

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock Code: 2333)

ANNOUNCEMENT
REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED
SHARES UNDER THE FIRST GRANT OF
THE 2021 RESTRICTED SHARE INCENTIVE SCHEME OF THE COMPANY

Reference is made to the 2021 Restricted Share Incentive Scheme (the “**2021 Restricted Share Incentive Scheme**”) which became effective on 22 July 2021 of Great Wall Motor Company Limited (the “**Company**”), and the announcements dated 22 October 2021 and 13 May 2022 issued by the Company in relation to adjustments to the repurchase price of certain Restricted Shares under the first grant.

The 40th meeting of the seventh session of the Board was held by the Company on 20 May 2022, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant of the 2021 Restricted Share Incentive Scheme of the Company and the Resolution on the Achievement of Performance at the Company Level of the First Unlocking Period Conditions of Restricted Shares under the First Grant of the 2021 Restricted Share Incentive Scheme of the Company were considered and approved. Pursuant to the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited (“**2021 Restricted Share Incentive Scheme**”), Restricted Shares not yet unlocked at the company level shall be repurchased and canceled according to the fulfillment of performance at the company level. Meanwhile, due to the resignation, job rotation or demotion of certain participants of the Company, or with reference to the personal performance appraisal, the Company intends to repurchase and cancel certain Restricted Shares under the first grant of the 2021 Restricted Share Incentive Scheme in accordance with the relevant requirements of the Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited and the 2021 Restricted Share Incentive Scheme. The total number of Restricted Shares under the first grant intended to be repurchased by the Company is 2,733,835. The repurchase price of the Restricted Shares under the first grant to be repurchased is RMB16.41 per share, plus the interests for bank deposits for the same period (the benchmark deposit interest rate published by the People's Bank of China for the same period) in accordance with the provisions of the 2021 Restricted Share Incentive Scheme. The relevant matters are explained as follows:

None of the participants for the proposed cancellation of Restricted Shares are connected persons as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The relevant matters are explained as follows:

I. INFORMATION ON REPURCHASE AND CANCELLATION

(I) Basis of the repurchase and cancellation of Restricted Shares under the first grant

1. According to the provisions of “Handling Unusual Changes to the Participants” under Chapter 13 of the 2021 Restricted Share Incentive Scheme, when the labour contract of a participant is terminated or released by the Company due to resignation (except for civil incapacity arising out of work, death arising out of work and normal retirement or early retirement of a participant), or when a participant ceases to work in the listed company and its subsidiary but still holds a position within the Group due to job rotation, the Restricted Shares which have been granted but not yet unlocked shall be repurchased and cancelled by the Company.

If the participants are demoted but still meet the incentive conditions after demotion, the Restricted Shares that can be unlocked shall be re-determined according to the standards corresponding to their new positions, and the Restricted Shares so reduced shall be repurchased and cancelled by the Company.

If the participants are demoted and no longer meet the incentive conditions as stipulated in the Scheme after demotion, the Restricted Shares that have been unlocked shall be unlocked normally, and the Restricted Shares that have been granted but not yet unlocked shall be repurchased and cancelled by the Company.

2. According to the provisions of “Restricted Shares Granting and Unlocking Conditions” under Chapter 8 of the 2021 Restricted Share Incentive Scheme:

- (1) Performance appraisal requirements at company level for the restricted shares:

The unlocking appraisal period of the Incentive Scheme covers three accounting years from 2021 to 2023. The unlockable proportion at company level (X) shall be determined according to the completion rate of performance targets (P) in each performance appraisal year. The performance appraisal target of each year for Restricted Shares under the first grant is as follows:

Selection of Performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	$\Sigma (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$	
First Unlocking Period	The sales volume of automobiles of the Company shall not be less than 1.49 million units in 2021	The net profit shall not be less than RMB6.8 billion in 2021
Second Unlocking Period	The sales volume of automobiles of the Company shall not be less than 1.90 million units in 2022	The net profit shall not be less than RMB8.2 billion in 2022
Third Unlocking Period	The sales volume of automobiles of the Company shall not be less than 2.80 million units in 2023	The net profit shall not be less than RMB11.5 billion in 2023

The annual performance appraisal targets of the reserved Restricted Shares are as follows:

**Selection of
Performance
indicators**

	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	Σ (actual value of performance indicator/target value of performance indicator) \times weight of performance indicator	
First Unlocking Period	The sales volume of automobiles shall not be less than RMB8.2 billion in 2022 than 1.90 million units in 2022	The net profit shall not be less than RMB8.2 billion in 2022
Second Unlocking Period	The sales volume of automobiles shall not be less than RMB11.5 billion in 2023 than 2.80 million units in 2023	The net profit shall not be less than RMB11.5 billion in 2023

Note: The “net profit” mentioned above refers to the audited net profit attributable to shareholders of the listed company. The “sales volume” mentioned above refers to the annual sales volume disclosed in the annual report of the Company.

Appraisal indicators	Achievement of annual performance targets	Unlocking proportion at company level (X)
Completion rate of performance targets (P)	$P \geq 100\%$ $85\% \leq P < 100\%$ $P < 85\%$	$X = 100\%$ $X = (P - 85\%) / 15\% \times 20\% + 80\%$ $X = 0$

If the Company fails to achieve the above performance appraisal targets, all the Restricted Shares held by the Participants that are eligible 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 for the Restricted Shares

The annual performance appraisal results of the Participants are classified into five grades, i.e., A, B, C, D and E. The unlocking proportion (N) at individual level is determined based on the appraisal results set out in the table below:

Annual performance evaluation results	A	B	C	D	E
Unlocking proportion at individual level (N)	100%	100%	80%	0%	

Actual unlocking proportion of individual Participants for the year = actual unlockable proportion for the current period \times unlocking proportion at company level (X) \times unlocking proportion at individual level (N).

Restricted Shares of Participants not eligible for unlocking in the year shall be repurchased and cancelled by the Company.

(II) Reasons, prices and number and sources of funds for repurchase and cancellation of the Restricted Shares under the first grant

1. Reasons for the repurchase/cancellation

(1) Performance appraisal at the company level

The sales volume of automobiles of the Company was 1.2810 million units in 2021, the net profit attributable to shareholders of listed companies was RMB6.726 billion, and the completion rate of performance targets of the Company P = 91.79%, therefore the unlocked proportion at company level (X) = 89.06%. The proportion not yet unlocked at company level shall be repurchased and canceled by the Company.

(2) Unusual changes to the Participants and performance appraisal at the individual level

- ① As 22 participants resigned or were reassigned prior to the expiry of the lock-up period of Restricted Shares, in accordance with the provision of “Handling Unusual Changes to the Participants” under Chapter 13 of the 2021 Restricted Share Incentive Scheme, the above participants no longer meet the relevant conditions of the 2021 Restricted Share Incentive Scheme. Upon consideration and approval by the seventh session of the Board at its 40th meeting, the Company intends to repurchase from the above 22 participants 893,000 Restricted Shares in total which were granted but not yet unlocked and cancel the same.
- ② As 1 participants were demoted prior to the expiry of the lock-up period, in accordance with the provision of “Handling Unusual Changes to the Participants” under Chapter 13 of the 2021 Restricted Share Incentive Scheme, based on the corresponding standards of the new post held, the number of exercisable Restricted Shares for the period was also re-assessed, and the Restricted Shares reduced will be cancelled by the Company. Upon consideration and approval by the seventh session of the Board at its 40th meeting, the Company intends to cancel 9,823 Restricted Shares in total reduced for the period in respect of the above 1 participants.
- ③ As the 2021 individual performance appraisals of 4 participants of Restricted Shares are “D” or “E”, according to the provisions of “Specific Contents of the Incentive Scheme” under Chapter 8 of the 2021 Restricted Share Incentive Scheme, the Company intends to cancel the unlocked quota of the 4 participants of Restricted Shares for the period, and the Restricted Shares will be repurchased and cancelled by the Company, a total of 48,400 Restricted Shares will be cancelled. As the 2021 individual performance appraisals of 137 participants of Restricted Shares are “C”, according to the provisions of “Specific Contents of the Incentive Scheme” under Chapter 8 of the 2021 Restricted Share Incentive Scheme, the unlocking proportion at individual level of the 137 participants of Restricted Shares is 80%, and the Restricted Shares not yet unlocked will be repurchased and cancelled by the Company. A total of 645,289 Restricted Shares will be cancelled. Upon consideration and approval by the seventh session of the Board at its 40th meeting, the Company intends to repurchase and cancel 693,689 Restricted Shares in total which were granted to but not yet unlocked by the above 141 participants for the period.

At the company level and individual level, a total of 2,733,835 2021 Restricted Shares shall be canceled by the Company.

2. Repurchase price

Pursuant to relevant provisions of the 2020 Incentive Scheme, upon completion of registration of the Restricted Shares granted to the participants, in case of dividend distribution and other matters affecting the share price of the Company, the repurchase price of Restricted Shares yet to be unlocked shall be adjusted by the Company accordingly, details of which are as follows:

$$P = P_0 - V$$

Where: P_0 represents the repurchase price per restricted share prior to adjustment; V represents the dividend per share; P represents the adjusted repurchase price per restricted share. P shall be greater than 1 after the dividend distribution.

As the Company's A Share interest distribution for 2021 had been completed, in accordance with the relevant provisions of the 2021 Restricted Share Incentive Scheme, the repurchase price of the Restricted Shares under the first grant is adjusted to RMB16.41 per share, plus the interests for bank deposits for the same period (the benchmark deposit interest rate published by the People's Bank of China for the same period) in accordance with the provisions of the 2021 Restricted Share Incentive Scheme.

If the repurchase price has to be adjusted accordingly due to matters that require making adjustments when the repurchase of Restricted Shares under the first grant is implemented, the Company will make corresponding adjustments based on the 2021 Restricted Share Incentive Scheme.

3. Repurchase number

The total number of Restricted Shares intended to be repurchased and cancelled by the Company is 2,733,835, representing approximately 6.46% of the aggregate restricted A shares of the Company, and representing approximately 0.03% of the total share capital of the Company.

4. Source of funds for repurchase

The source of funds for the payment of repurchase of the Restricted Shares of the Company is self-financed.

II. TABLE ON CHANGES IN SHAREHOLDING STRUCTURE

The changes in the shareholding structure of the Company before and after the repurchase and cancellation of the Restricted Shares are as follows:

Class of securities (Unit: Share(s))	Before the Change		Current change	After the Change	
	Number (Share)	Proportion (%)		Number (Share)	Proportion (%)
Circulating shares subject to selling restrictions (A shares)	42,309,875	0.46%	-2,733,835	39,576,040	0.43%
Circulating shares not subject to selling restrictions (A shares)	6,109,700,433	66.04%	0	6,109,700,433	66.06%
H shares	3,099,540,000	33.50%	0	3,099,540,000	33.51%
Total shares	<u>9,251,550,308</u>	<u>100.00%</u>	<u>-2,733,835</u>	<u>9,248,816,473</u>	<u>100.00%</u>

Note: The data of total shares is up to 19 May 2022.

III. EFFECT OF THE REPURCHASE AND CANCELLATION ON THE COMPANY

The repurchase and cancellation of certain Restricted Shares will not cause the shareholding structure of the Company to become ineligible for listing, will not affect the continued implementation of the 2021 Restricted Share Incentive Scheme of the Company, nor have a significant impact on the operating results of the Company. The management of the Company will continue to work diligently and responsibly and strive to create value for shareholders.

IV. THE OPINION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Independent Directors of the Company expressed their independent opinion that the Company's repurchase and cancellation of certain Restricted Shares not yet unlocked at the company level according to the fulfillment of performance at the company level pursuant to the 2021 Restricted Share Incentive Scheme and cancellation of Restricted Shares granted to the participants under first grant who have resigned, or have been reassigned or demoted, or with reference to the personal performance appraisal before the unlocking of Restricted Shares under the first grant were in compliance with the provisions of the Administrative Measures on Incentive Scheme of Listed Companies and the 2021 Restricted Share Incentive Scheme. The reasons for and the number and price of cancellation of the Restricted Shares are legal and effective, which will not cause the Company's shareholding structure to become ineligible for listing, and will not affect the continued implementation of the 2021 Restricted Share Incentive Scheme of the Company and there will not be any prejudice to the interest of the Company and its shareholders. The Independent Directors agreed that the Company could cancel the Restricted Shares granted to certain participants subject to the corresponding cancel conditions.

V. EXAMINATION OPINION OF THE SUPERVISORY COMMITTEE

The Supervisory Committee of the Company was of the view that the Company's repurchase and cancellation of certain Restricted Shares not yet unlocked at the company level according to the fulfillment of performance at the company level pursuant to the the 2021 Restricted Share Incentive Scheme and cancellation of Restricted Shares granted to the participants under first grant who have resigned, or have been reassigned or demoted, or with reference to the personal performance appraisal before the unlocking of Restricted Shares under the first grant were in compliance with the provisions of the Administrative Measures on Incentive Scheme of Listed Companies and the 2021 Restricted Share Incentive Scheme. The reasons for and the number and price of cancellation of the Restricted Shares are legal and effective, which will not cause the Company's shareholding structure to become ineligible for listing, and will not affect the continued implementation of the 2021 Restricted Share Incentive Scheme of the Company and there will not be any prejudice to the interest of the Company and its shareholders. The Independent Directors agreed that the Company could cancel the Restricted Shares granted to certain participants subject to the corresponding cancel conditions.

VI. CONCLUSIVE VIEWS OF THE LEGAL OPINION

According to the legal opinion issued by Jincheng Tongda & Neal Law Firm, Beijing regarding the repurchase and cancellation made by the Company under the 2021 Restricted Share Incentive Scheme, it concluded that the necessary approval and authorization in respect of the repurchase and cancellation of certain Restricted Shares under the first grant of the 2021 Restricted Share Incentive Scheme have been obtained by the Company, which were in compliance with the relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures on Incentive Scheme of Listed Companies, Articles of Association of Great Wall Motor Company Limited and the 2021 Restricted Share Incentive Scheme.

This announcement is available on the website of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk), the website of Shanghai Stock Exchange (www.sse.com.cn) and the official website of the Company (www.gwm.com.cn).

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

Baoding, Hebei Province, the PRC, 20 May 2022

As at the date of this announcement, members of the Board comprise:

Executive Directors: Mr. Wei Jian Jun, Mr. Zhao Guo Qing and Ms. Li Hong Shuan.

Non-executive Director: Mr. He Ping.

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

* *For identification purposes only*