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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)**

**FURTHER ANNOUNCEMENT IN RELATION TO RENEWAL OF  
CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement published by Great Wall Motor Company Limited (the “**Company**” or “**Great Wall Motor**”, together with its subsidiaries, the “**Group**”) on 31 December 2021 in relation to the renewal of continuing connected transactions for the period from 2022 to 2024 (the “**Announcement**”). Unless otherwise stated, capitalized terms herein shall have the same meanings as those defined in the Announcement.

In addition to the information disclosed in the Announcement, the Company would like to provide further information in relation to its transactions under the Framework Agreement as follows.

**BASIS FOR THE PROPOSED CAPS**

**Purchase of products**

Transactions relating to the purchase of products by the Company mainly involve the purchase of power battery packs by the Company. The proposed annual caps of the transaction is significantly higher than those of the amount of historical transactions due to the following reasons:

- (i) demand of the auto industry for new energy vehicles is expected to be on the rise from 2022 to 2024. According to forecast data from the China Association of Automobile Manufacturers, the sales volume of new energy vehicles in China is expected to reach 5 million vehicles per year in 2022, representing a year-on-year increase of 47%;
- (ii) sales of new energy vehicles are expected to increase from 2022 to 2024 under the Company's plan, and the new energy vehicles production target of the Company is expected to increase accordingly. Therefore, the purchase amount of battery packs is expected to increase significantly.

In light of the above, the Company expects that the expected sales volume of new energy vehicles will increase during 2022 to 2024, which will in turn increase the Company's purchase amounts of power battery packs. Therefore, the expected purchase amounts of power battery packs for three years ending 31 December 2024 is expected to reach RMB19,353,100,000, RMB22,405,220,000 and RMB23,662,810,000, respectively.

Save for the transactions relating to the purchase of power battery packs mentioned above, the Company's expected transaction amounts of the purchase of the other products are generally level with the historical amounts.

### **Sales of products**

The sales of products of the Company mainly involve the sale of battery equipment, hydrogen energy equipment and generator equipment. The proposed annual caps of the transactions mentioned above are significantly higher than the historical transaction amounts as the Company will establish new subsidiary in 2022 to conduct the new business in relation to the dealings of aforementioned products, with the expected amounts of such transactions reaching RMB867,260,000, RMB2,334,350,000 and RMB3,179,380,000 for three years ending 31 December 2024, respectively. Save for the transactions mentioned above, the Company's expected transaction amounts of the sale of the other products are generally level with the historical amounts.

### **Purchase of services**

The transactions relating to the purchase of services of the Company mainly involve purchases of technology development services. The annual cap for such transactions is significantly higher than the historical transaction because, due to the future development of the new energy vehicle business, the number of new energy vehicle models to be developed by the Company will increase year by year, resulting in an increase in the amount of transactions relating to the purchase of services year by year. The Company expects the expected amounts of such transactions from 2022 to 2024 will be RMB735,000,000, RMB760,000,000 and RMB780,000,000, respectively. Save for the above transactions, the Company's expected amounts of the other purchases of services are generally level with the historical amounts.

### **Provision of services**

The provision of services by the Company mainly involve its provision of transportation services. The slight increase in this transaction compared to the historical amount is mainly due to the increase in business volume of the Company's subsidiaries engaging in the logistics businesses. The additional businesses are expected to occur between 2022 and 2023. The Company expects the amount of such transactions from 2022 to 2023 will be RMB70,040,000 and RMB62,940,000, respectively; and the expected amount of the provision of service transaction in 2024 is generally level with the historical amount.

### **Leasing**

Leasing transactions of the Company mainly involve leasing of plants, land and equipment. The amount of the above transactions are significantly higher than historical transactions because the Company's asset-light operating model of leasing plants, land and equipment allows the Company to focus on its main business, expand its production scale and improve production efficiency. The expected amounts from the leasing of land and plants from 2022 to 2024 will reach RMB1,131,240,000, RMB24,140,000 and RMB7,840,000, respectively, and the expected amounts from the leasing of equipments from 2022 to 2024 will reach RMB739,470,000, RMB1,130,310,000 and RMB1,167,460,000, respectively. Save for the leasing transactions mentioned above, the Company expects the expected transaction amounts of the other leasing transactions are generally level with the historical amounts.

In addition to the cap basis mentioned above, the expected cap amounts for these continuing connected transactions have included 10% of the respective estimated transaction amount as a room for buffer.

## **SPECIFIC PRICING POLICIES**

### **Purchase of products**

The major type of transaction in the purchase of products category is the purchase of power battery packs by the Group from Honeycomb Energy. The planned transaction amount from 2022 to 2024 represents 89.82%, 90.28% and 90.30% of the cap of transaction amount of the procured products in 2022, 2023 and 2024, respectively. In respect of the purchase of such power battery packs, the Group will refer to industry standards, the prices of the top ten suppliers in terms of installed capacity, and Independent Third Parties for the same or similar power battery pack models, during the comparable period and in the normal course of commercial transactions, to ensure fairness of the power battery pack price, and then negotiate with Honeycomb Energy to determine the final purchase price in order to secure the interests of the Group.

The Group will refer to the quotations by at least two independent product suppliers to ensure that the Group will purchase from Honeycomb Energy at a price not higher than the prevailing market price. The Group will mainly refer to the ranking of suppliers in the same industry for the installed capacity to determine the aforementioned top ten suppliers in terms of installed capacity. In addition, when comparing the same or similar power battery pack models, the Group will refer to the same or comparable factors such as product amount, delivery timetable and product quality, to ensure the fairness and reasonableness of the purchase price.

### **Sales of products**

The major types of transactions in the sales of products category are the sales of products such as battery equipment, hydrogen energy equipment and generator equipment by the Group to Honeycomb Energy, FTXT Energy, and Wuxi UtmoLight Technology Co., Ltd. The planned sales of battery equipment, hydrogen energy equipment and generator equipment, which takes up a relatively large proportion, for 2022 to 2024 represents 40.88%, 73.24% and 72.93% of the transaction caps for 2022, 2023 and 2024, respectively. When conducting a sale, if such equipment is manufactured in accordance with standardized industry standards and specifications promulgated by the governmental authorities, and a government-prescribed price or a guidance price is available for such product, the government-prescribed price or guidance price shall be adopted for the sale. If no government-prescribed or guidance price is available for such equipment, but a comparable market price is available, the comparable market price will be adopted. If there is no comparable market price available for such equipment, which is not manufactured in accordance with standardized industry standards and specifications promulgated by the governmental authorities, but is designed in accordance with the customer's requirements where there is no government-prescribed price or guidance price for the product, the price for the sale of the aforementioned products by the Group will be determined on a cost plus a reasonable margin basis:

- (i) the actual cost of the battery equipment, hydrogen energy equipment, and generator equipment of the Group; plus
- (ii) certain profit margin (around 5%)

The reasonable profit margin will be determined based on arm's length negotiation between the Group and Great Wall Holdings, with reference to the profit margin of comparable products with comparable quality sold by Independent Third Parties or industry standards. A reasonable margin shall be determined by reference to the overall average profit margin of the relevant industry, the average profit margin of the relevant products, the overall historical transaction amounts and profit margins, the advantages of the products or services (technical or otherwise), supply and demand, the availability of alternative products or services, the profit margins of the Group's relevant businesses, local commodity prices and the level of local economic development.

The reasonable profit margin mentioned above is only used to calculate the proposed annual cap of sales of products and may change from time to time and shall not be deemed as the fixed profit margin of the transactions as a whole.

The government-prescribed prices are published from time to time on the websites of the Department of Price under the National Development and Reform Commission, the price bureaus of local governments and competent price regulatory authorities (i.e. Hebei Development and Reform Commission (<http://hbdrc.hebei.gov.cn/web/web/index.htm>) and Baoding Development and Reform Commission (<http://fgw.baoding.gov.cn/>)) in accordance with the Pricing Catalogues of the Central Government and Provinces (autonomous regions and municipalities directly under the central government). As there is no prescribed frequency for the updating of the abovementioned reference prices, the Company shall check the relevant websites on a regular basis (i.e. twice per week).

### **Purchase of services**

The major type of transaction in the purchase of services category is the purchase of technology development services by the Group from Haomo Zhixing. The planned transaction amount for this transaction represents 75.31%, 83.73% and 85.15% of the cap amount of the transactions of purchase of services for 2022, 2023 and 2024, respectively, and will be priced by the Group as follows: (i) at the prevailing market price; (ii) where there is no comparable market price available, based on the actual costs or reasonable costs involved plus the profit within the pre-agreed reasonable scope.

The aforementioned market price is the price that would have been charged to the Group as the recipient of the services by an Independent Third Party for the provision of such or similar services in the neighbourhood, during the comparable period and in the normal commercial transactions.

When there is no comparable market price available, the parties will calculate costs based on the type of development services and the remuneration of the personnel deployed, equipment, utilities, etc. Regarding the aforementioned reasonable profit, the Company determines it with reference to profit margins negotiated and agreed with the Company, after referring to profit margins of at least two Independent Third Parties and considering the merits of the product or service (technical or otherwise), supply and demand, the availability of alternative products or services, local commodity prices and the level of local economic development.

### **Provision of services**

The major type of transaction in the provision of services category is the provision of transportation services by the Group to Honeycomb Energy. When conducting such transactions, the fees negotiated and collected from the service recipient are based on (i) the price of identical or similar services provided by Independent Third Parties in the current logistics market (which we will obtain and refer to the quotations by at least two independent service providers) or the average price level in the current industry market; and (ii) the volume of such logistics services as utilized by each service recipient (such as the number of units transported, the transport tonnage, the number of transports, etc.).

### **Leasing**

The major type of transaction in the leasing transaction category is the leasing of equipment, plants, and land by the Group from Smart Technology Group. When conducting such transactions, the Group will determine the rent payable of each lease based on normal commercial terms and after arm's length negotiation, with reference to the prevailing market price of similar leases (which we will obtain and refer to the quotations provided by at least two independent lessors) and other commercial considerations (such as the floor area, location and type of property involved).

The supplemental information in this announcement do not affect any information contained in the Announcement. Save as the information disclosed in this announcement, the content of the Announcement remains unchanged.

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

Baoding, Hebei Province, the PRC, 18 January 2022

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

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

*Non-executive Director: Mr. He Ping.*

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

\* *For identification purpose only*