of Performance indicators	Sales volume	Net profit	Threshold
Weights of performance indicators	40%	60%	–
Combined performance coefficient	$\Sigma$ (actual value of performance indicator/target value of performance indicator) $\times$ weight of performance indicator		
First Unlocking period	The sales volume of automobiles of the Company shall not be less than 1.21 million units in 2021	The net profit shall not be less than RMB5.0 billion in 2021	Combined performance coefficient $\geq 1$

## LETTER FROM THE BOARD

Selection of Performance indicators	Sales volume	Net profit	Threshold
Second Unlocking period	The sales volume of automobiles of the Company shall not be less than 1.35 million units in 2022	The net profit shall not be less than RMB5.5 billion in 2022	Combined performance coefficient $\geq 1$

*Note:* The “net profit” mentioned above refers to the audited net profit attributable to Shareholders of the listed company, and the “sales volume” mentioned above refers to the audited annual sales volume.

If the combined performance coefficient of the Company is  $\geq 1$  and the performance appraisal indicators at company level are up to standards, the number of Restricted Shares held by the Participants that may be unlocked in each Unlocking Period will be determined according to the performance appraisal result at individual level; if the performance appraisal indicators of the Company are not up to standards, all Restricted Shares held by the Participants that are planned to be unlocked in relevant appraisal year shall not be unlocked and shall be repurchased and cancelled by the Company.

If any condition of unlock cannot be satisfied in any unlock period within the validity period of the Incentive Scheme, such portion of the Restricted Shares which may be unlocked in such current unlock period cannot be deferred to the next year and will be repurchased and cancelled by the Company.

### 2) Performance appraisal at individual level

The annual performance appraisal results of the Participants are classified into five grades, i.e., A, B, C, D and E. The individual performance appraisal results of the Participants are determined as per the table below:

Whether Qualified	Qualified			Unqualified	
Appraisal results	A	B	C	D	E
Exercisable proportion		100%			0%

If the individual performance appraisal result of a Participant is qualified, the performance appraisal indicator at individual level is up to standard, and if the annual performance appraisal indicator at company level is also up to standard, the limit planned to be unlocked by the Participant in the current year may be fully unlocked. If the individual performance appraisal result of the

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## LETTER FROM THE BOARD

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Participant is unqualified, the Company shall cancel the limit planned to be unlocked by the Participant in the current period according to the provisions of the Incentive Scheme, and the Restricted Shares shall be repurchased and cancelled by the Company.

If a Participant fails to meet his/her performance target, no corresponding Restricted Shares shall be unlocked or deferred to the next year and will be repurchased and cancelled by the Company.

**6. *Validity period and unlocking/exercise arrangement of the reserved Restricted Shares under the 2020 Incentive Scheme***

The validity period of the Restricted Shares under the reserved grant of 2020 Incentive Scheme shall commence from the date on which the Restricted Shares have been granted and end on the date of unlocking all the reserved Restricted Shares or the repurchase and cancellation of such shares, which shall not exceed 36 months.

The unlocking schedule of the Restricted Shares under the reserved grant of the 2020 Incentive Scheme for each period is shown in the table below:

Unlocking arrangement	Unlocking time	Unlocking proportion
First Unlocking period for the reserved Restricted Shares	Commencing from the first trading day upon the expiry of 12 months from the date of the reserved grant to the last trading day upon the expiry of 24 months from the date of the reserved grant	50%
Second Unlocking period for the reserved Restricted Shares	Commencing from the first trading day upon the expiry of 24 months from the date of the reserved grant to the last trading day upon the expiry of 36 months from the date of the reserved grant	50%

For Restricted Shares that have not been applied for unlocking or cannot be applied for unlocking due to failure to meet the unlocking conditions during the aforesaid Unlocking periods, the Company will repurchase and de-register such Restricted Shares from relevant Participants in accordance with the principles of the 2020 Incentive Scheme.

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## LETTER FROM THE BOARD

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### **7. *Lock-up Period of the reserved Restricted Shares under 2020 Incentive Scheme***

The Lock-up arrangement of reserved Restricted Shares under the 2020 Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the requirements of the Articles of Association. Specific contents are as follows:

- 1) Where a Participant is a member of the senior management of the Company, the number of shares of the Company which may be transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of the shares of the Company held by him/her. No shares of the Company held by him/her shall be transferred within six months after his/her termination of office.
- 2) Where a Participant is a member of the senior management of the Company and he/she disposes of any shares of the Company within six months after acquisition or buys back such shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.
- 3) If, during the validity period of the Incentive Scheme, there is any amendment to the requirements regarding transfer of shares by a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the shares transferred by the Participants during the relevant times.

### **8. *Methods and Procedures for Adjustment of the Restricted Share Incentive Scheme***

- (1) Methods of adjusting the number of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of the announcement of the Incentive Scheme to the completion of registration of the Restricted Shares by the Participants, the number of the Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

- 1) Issue of shares by capitalisation issue, bonus issue and sub-division of shares

$$Q=Q0\times(1+n)$$

Where: Q0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of increase per share resulting from capitalization issue, bonus issue and sub-division of shares (i.e. the increase in number of shares per share upon capitalisation issue, bonus issue and

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## LETTER FROM THE BOARD

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sub-division of shares) or the ratio of the number of shares to be issued under the rights issue or additional issues to the total share capital of the Company before the rights issue or additional issues; Q represents the adjusted number of the Restricted Shares.

2) Rights issue

$$Q=Q_0 \times P_1 \times (1+n) \div (P_1 + P_2 \times n)$$

Where:  $Q_0$  represents the number of the Restricted Shares before the adjustment;  $P_1$  represents the closing price as at the record date;  $P_2$  represents the price of the rights issue;  $n$  represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); Q represents the adjusted number of the Restricted Shares.

3) Share consolidation

$$Q=Q_0 \times n$$

Where:  $Q_0$  represents the number of the Restricted Shares before the adjustment;  $n$  represents the ratio of consolidation of shares (i.e. one share shall be consolidated into  $n$  shares); Q represents the adjusted number of the Restricted Shares.

4) Dividend distribution and additional issues

Under the above circumstances, no adjustment will be made on the number of the Restricted Shares.

(2) Method of adjusting the Grant Price of the Restricted Shares

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company in the period from the date of the announcement of the Incentive Scheme to the completion of registration of the Restricted Shares by the Participants, the Grant Price of the Restricted Shares shall be adjusted accordingly. The adjustment method is as follows:

1) Issue of shares by capitalisation issue, bonus issue and sub-division of shares

$$P=P_0 \div (1+n)$$

Where:  $P_0$  represents the Grant Price before the adjustment;  $n$  represents the ratio of increase per share resulting from capitalisation issue, bonus issue and sub-division of shares; P represents the adjusted Grant Price.



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## LETTER FROM THE BOARD

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2) Rights issue

$$P=P0 \times (P1+P2 \times n) \div [P1 \times (1+n)]$$

Where: P0 represents the Grant Price before the adjustment; P1 represents the closing price as at the record date; P2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e. the ratio of the number of shares to be issued under the rights issue to the total share capital of the Company before the rights issue); P represents the adjusted Grant Price.

3) Share consolidation

$$P=P0 \div n$$

Where: P0 represents the Grant Price before the adjustment; n represents the ratio of consolidation of shares; P represents the adjusted Grant Price.

4) Dividend distribution

$$P=P0-V$$

Where: P0 represents the Grant Price before the adjustment; V represents the dividend per share; P represents the adjusted Grant Price. P shall be greater than 1 after the dividend distribution.

5) Under the circumstance of additional issue of new shares, no adjustment will be made on the Grant Price of the Restricted Shares.

(3) Adjustment procedures for the Restricted Share Incentive Scheme

The General Meetings of the Company shall authorize the Board to adjust the number or the Grant Price of the Restricted Shares for the above reasons. After the Board adjusts the Grant Price or the number of the Restricted Shares according to the above provisions, it shall promptly make announcement and notify the Participants in accordance with the relevant provisions, and perform the information disclosure procedures. The Company will engage a law firm to give professional advice to the Board on whether such adjustment is in compliance with the Management Measures for Share Incentives, the Articles of Association and the Incentive Scheme.

If, for other reasons, it is necessary to adjust the number, the Grant Price or other terms of the Restricted Shares, the Company will engage a law firm to give professional advice to the Board on whether such adjustment is in compliance with the Management Measures for Share Incentives, the Articles of Association and the Incentive Scheme, which shall be subject to consideration and approval of the General Meetings.

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## LETTER FROM THE BOARD

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The adjustment of the Restricted Share Incentive Scheme by the Company complies with the laws and regulations of the PRC (including but not limited to Article 48 of Management Measures for Share Incentives “when it is necessary to adjust the price or number due to the ex-right, ex-dividend of the underlying shares or other reasons, the board of directors of the listed company shall make adjustments in accordance with the principles, methods and procedures specified in the share incentive scheme”).

**9. *The implementation of the reserved grant will not lead to the Company’s share allocation to fail to meet the requirements for listing.***

**10. *The total funds to be raised and the proposed use of the proceeds***

Based on the Grant Price of the Restricted Shares under the aforesaid reserved grant, the total funds to be raised from the reserved grant of the Restricted Shares is estimated to be approximately RMB184,407,840. These proceeds are intended to be used as general working capital of the Company.

**11. *Explanation on consistency between the reserved entitlements grant under the Incentive Scheme considered and approved by the General Meetings***

The content of the reserved grant under the 2020 Incentive Scheme implemented is consistent with that of the 2020 Incentive Scheme considered and approved by the General Meetings of the Company.

**12. *Participants of the reserved grant under the Incentive Scheme do not include the Directors of the Company.***

### **(III) Impact on the Financial Condition of the Company upon the Reserved Entitlements Grant of Restricted Shares**

In accordance with the relevant requirements of the Accounting Standards for Enterprises No.11 – Share-based Payment and the Accounting Standards for Enterprises No.22 – Recognition and Measurement of Financial Instruments, the Company measures the fair value of the Restricted Shares based on the market price of the Shares. On the measurement date, the fair value of share-based payment for each Restricted Share = market price of the Shares of the Company – Grant Price.

The Company granted the reserved Restricted Shares on 28 January 2021. Based on the data on 28 January 2021, the total amount of fair value of the equity instruments reserved by the Company to the Participants is RMB174,085,200.

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## LETTER FROM THE BOARD

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Based on the calculation above, the total cost of 8,748,000 Restricted Shares under the reserved grant of the Scheme is RMB174,085,200 and details of amortization from 2021 to 2023 are set out below:

*Currency: RMB*

Number of the reserved Restricted Shares granted (0'000 shares)	Total cost to be amortized (RMB0'000)	2021 (RMB0'000)	2022 (RMB0'000)	2023 (RMB0'000)
874.80	17,408.52	11,968.36	5,077.49	362.68

*Notes:*

- (1) For the consideration of the prudent accounting principle, the estimated cost and amortization above have not taken into account the future locking of the Restricted Shares granted.
- (2) The results above do not represent the final accounting costs. The actual accounting costs are related to the actual Grant Date, the Grant Price and the number of grant, as well as the actual effective and lapsed quantities. Shareholders are also advised to note that dilutive effects are possible.
- (3) The final result of the above impact on the Company's operating results will be subject to the annual audit report issued by the accounting firm.

### **(IV) Funding Arrangement for the Subscription of the Restricted Shares and Payment of Individual Income Tax by the Participants**

The Participants shall arrange their own capital for subscription of the Restricted Shares, and payment of individual income tax. The Company undertakes not to provide loans and financial assistance in any other forms, including guarantee for loans, to the Participants for the purpose of obtaining the underlying shares under the 2020 Incentive Scheme.

### **(V) General Information**

#### ***1. Information about the Company***

The Company is a joint stock company incorporated in the PRC with limited liability, whose H shares and A shares were listed on the main board of the Hong Kong Stock Exchange and the main board of the Shanghai Stock Exchange, respectively. 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.

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## LETTER FROM THE BOARD

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### **2. *Information about the Connected Persons***

Mr. Tang Haifeng, served as a director and general manager of subsidiaries of the Company in the past 12 months. Joining the Company in 2000, Mr. Tang was mainly responsible for the Group's R&D and manufacturing of related products including engines, transmissions, decelerators, new energy generators and controllers, smart steering, and automated driving.

Mr. Zheng Lipeng (鄭立朋) served as a director and general manager of subsidiaries of the Company. Mr. Zheng joined the Company in 2006, and he was mainly responsible for the Group's R&D and production business of related products including engines, transmissions, decelerators, new energy generators and controllers, smart steering, and automated driving.

### **(VI) Reasons for and Benefits of Granting Reserved Restricted Shares and Connected Grant**

The reserved entitlements grant under 2020 Incentive Scheme can further establish and improve the Company's long-term incentive mechanism, attract and retain talented individuals, fully mobilize the enthusiasm of senior management, mid-level management and core technical (business) backbone staff of the Company, bond the interests of Shareholders, the Company and core individuals together effectively, help various parties to attend to the long-term development of the Company and improve operational efficiency. The Company's Directors (including Independent Non-executive Directors) believe that the reserved entitlements grant under 2020 Incentive Scheme will help the Company achieve the above objectives, and are also of the view that the terms and conditions of the reserved entitlements grant under the 2020 Incentive Scheme are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **(VII) Independent Opinions of the Independent Non-executive Directors**

1. The Board has determined that the date of reserved grant of the 2020 Incentive Scheme to be 28 January 2021. The grant date complies with the relevant provisions for the reserved grant date in the Management Measures for Share Incentives and the 2020 Incentive Scheme;
2. As at the date of reserved grant, all conditions for Participants being eligible for the reserved Restricted Shares under the Incentive Scheme have been met and the grant of Restricted Shares to Participants by the Company complies with the relevant provisions of the Management Measures for Share Incentives and the Incentive Scheme;
3. There are no circumstances in which the Participants are prohibited from being granted the entitlements of share incentives in accordance with Management Measures for Share Incentives and their qualification being the Participants are lawful and effective;

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## LETTER FROM THE BOARD

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4. The Company has no plan or arrangement to provide loans, guarantee for loans or financial assistance in any other forms to the Participants;
5. The Participants to whom reserved Restricted Shares will be granted comply with the provisions regarding eligibility of Participants as stipulated in the Company Law, the Management Measures for Share Incentives and other relevant laws and regulations and the 2020 Incentive Scheme under the Articles of Association, meet the conditions of Participants under the Management Measures for Share Incentives and are within the scope of Participants as defined in the 2020 Incentive Scheme, and whose qualifications for being the Participants under reserved grant of the 2020 Incentive scheme are lawful and effective. The proposed grant scheme of the Company also complies with the Management Measures for Share Incentives and other relevant laws and regulations and relevant requirements of the 2020 Incentive Scheme and will not prejudice the interests of the Company and Shareholders;
6. The implementation of the 2020 Incentive Scheme by the Company is favourable for achieving the Company's development strategy and business objectives, further reinforcing the sense of responsibility and mission of the Company's management team and business backbone staff in the Company's pursuit of sustainable and healthy development. The Incentive Scheme is beneficial for the Company's sustainable development and will not prejudice the interests of the Company and shareholders as a whole;
7. No Directors are required to abstain from voting on matters regarding the reserved grant, and the review procedures and voting are in conformity with the requirements of laws, regulations and the Articles of Association.

We unanimously agree that the date of reserved grant shall be 28 January 2021, 8,748,000 Restricted Shares shall be granted to 347 Participants.

### **(VIII) Hong Kong Listing Rules Implication**

The reserved grant of Restricted A Shares does not constitute a share option scheme under Chapter 17 of the Hong Kong Listing Rules. The Company will issue the reserved Restricted A Shares according to the General Meetings mandate.

The grant of reserved Restricted A Shares to connected persons of the Company under the 2020 Incentive Scheme will constitute a non-exempt connected transaction of the Company, which is subject to reporting, announcement and Independent Shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. An Independent Board Committee will be established by the Company to advise the Independent Shareholders of the Company in respect of the grant of Restricted A Shares to the Participants who are connected persons of the Company. Gram Capital, an Independent Financial Adviser will also be

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## LETTER FROM THE BOARD

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appointed by the Company to advise the Independent Board Committee and the Independent Shareholders of the Company in respect of the grant of reserved Restricted A Shares to the Participants who are connected persons of the Company.

There are no Directors of the Company on the list of the Participants under the reserved grant of the Incentive Scheme. Therefore, no Director is required to abstain from voting on the proposal of Restricted A Share and the A Share Option Incentive Scheme and other related proposals.

To the extent that the Directors are aware, having made all reasonable enquiries, none of the Shareholders is required to abstain from voting on the resolution relating to the reserved grant of Restricted A Shares to Participants who are connected person of the Company.

The Independent Non-executive Directors are of the view that the reserved grant of Restricted A Shares to the Directors are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### III. THE EGM

The EGM will be held at 2:00 p.m. on Thursday, 18 March 2021 at the Company's Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC. The notice of convening the EGM has been sent to the Shareholders on 28 January 2021.

### IV. BOOK CLOSURE PERIOD

In order to determine the list of Shareholders who will be entitled to attend and vote at the EGM, the H Share register of members of the Company will be closed from Friday, 12 March 2021 to Thursday, 18 March 2021 (both days inclusive), during which no transfer of H Shares will be effected. H Shareholders whose names appear on the H Share register of members of the Company at 4:30 p.m. on Thursday, 11 March 2021 shall be entitled to attend and vote at the EGM. In order for the H Shareholders to qualify for attending and voting at the EGM, all completed share transfer documents accompanied by the relevant H Share certificates must be lodged with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Thursday, 11 March 2021.

### V. VOTING BY WAY OF POLL

Pursuant to Rule 13.39 of the Hong Kong Listing Rules, all votes of the Shareholders at the EGM must be taken by poll. The chairman of the meeting will therefore demand a poll for every resolution put to vote at the EGM in accordance with the Articles of Association. An announcement on the poll results will be made by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### VI. RECOMMENDATION

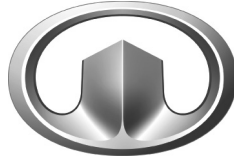
The Directors (including the independent non-executive Directors) recommend all Shareholders to vote in favour of the resolutions as set out in the notice of the EGM.

### VII. ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendix to this circular.

Yours faithfully,  
By Order of the Board  
**Wei Jian Jun**  
*Chairman*

Baoding, Hebei Province, the People's Republic of China



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)**

26 February 2021

*To the Independent Shareholders*

Dear Sir/Madam,

**CONNECTED TRANSACTION**

We refer to the circular dated 26 February 2021 (the “**Circular**”) issued by Great Wall Motor Company Limited\* (長城汽車股份有限公司) (the “**Company**”), of which this letter forms a part. Terms defined in the Circular shall have the same meanings herein.

As the Participants of the reserved Restricted A Shares to be granted will include directors and general managers (or held the positions in the past 12 months) of significant subsidiaries of the Company, the proposed grant of Restricted A Shares to such persons will constitute a non-exempt connected transaction of the Company under the Hong Kong Listing Rules and any such grants are subject to approval by the Independent Shareholders.

We have been appointed to constitute the Independent Board Committee to make a recommendation to the Independent Shareholders as to whether, in our view, the grant of Restricted A Shares to directors and general managers of significant subsidiaries of the Company under the reserved grant of Restricted A Shares pursuant to the terms of the Restricted A Share Incentive Scheme, is fair and reasonable. Gram Capital has been appointed as an Independent Financial Adviser to advise us and the Independent Shareholders as to whether the grant of reserved Restricted A Shares to directors and general managers of significant subsidiaries of the Company pursuant to the terms of the Restricted A Share Incentive Scheme, is fair and reasonable and in the interest of the Company and its Shareholders as a whole.



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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered the information set out in the letter from the Board, and the principal factors, reasons and recommendation set out in the letter from Gram Capital, we are of the opinion that the grant of reserved Restricted A Shares to directors and general managers of significant subsidiaries of the Company under the reserved grant of Restricted A Shares pursuant to the terms of the Restricted A Share Incentive Scheme, is carried out in the ordinary and usual course of business of the Company and on normal commercial terms, is fair and reasonable and in the interest of the Company and its Shareholders as a whole. We therefore recommend that you vote in favour of the resolution(s) to be proposed at the EGM to approve the grant of reserved Restricted A Shares to directors and general managers of significant subsidiaries of the Company under the Restricted A Share Incentive Scheme.

Yours faithfully,

*The Independent Board Committee of*  
**Great Wall Motor Company Limited**

**Ms. Yue Ying**

**Mr. Li Wan Jun**

**Mr. Ng Chi Kit**

*Independent Non-executive Directors*

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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grant for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

26 February 2021

*To: The independent board committee and the independent shareholders  
of Great Wall Motor Company Limited\**

Dear Sir/Madam,

### CONNECTED TRANSACTION

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the grant of the reserved Restricted A Shares to connected persons of the Company under the 2020 Incentive Scheme (the “**Connected Grant**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 26 February 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the Board Letter and the announcement of the Company dated 28 January 2021 according to the authorisation of the General Meetings, on 28 January 2021, the Board considered and approved relevant resolutions and determined that the Grant Date of the reserved Restricted Shares and Share Options of the Company shall be 28 January 2021, 8,748,000 Restricted Shares shall be granted to 347 participants (the “**Participants**”) at RMB21.08 per Share and 18,388,000 Share Options shall be granted to 558 participants at the exercise price of RMB42.15 per Share. Among the 8,748,000 Restricted Shares, 350,000 and 150,000 Restricted Shares will be granted to Mr. Tang Haifeng and Mr. Zheng Lipeng (the “**Connected Participant(s)**”) respectively, being the connected persons of the Company (i.e. the Connected Grant).

With reference to the Board Letter, the Connected Grant constitutes a non-exempt connected transaction of the Company, which is subject to reporting, announcement and independent shareholder’s approval requirement under Chapter 14A of the Hong Kong Listing Rules.

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## LETTER FROM GRAM CAPITAL

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The Independent Board Committee comprising Ms. Yue Ying, Mr. Li Wan Jun and Mr. Ng Chi Kit (all being the independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Connected Grant are on normal commercial terms and are fair and reasonable; (ii) whether the Connected Grant is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole; and (iii) how the Independent Shareholders should vote in respect of the resolution(s) to approve the Connected Grant at the EGM and Class Meetings. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### INDEPENDENCE

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as the independent financial adviser to the independent board committee and independent shareholders of the Company in relation to (i) continuing connected transactions (details of which are set out in the Company's circular dated 22 March 2019); (ii) connected transactions in respect of the grant of restricted A Shares (details of which are set out in the Company's circulars dated 9 October 2019 and 28 February 2020 respectively); and (iii) connected transactions in respect of the possible subscription of A share convertible bonds by connected persons (details of which are set out in the Company's circular dated 27 November 2020).

Notwithstanding the aforesaid past engagements, as at the Latest Practicable Date, we were not aware of any relationships or interests between Gram Capital and the Company or any other parties that could be reasonably regarded as hindrance to Gram Capital's independence as defined under Rule 13.84 of the Hong Kong Listing Rules to act as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Connected Grant and the transactions contemplated thereunder.

Besides, apart from the advisory fee and expenses payable to us in connection with our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been

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## LETTER FROM GRAM CAPITAL

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withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the 2020 Incentive Scheme and the Connected Grant. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Hong Kong Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company and the Participants (including the Connected Participants) or their respective associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the proposed adoption of the Incentive Scheme. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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## LETTER FROM GRAM CAPITAL

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### Principal factors and reasons considered

In arriving at our opinion in respect of the Connected Grant, we have taken into consideration the following principal factors and reasons:

#### *1. Background of and reasons for the Connected Grant*

##### *Information on the Company*

With reference to the Board Letter, 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.

On 15 April 2020, the Company's 2020 Incentive Scheme was approved by way of special resolution at extraordinary general meeting, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting.

According to the Company's announcement dated 4 June 2020, 49,303,500 Restricted Shares was actually granted to 281 participants, of which (i) 2,060,000 Restricted A Shares were granted to three connected persons of the Company; and (ii) 47,243,500 Restricted A Shares were granted to 278 other participants.

On 28 January 2021, the Board considered and approved relevant resolutions and determined that the grant date of the reserved Restricted Shares and Share Options of the Company shall be 28 January 2021, 8,748,000 Restricted Shares shall be granted to 347 Participants at RMB21.08 per Share and 18,388,000 Share Options shall be granted to 558 participants at the exercise price of RMB42.15 per Share. Among the total of 8,748,000 Restricted A Shares under the reserved portion: (i) 500,000 Restricted A Shares will be granted to two connected persons of the Company; and (ii) 8,248,000 Restricted A Shares will be granted to 345 other Participants. As confirmed by the Directors, Participants for the reserved portion were not granted any Restricted A Shares or Share Options under the first grant.

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## LETTER FROM GRAM CAPITAL

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### *Information on the Connected Participants*

According to the 2020 Incentive Scheme, Participants of the Incentive Scheme are determined in accordance with the Company Law, the Securities Law, the Management Measures and other relevant laws, regulations and regulatory documents, as well as provisions of the Articles of Association with reference to the actual situations of the Company. Persons who are under the certain circumstances may not be participants, details of which are set out under the section headed “(I) Explanation on Satisfaction of Conditions of the Grant in respect of the Reserved Grant under the 2020 Incentive Scheme” of the Board Letter.

The Directors advised us that after finalising the identities of all Participants (i.e. (i) senior management of the Company; (ii) core management personnel of the Company; (iii) core technical (business) backbone staff of the Company; and (iv) directors and senior management of certain subsidiaries) for the reserved portion, the Company further identified if such Participants are connected persons of the Company. According to the aforesaid procedures, the Company further identified Mr. Tang Haifeng and Mr. Zheng Lipeng as connected persons of the Company after finalising the identities of all Participants for the reserved portion.

Details of the Connected Participants as provided by the Company are set out as follows:

<b>Name</b>	<b>Relationship with the Group</b>
Mr. Tang Haifeng	Director and general manager of subsidiaries in the past 12 months
Mr. Zheng Lipeng	Director and general manager of subsidiaries

Mr. Tang Haifeng is director and general manager of subsidiaries in the past 12 months. Mr. Tang joined the Company in 2000 and was mainly responsible for the Group’s R&D and manufacturing of related products including engines, transmissions, decelerators, new energy generators and controllers, smart steering, and automated driving.

Mr. Zheng Lipeng is director and general manager of subsidiaries of the Company. Mr. Zheng joined the Company in 2006 and is mainly responsible for the Group’s R&D and production business of related products including engines, transmissions, decelerators, new energy generators and controllers, smart steering, and automated driving.

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## LETTER FROM GRAM CAPITAL

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### *Reasons for and benefits of the Connected Grant*

With reference to the Board Letter, the reserved entitlements grant under 2020 Incentive Scheme can further establish and improve the Company's long-term incentive mechanism, attract and retain talented individuals, fully mobilize the enthusiasm of senior management, mid-level management and core technical (business) backbone staff of the Company, bond the interests of Shareholders, the Company and core individuals together effectively, help various parties to attend to the long-term development of the Company and improve operational efficiency. The Directors believe that the reserved entitlements grant under 2020 Incentive Scheme will help the Company achieve the above objectives, and are also of the view that the terms and conditions of the Incentive Scheme are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Based on our independent research, we noted that there were various companies (which listed in mainboard of Shanghai Stock Exchange) proposed to grant reserved restricted shares to their directors/senior/middle managements and/or core personnel during recent years (for instance, there were more than 10 announced transactions in relation to the grant of restricted shares by companies listed in mainboard of Shanghai Stock Exchange as published from 1 January 2021 to 28 January 2021). Accordingly, we consider that it is a common practice for listed companies in Shanghai Stock Exchange to adopt restricted share incentive scheme for their personnel and employees.

Having considered the above reasons and that (i) the Connected Grant can motivate the Connected Participants to make contributions to the Group; (ii) adopting restricted share incentive scheme for personnel and employees is a common practice for listed companies in Shanghai Stock Exchange; and (iii) there will not be any actual cash paid by the Group to the Connected Participants under the the Connected Grant, we concur with the Directors that the Connected Grant is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

### **2. *Principal terms of the Connected Grant***

Set out below are the principal terms of the Connected Grant. Details of the terms of the Connected Grant are set out under the section headed "Details of the Reserved Shares Grant under the 2020 Incentive Scheme" of the Board Letter.

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## LETTER FROM GRAM CAPITAL

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### *Number of reserved Restricted A Shares under the Connected Grant*

The Company proposed to grant 500,000 reserved Restricted A Shares to the Connected Participants as follows:

Name	Number of the reserved Restricted Shares granted (shares)	Percentage to the total share capital as at the publication date of the draft 2020 Incentive Scheme %	Percentage to the total share capital as at 28 January 2021 %
Mr. Tang Haifeng	350,000	0.004	0.004
Mr. Zheng Lipeng	150,000	0.002	0.002

*Note:* The Company also proposed to grant 150,000 and 250,000 Share Options to Mr. Tang Haifeng and Mr. Zheng Lipeng respectively.

For our due diligence purpose, we obtained assessment records of the Connected Participants. We noted that the Company first determined the maximum total number of Shares (i.e. the sum of number of Restricted A Shares and Shares as the result from the exercise of Share Options) entitled to the Connected Participants by taking into account of the adjusted standardized number of Shares entitled to the president level staff (the “**Adjusted Standardized Number**”), and further adjusted based on (i) the participant’s positions and seniority; (ii) the participant’s performance in the company which he/she is working for; (iii) the participant’s salary level; (iv) the participant’s years of services; and (v) the participant’s capacities ((i) to (v), the “**Assessment Coefficients**”).

The Adjusted Standardized Number represented 20% of the standardized number of Shares to be granted to president level staff of first grant. As advised by the Directors, such adjustment was because the recent A Shares market price represented a significant premium to the A Shares market price before the publication of draft 2020 Incentive Scheme. Having considered that (i) the average trading price for last trading day, 5, 10, 20 days preceding the date of the 2020 Incentive Scheme represented approximately 20.0%, 20.9%, 21.1% and 21.4% to the average trading price for last trading day, 5, 10, 20 days preceding 28 January 2021 (i.e. date of the Board resolutions in respect of the grant date of the reserved Restricted Shares and Share Options of the Company) respectively; and (ii) the incentive scheme for the Participants under reserve portion is the same as the incentive scheme for the participants under the first grant, we consider the Adjusted Standardized Number for calculation of reserved portion to be reasonable.

In addition, we also noted that the Assessment Coefficients applied by the Company for calculating the numbers of Shares to be granted to the Connected Participants are the same assessment coefficients applied by the Company for calculating the numbers of Shares to be granted to the participants (other levels) under first grant.

After the maximum total number of Shares entitled to the Connected Participants being determined, the Company further determined the maximum number of Restricted A Shares according to the Connected Participants’ positions and the Connected Participant’s intention for subscribing the Restricted A Shares



## LETTER FROM GRAM CAPITAL

(including subscription contribution amounts). The maximum number of Share Options was calculated by the maximum total number of Shares entitled to the Connected Participants minus the maximum number of Restricted A Shares.

To further assess the fairness and reasonableness of the number of Shares to be granted to the Connected Participants, we identified those restricted A shares incentive scheme proposals (which includes restricted A shares as reserved portion) first announced by companies listed on the mainboard of Shanghai Stock Exchange from 1 January 2021 to 28 January 2021, being approximate one month immediate before the Grant Date. To the best of our knowledge, we found 10 proposals (the “**Comparables**”), which are exhaustive, fair and representative. As there were 10 Comparables during the review period and we could form our view based on the aforesaid Comparables, we consider the duration of review period is sufficient. The table below sets out the summary of the Comparables (the “**Comparables Table**”):

Publication date of announcement	Company name (Stock code)	Percentage of the restricted A shares to be granted to individual director/senior management to the total share capital of the listed companies	Price determination date for reserve portion	Subject to the compliance with relevant PRC laws/regulations, was the grant price for reserve portion determined refer to a percentage of the benchmark price (being only the higher of (i) the average trading price of the subject A shares on the trading day preceding the price determination date; and (ii) the average price of the subject A shares for one of the periods of last 20/60/120 trading days preceding the price determination date? Percentage will be disclosed if yes)	Lock-up period from the date on which the reserved parts of the grant has been registered	Conditions for unlocking the reserved restricted A shares which are based on, amongst others, the participants' performance and/or financial performance of the listed companies	Adjustment for the number and grant price of the restricted A shares ( <i>Note</i> )
28 January 2021	絕味食品股份有限公司 (Juewei Food Co., Ltd.) (SH603517)	0.02%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	50%: 12 months 50%: 24 months	Yes	Yes
26 January 2021	申能股份有限公司 (Shenergy Company Limited) (SH600642)	0.0104% to 0.0116%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 60%	33%: 26 months 33%: 36 months 34%: 48 months	Yes	Yes
22 January 2021	新奧天然氣股份有限公司 (Enn Natural Gas Co., Ltd.) (SH600803)	0.01% to 0.05%	Date of publication of draft proposal	Yes. 50%	25%: 12 months 25%: 24 months 25%: 36 months 25%: 48 months	Yes	Yes
16 January 2021	浙江天正電氣股份有限公司 (Zhejiang Tengen Electrics Co., Ltd.) (SH605066)	0.01% to 0.04%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	Grant by 30 September 2021: 40%: 12 months 30%: 24 months 30%: 36 months  Grant after 30 September 2021: 50%: 12 months 50%: 24 months	Yes	Yes

# LETTER FROM GRAM CAPITAL

Publication date of announcement	Company name (Stock code)	Percentage of the restricted A shares to be granted to individual director/senior management to the total share capital of the listed companies	Price determination date for reserve portion	Subject to the compliance with relevant PRC laws/regulations, was the grant price for reserve portion determined refer to a percentage of the benchmark price (being only the higher of (i) the average trading price of the subject A shares on the trading day preceding the price determination date; and (ii) the average price of the subject A shares for one of the periods of last 20/60/120 trading days preceding the price determination date? Percentage will be disclosed if yes)	Lock-up period from the date on which the reserved parts of the grant has been registered	Conditions for unlocking the reserved restricted A shares which are based on, amongst others, the participants' performance and/or financial performance of the listed companies	Adjustment for the number and grant price of the restricted A shares ( <i>Note</i> )
11 January 2021	上海麗人麗妝化妝品股份有限公司 (Shanghai Lily&Beauty Cosmetics Co., Ltd.) (SH605136)	0.02%	Date of publication of draft proposal	Yes. 50%	30%: 12 months 30%: 24 months 40%: 36 months	Yes	Yes
6 January 2021	科沃斯機器股份有限公司 (Ecovacs Robotics Co., Ltd.) (SH603486)	Nil	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	50%: 12 months 50%: 24 months	Yes	Yes
5 January 2021	福建傲農生物科技集團股份有限公司 (Fujian Aonong Biological Technology Group Incorporation Limited) (SH603363)	0.02%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	35%: 12 months 35%: 24 months 30%: 36 months	Yes	Yes
5 January 2021	南京我樂家居股份有限公司 (Nanjing Olo Home Furnishing Co., Ltd.) (SH603326)	0.03% to 0.06%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	33%: 12 months 33%: 24 months 34%: 36 months	Yes	Yes
5 January 2021	惠達衛浴股份有限公司 (Huida Sanitary Ware Co., Ltd.) (SH603385)	0.05% to 0.08%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	50%: 12 months 50%: 24 months	Yes	Yes
4 January 2021	岳陽林紙股份有限公司 (Yueyang Forest & Paper Co., Ltd.) (SH600963)	0.03% to 0.06%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 60%	40%: 24 months 30%: 36 months 30%: 48 months	Yes	Yes

*Note: Formula of the adjustment for the number and grant price of the restricted A shares of the Comparables are the same in principle.*

Sources: <http://www.cninfo.com.cn/>

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## LETTER FROM GRAM CAPITAL

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As depicted by the above table, the percentage of the restricted A shares to be granted to individual director/senior management of the Comparables (save for those did not propose to grant to individual director/senior management) to the total share capital of the Comparables ranged from 0.01% to 0.08% (the “**Comparable Percentage Range**”). The number of Restricted Shares to be granted to each of Connected Participants (i.e. 0.004% and 0.002% respectively to total share capital of the Company as at the date of the 2020 Incentive Scheme) was below the Comparable Percentage Range.

Having considered the above, we are of the view that the numbers of reserved Restricted A Shares to be granted to the Connected Participants are fair and reasonable.

### *The Grant Price*

With reference to the Board Letter, the Grant Price of the reserved Restricted Shares shall be RMB21.08 per share, which is no less than the carrying amount of such shares and no less than the higher of the following: (i) 50% of the average trading price of the Company’s A shares on a trading day preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares (i.e. RMB21.08 per Share); and (ii) 50% of the average trading price of the Company’s A shares for 120 trading days preceding the date of the announcement of the Board resolution on the grant of reserved Restricted Shares (i.e. RMB13.76 per Share).

As demonstrated in the Comparables Table, the majority of the Comparables set price determination date for reserve portion as date of the announcement of the board resolution on grant of reserved restricted shares, among which, the grant price of the majority of which was determined based on 50% of the benchmark price (being the higher of (i) the average trading price of the subject A shares on the trading day preceding the price determination date; and (ii) the average trading price of the subject A shares for the period of last 20, 60, or 120 trading days preceding the price determination date).

Given that the above and that bases for determination of the Grant Price are in line with the market practice and the Grant Price are the same to all Participants, we are of the view that the Grant Price is fair and reasonable.

### *The Validity Period and unlocking conditions*

With reference to the Board Letter, the validity period of the Restricted Shares under the reserved grant of the 2020 Incentive Scheme shall commence from the date on which the Restricted Shares have been granted and end on the date of unlocking all the reserved Restricted Shares or the repurchase and cancellation of such shares, which shall not exceed 36 months.

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The unlocking schedule of the Restricted Shares under the reserved grant of the 2020 Incentive Scheme is as follows:

Unlocking arrangement	Unlocking time	Unlocking proportion
First unlocking period for the reserved Restricted Shares	Commencing from the first trading day upon the expiry of 12 months from the date of the reserved grant to the last trading day upon the expiry of 24 months from the date of the reserved grant	50%
Second unlocking period for the reserved Restricted Shares	Commencing from the first trading day upon the expiry of 24 months from the date of the reserved grant to the last trading day upon the expiry of 36 months from the date of the reserved grant	50%

As demonstrated in the Comparables Table, (i) the reserved restricted A shares to be granted by majority of the Comparables were with locking period for 12 months from the date of which the grant has been registered; and (ii) an additional 12 months period was applied to the next portions of reserved restricted A shares to be granted by the Comparables (e.g. from 1st portion to 2nd portion, from 2nd portion to 3rd portion). We consider that the Lock-up Period for the reserved Restricted Shares under the 2020 Restricted Shares Incentive Scheme were comparable to the lock-up period under the Comparables.

Certain conditions must be fulfilled before the reserved Restricted A Shares being unlocked (e.g. performance appraisal at company level, performance appraisal at individual level, etc.). Details of the unlocking conditions (including the performance indicators) are set out under section headed “Performance appraisal at company level of the reserved Restricted Shares under 2020 Incentive Scheme” of the Board Letter.

We are of the view that the unlocking conditions will strengthen the incentive for the Connected Participants to use their efforts to achieve the performance targets, which will contribute to the growth and development of the Group.

In addition, according to our observation on the Comparables, we note that it is a common practice for reserved restricted A shares incentive schemes to have conditions for unlocking the reserved restricted A shares which are based on, amongst others, the participants’ performance and/or financial performance of the listed companies.

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### *Adjustments*

Number of Restricted A Shares and the Grant Price are subject to adjustment according to various situations (e.g. capitalisation issue, bonus issue, sub-division of shares, etc.). For details, please refer to section headed “8. Methods and Procedures for Adjustment” of the Restricted Share Incentive Scheme of the Board Letter. We noted that the calculation formulae of adjustments to number of Restricted A Shares and the Grant Price are comparable to those of the Comparables. Having considered that the adjustment mechanisms (i) will be applied to all Participants (including Connected Participants); and (ii) are comparable to those of the Comparables, we do not doubt the fairness and reasonableness of the proposed adjustment mechanisms for number of Restricted A Shares and the Grant Price.

Having considered the above and that, save as number of Restricted A Shares to be granted may be different, other terms of the Connected Grant (i.e. Repurchase and Cancellation of Restricted Shares, adjustments, etc.) are the same as those of reserved Restricted A Shares to be granted to other Participants, we are of the view that the terms of the Connected Grant are fair and reasonable so far as the Independent Shareholders are concerned.

### **3. *Dilution effect on the shareholding interests of the existing shareholders of the Company***

The Connected Grant involves 500,000 reserved Restricted A Shares, representing approximately 0.005% of the existing total issued share capital of the Company as at the Latest Practicable Date. Accordingly, the dilution effect on the shareholding interests of the existing shareholders of Company will be immaterial.

## **RECOMMENDATION**

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Connected Grant are on normal commercial terms and are fair and reasonable; (ii) the Connected Grant is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM and Class Meetings to approve the Connected Grant, and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note: Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.*

\* *For identification purpose only*

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors' and Supervisors' Interests in Securities

As at the Latest Practicable Date, the interests and short positions of each of the Directors, Supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

Name of Director/ Supervisor	Capacity/Nature of interest	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Mr. Wei Jian Jun	Interests in controlled companies	5,115,000,000 (L) (A Shares)	84.18	–	55.74
Mr. Wei Jian Jun	Interests in controlled companies	37,998,500 (L) (H Shares)	–	1.23	0.41
Total		5,152,998,500 (L) (A Shares and H Shares)	–	–	56.15

*Note:* (L) denotes a long position in shares of the Company

**Interests in Controlled Companies**

As at the Latest Practicable Date, Innovation Great Wall was controlled by Great Wall Holdings (長城控股), which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun was deemed to be interested in the 5,115,000,000 A Shares held by Innovation Great Wall.

Save as disclosed above, so far as the Directors of the Company are aware, and as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the Supervisors.

**3. SUBSTANTIAL SHAREHOLDERS****Shares Held by Substantial Shareholders**

As at the Latest Practicable Date, the following Shareholders (excluding the Directors, Supervisors and chief executives of the Company) had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	No. of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Baoding Innovation Great Wall Asset Management Company Limited ( <i>Note 1</i> )	5,115,000,000(L) (A Shares)	84.18	–	55.74
Baoding Great Wall Holdings Company Limited ( <i>Note 2</i> )	5,152,998,500 (L) (A Shares and H Shares)	–	–	56.15
Citigroup Inc.	194,234,545(L) (H Shares)	–	6.26(L)	2.12(L)

Name	No. of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
	43,972,576(S) (H Shares)	–	1.41(S)	0.48(S)
	149,595,485(P) (H Shares)	–	4.82(P)	1.63(P)
Schroders Plc	188,976,500(L) (H Shares)	–	6.10(L)	2.06(L)
BlackRock, Inc.	171,904,256(L) (H Shares)	–	5.55(L)	1.87(L)
	4,876,000(S) (H Shares)	–	0.16(S)	0.05(S)
Han Xue Juan ( <i>Note 3</i> )	5,152,998,500 (L) (A Shares and H Shares)	–	–	56.15
Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding (保定市蓮池 區南大園鄉集體資產經管中 心) ( <i>Note 4</i> )	5,115,000,000 (L) (A Shares)	84.18	–	55.74

(L) denotes a long position in shares of the Company

(S) denotes a short position in shares of the Company

(P) denotes shares available for lending

*Notes:*

- (1) Innovation Great Wall (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 2066 Chaoyang South Street, Lianchi District, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations or as prescribed by the State Council can only be conducted after obtaining approvals). As at the Latest Practicable Date, 62.854%, 0.125%, 0.001% and 37.02% equity interest in Innovation Great Wall were held by Great Wall Holdings, Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding, respectively. Further, 99% and 1% equity interest in Great Wall Holdings were held by Mr. Wei Jian Jun and Ms. Han Xue Juan, respectively. Therefore, Innovation Great Wall is a company controlled by Great Wall Holdings, which is in turn controlled by Mr. Wei Jian Jun and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Innovation Great Wall pursuant to the SFO.
- (2) As at the Latest Practicable Date, Great Wall Holdings held 62.854% equity interest in Innovation Great Wall and is deemed to be interested in all the shares of the Company held by Innovation Great Wall for the purposes of the SFO and at the same time, Great Wall Holdings held interests in 37,998,500 H shares.



- (3) As at the Latest Practicable Date, Ms. Han Xue Juan held 0.001% equity interest in Innovation Great Wall and 1% equity interest in Great Wall Holdings, and is the spouse of Mr. Wei Jian Jun. Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested for the purposes of the SFO.
- (4) As at the Latest Practicable Date, Management Centre of Collective Assets of Nandayuan Town, Lianchi District, Baoding held 37.02% equity interest in Innovation Great Wall and is deemed to be interested in all the shares of the Company held by Innovation Great Wall for the purposes of the SFO.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors, Supervisors and chief executives of the Company are aware, no other person (excluding the Directors, Supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

#### **4. MATERIAL ADVERSE CHANGE**

As of the Latest Practicable Date, to the knowledge of the Directors, there were no material adverse change in the financial or trading positions of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company have been made up.

#### **5. SERVICE CONTRACTS OF THE DIRECTORS**

As of the Latest Practicable Date, none of the Directors had entered into any service contract with the Company or any member of the Group referred to in Rule 13.68 of the Hong Kong Listing Rules (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

#### **6. INTERESTS OF THE DIRECTORS**

- (a) The Directors are not aware that any Director or his respective associates had, as at the Latest Practicable Date, any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would be required to be disclosed under the Hong Kong Listing Rules.
- (b) No Director was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant to the business of the Group taken as a whole.
- (c) Since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company have been made up, none of the Directors has, or has had, any direct or indirect interest in any assets which have been acquired, disposed of by or leased to or which are proposed to be acquired, disposed of by or leased to, any member of the Group.

**7. QUALIFICATION AND CONSENT OF EXPERT**

The following is the qualification of the expert who has given opinion and advice contained in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	A licensed corporation to carry out Type 6 (advising on corporation finance) regulated activity under the SFO

- (i) Gram Capital did not have any shareholding, directly or indirectly, in the Company or any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company or any member of the Group as at the Latest Practicable Date;
- (ii) Gram Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter/report and reference to its name in the form and context in which they are included; and
- (iii) Gram Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to the Company or any members of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2019, being the date to which the latest published audited consolidated financial statements of the Company have been made up.

**8. GENERAL**

- (a) The registered office of the Company is situated at No. 2266 Chaoyang Road South, Baoding, Hebei Province.
- (b) The Company's share registrar is Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wan Chai, Hong Kong.
- (c) As at the Latest Practicable Date, Mr. Wei Jian Jun is a director of Innovation Great Wall and Great Wall Holdings; Ms. Yang Zhi Juan is a director of Innovation Great Wall and general manager of Management Centre of Collective Assets of Nandayuan Town. Save as the aforesaid, there is no Director or proposed Director is a director or employee of the substantial Shareholders of the Company as at the Latest Practicable Date.

- (d) Mr. Xu Hui is the Company Secretary of the Company, and Mr. Xu Hui is a member of the Hong Kong Institute of Chartered Secretaries.
- (e) In the event of any inconsistencies, the English text of this circular will prevail over the Chinese text.

## **9. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours within 14 days (other than public holidays in Hong Kong) at the offices of Herbert Smith Freehills at 23/F, Gloucester Tower, 15 Queen's Road Central, Hong Kong from the date of this circular:

- (a) the memorandum and Articles of Association of the Company;
- (b) the letter from the Board to the Shareholders, the text of which is set out in the section headed "Letter from the Board" of this circular;
- (c) the letter of recommendation from the Independent Board Committee to the Independent Shareholders, the text of which is set out in the section headed "Letter from the Independent Board Committee" of this circular;
- (d) the letter of advice from Gram Capital to the Independent Board Committee and the Independent Shareholders, the text of which is set out in the section headed "Letter from Gram Capital" of this circular;
- (e) the written consent from Gram Capital referred to in the paragraph headed "Qualification and Consent of Expert" in this Appendix;
- (f) the 2019 Annual Report, the 2018 Annual Report and the 2017 Annual Report of the Company;
- (g) this circular; and
- (h) the service contracts referred to in the section headed "Service Contracts of the Directors" in this Appendix I.