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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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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 at 2:00 p.m. on Friday, 17 June 2022 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 27 May 2022. 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 purpose only

27 May 2022

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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”	the 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (長城汽車股份有限公司2020年限制性股票與股票期權激勵計劃);
“A Shareholder(s)”	holders of A Share(s);
“A Shareholders’ Class Meeting”	the class meeting of A Shareholders;
“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);
“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;

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## DEFINITIONS

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“EGM”	the extraordinary general meeting of the Company to be held on at 2:00 p.m. on Friday, 17 June 2022 for the purposes of considering and approving the grant of Reserved Restricted Shares to connected persons;
“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 Shareholder(s)”	holders of H Share(s);
“H Shareholders’ Class Meeting”	the class meeting of H Shareholders;
“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);
“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;

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## DEFINITIONS

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“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);
“Latest Practicable Date”	24 May 2022, 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 Restricted Share 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;
“Restricted Share(s)”	a certain number of Shares of the Company granted to the Participants according to the conditions and price stipulated in the 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;

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## DEFINITIONS

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“Restricted Share Incentive Scheme”, “Incentive Scheme”, “Scheme”	the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited (長城汽車股份有限公司 2021年限制性股票激勵計劃), as considered and approved by the Fourth Extraordinary General Meeting in 2021, the Second H Shareholders’ Class Meeting in 2021 and the Second A Shareholders’ Class Meeting in 2021 of the Company;
“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);
“Shareholders”	holders of the Company’s Shares including A Share(s) and H Share(s);
“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  
Zhao Guo Qing  
Li Hong Shuan

*Registered office, head office and  
principal place of business:*  
No. 2266 Chaoyang Road South  
Baoding  
Hebei Province  
the PRC

*Non-executive Director:*

He Ping

*Independent non-executive Directors:*

Yue Ying  
Li Wan Jun  
Ng Chi Kit

27 May 2022

*To the Shareholders*

Dear Sir or Madam,

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

**I. INTRODUCTION**

Reference is made to the announcements of the Company dated 29 April 2022 and 13 May 2022, in relation to, among others, the grant of Reserved Restricted Shares to Participants, connected transaction, and adjustment to the Grant Price of Reserved Restricted Shares.

This circular is issued in relation to the EGM to be held at 2:00 p.m. on Friday, 17 June 2022 at the Company's Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC.

\* For identification purpose only

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## LETTER FROM THE BOARD

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

On 22 July 2021, the Company's Restricted Share Incentive Scheme was approved by way of special resolution at the EGM, the H Shareholders' Class Meeting and the A Shareholders' Class Meeting (together with EGM and H Shareholders' Class Meeting, the "General Meetings").

According to the authorisation of the General Meetings, on 29 April 2022, 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 29 April 2022, and 8.6 million Restricted Shares shall be granted to 275 Participants at RMB12.73 per Share.

#### **Explanation on Satisfaction of Grant Conditions in Respect of the Reserved Entitlements Grant Under the Restricted Share Incentive Scheme**

In accordance with the requirements of relevant laws and regulations and Restricted Share Incentive Scheme, the conditions of granting Reserved Restricted Shares by the Company to Participants 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 of 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 the Company has no circumstances where the Reserved Restricted Shares may not be granted under Restricted Share 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 Restricted Share Incentive Scheme and the conditions for granting under the Incentive Scheme have been met.

### **Details of the Reserved Entitlements Grant Under Restricted Share Incentive Scheme**

- (I) Source of Shares of the Reserved Restricted Shares:

RMB ordinary A Shares of the Company newly issued by the Company directly to Participants.

- (II) Grant Date of the Reserved Restricted Shares: 29 April 2022

- (III) Grant Price of the Reserved Restricted Shares: RMB12.73 per Share

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## LETTER FROM THE BOARD

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The Grant Price of the Reserved Restricted Shares shall be 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. RMB11.45 per Share;
- (2) 50% of one of the average trading price of the Company's A Shares for 20, 60 or 120 trading days preceding the date of the announcement of the Board resolution on the grant of Reserved Restricted Shares, i.e. RMB12.73 per share.

Given the implementation of the profit distribution of the Company's A Shares for 2021, the Company made adjustment to the Grant Price of Restricted Shares under the reserved grant on 13 May 2022 (from RMB12.73 to RMB12.66), in accordance with the relevant adjustment mechanism of the Restricted Share Incentive Scheme as set out in the section headed "***Methods and Procedures for Adjustment of the Restricted Shares***" in this circular. For relevant details, please refer to the announcement published by the Company dated 13 May 2022.

In addition, on 29 April 2022, the closing price of A Shares quoted on the Shanghai Stock Exchange was RMB24.82 per Share; on 29 April 2022, the closing price of H Shares quoted on the Hong Kong Stock Exchange was HKD11.30 per Share.

## LETTER FROM THE BOARD

(IV) Under the Reserved Entitlements Grant of Restricted Share Incentive Scheme, 275 Participants are proposed to be granted 8.6 million Restricted Shares. The allocation is detailed below:

Name	Position	Number of the Restricted Shares granted (0'000 Shares)	Percentage to the total number of the Restricted Shares granted	Percentage to the current total number of Shares	Market value	Monetary
					of the Restricted Shares granted (RMB0'000) ☆	value of the Restricted Shares granted (RMB0'000) ★
Zheng Chun Lai*	Director and general manager of subsidiaries	5	0.5814%	0.0005%	124.10	63.30
Zhang De Hui*	Director and general manager of subsidiaries	5	0.5814%	0.0005%	124.10	63.30
Meng Xiang Jun*	Director and general manager of subsidiaries	5	0.5814%	0.0005%	124.10	63.30
Cui Kai*	Director and general manager of subsidiaries	3	0.3488%	0.0003%	74.46	37.98
Zheng Li Peng*	Director and general manager of subsidiaries	5	0.5814%	0.0005%	124.10	63.30
Chen Biao**	Supervisor of the Company for the past 12 months	4	0.4651%	0.0004%	99.28	50.64
Zhang Li**	Deputy general manager of branches	5	0.5814%	0.0005%	124.10	63.30
Wang Feng Ying**	General manager	247.5	28.7791%	0.0268%	6,142.95	3,133.35
Yang Zhi Juan**	Director of the Company for the past 12 months	4	0.4651%	0.0004%	99.28	50.64
Other management personnel and core technical (business) backbone staff (266 people)		576.5	67.0349%	0.0624%	14,308.73	7,298.49
Total (275 people)		860	100.0000%	0.0931%	21,345.20	10,887.60

\* The connected person grantees pursuant to Hong Kong regulations: directors and general managers of significant subsidiaries of the Company at present, the general manager of the Company or Directors and Supervisors of the Company in the past 12 months, and the connected persons of the Company as defined in the Hong Kong Listing Rules (in particular, Mr. Zhang Li, the spouse of Ms. Wang Feng Ying who is the general manager of the Company, is a related (connected) person of the Company).

# Related persons of the Company under the Listing Rules of the Shanghai Stock Exchange.

☆ The stock price for calculating the market value is the closing price of the Company's A Shares on the Grant Date (29 April 2022).

★ The stock price for calculating the monetary value is the Grant Price of RMB12.66.

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## LETTER FROM THE BOARD

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*Notes:*

1. The total Shares of the Company to be granted under the Incentive Scheme within the Validity Period to any one of the above-mentioned Participants will not exceed 1% of the total number of Shares of the Company. The total underlying Shares of the Company involved under the fully effective Incentive Schemes will not exceed 10% of the total number of Shares of the Company as at the date of the proposal of the Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.
2. The Participants of the Incentive Scheme exclude the Company's Independent 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.
3. The current total number of Shares refers to the total number of Shares as at the Grant Date (29 April 2022).

The total number of Restricted Shares under reserved grant to connected persons is 2,835,000 Shares. Based on the adjusted Grant Price of the Reserved Restricted Shares, the total consideration is RMB35,891,100.

The Participants' list of Restricted Shares under the reserved grant does not include Directors of the Company. Therefore, no Director is required to abstain from voting on the proposal of the grant of Reserved Restricted Shares and other related proposals.

For the grant of Restricted Shares to each of the connected persons, the Company has considered the following factors: (i) for those who have participated in the first grant of the Incentive Scheme and the 2020 Incentive Scheme and are also included in the incentive scope in the current period, the number shall be comprehensively determined based on the remuneration level for positions at such level while taking into consideration the number granted under the first grant of the Incentive Scheme and the 2020 Incentive Scheme; and (ii) for those who are newly included in the incentive scope, the number shall be determined with reference to the remuneration level for positions at such level. The number granted to connected persons is determined on the same basis for determining the number of the Restricted Shares to be granted to the Participants. The number of Restricted Shares to be granted to the Participants will be further adjusted according to such participant's salary level, years of services, performance of company which he/she is working for and capacities.

## LETTER FROM THE BOARD

### Shareholder/Category

of shares	Before granting Reserved Restricted Shares	After granting Reserved Restricted Shares	Percentage to the total number of shares of the Company after the grant of reserved shares
	Quantity (0'000 shares)	Quantity (0'000 shares)	Percentage to the total number of shares of the Company on the Grant Date
Zheng Chun Lai	55.000	60.000	0.006%
Zhang De Hui	56.000	61.000	0.007%
Meng Xiang Jun	55.000	60.000	0.006%
Cui Kai	38.000	41.000	0.004%
Zheng Li Peng	25.000	30.000	0.003%
Chen Biao	12.000	16.000	0.002%
Zhang Li	0.000	5.000	0.001%
Wang Feng Ying	0.000	247.500	0.027%
Yang Zhi Juan	0.000	4.000	0.000%
<b>Total (connected persons)</b>	<b>241.000</b>	<b>524.500</b>	<b>0.057%</b>
A shares <sup>Note</sup>	613,612.074	614,472.074	66.533%
H shares <sup>Note</sup>	309,954.000	309,954.000	33.561%
<b>Total shares</b>	<b>923,566.074</b>	<b>924,426.074</b>	<b>100.000%</b>

*Note:* “A Shares” here refers to the total issued A Shares of the Company (inclusive of the A Shares held by the connected persons specified above). “H Shares” here refers to the total issued H Shares of the Company.

The reserved grant of Restricted A Shares to connected persons will not lead to changes in the right of control of the Company, and will not lead to a distribution of shareholding which fails to satisfy relevant listing conditions.

### (V) Performance Appraisal for Reserved Entitlements of Restricted Share Incentive Scheme

#### 1. Performance appraisal at company level

Selection of performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	$\sum (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$	

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## LETTER FROM THE BOARD

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<b>Selection of performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
First Unlocking Period	The sales volume of automobiles of the Company shall not be less than 1.9 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 of the Company shall not be less than 2.8 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 as disclosed in the annual report of the Company.

<b>Performance indicator</b>	<b>Achievement of annual performance targets</b>	<b>Unlocking proportion at company level</b>
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 unlockable in relevant appraisal year shall not be unlocked and shall be repurchased and cancelled by the Company.

If unlocking conditions are not satisfied in any Unlocking Period within the validity period of the Incentive Scheme, such portion of the Restricted Shares unlockable in the current period cannot be deferred to the next year and will be repurchased and cancelled by the Company.

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## LETTER FROM THE BOARD

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### 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 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%	0%

Actual unlockable proportion of individual Participants for the year = unlockable proportion for the current period × unlockable proportion at company level (X) × 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.

### (VI) Validity Period and Unlocking Arrangement of Reserved Entitlements under Restricted Share Incentive Scheme

#### 1. *Lock-up Period*

The Lock-up Period of the Reserved Restricted Shares under Restricted Share Incentive Scheme shall be 12 or 24 months from the Grant Date. The shares and dividends obtained by the Participants due to the grant of the Restricted Shares not yet unlocked to them arising from capitalization issue, bonus issue, share sub-division, etc. shall be subject to locking in accordance with the Incentive Scheme, and shall not be sold in the secondary market or otherwise transferred. The Unlocking Period of such shares is the same as that of the Restricted Shares. If the Company repurchases the Restricted Shares not yet unlocked, such shares shall be repurchased at the same time.

During the Lock-up Period, the Restricted Shares which are granted to the Participants under the Incentive Scheme and remain locked shall not be transferred, pledged for guarantees, charged or used for repayment of debt.

Upon expiry of the Lock-up Period, the Company shall proceed with the unlocking for the Participants who satisfy the unlocking conditions, and the Restricted Shares held by Participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company.

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## LETTER FROM THE BOARD

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### 2. *Unlocking Arrangement*

The Unlocking Period and unlocking schedule for the Reserved Restricted Shares under the Restricted Share Incentive Scheme are shown in the table below:

Unlocking arrangement	Unlocking schedule	Unlocking proportion
First Unlocking Period of 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 of 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 cancel such Restricted Shares (subject to selling restrictions) from relevant Participants in accordance with the principles of the Restricted Share Incentive Scheme.

### (VII) Lock-up Period of the Restricted Share Incentive Scheme

The lock-up arrangement under the Restricted Share 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 Director and senior management personnel of the Company, he/she shall not transfer more than 25% of the total number of Shares held by him/her in the Company each year during his/her term of office. He/she shall not transfer the Shares held by him/her in the Company within six months after leaving the Company.



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## LETTER FROM THE BOARD

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2. Where a Participant is a Director or senior management personnel of the Company, if he/she sells Shares in the Company within six months after purchasing such Shares, or purchases Shares in the Company within six months after selling such Shares, the gains (if any) therefrom shall belong to the Company and be confiscated by the Board of the Company.
3. During the validity period of the Incentive Scheme, in the case of any changes in the provisions of the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents as well as the Articles of Association relating to the transfer of Shares held by the Company's Directors and senior management personnel, the affected Participants shall comply with the provisions of the amended Company Law, Securities Law and other relevant laws, regulations and regulatory documents as well as Articles of Association when transferring their Shares in the Company.

### (VIII) Methods and Procedures for Adjustment of the Restricted Shares

1. Methods of adjusting the number of Restricted Shares

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

- (1) Capitalisation issue, bonus issue and share sub-division

$$Q=Q_0 \times (1+n)$$

Where:  $Q_0$  represents the number of Restricted Shares before the adjustment;  $n$  represents the ratio of increase per share resulting from capitalization issue, bonus issue or subdivision of share capital (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and sub-division of the share capital);  $Q$  represents the adjusted number of 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 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 Restricted Shares.

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## LETTER FROM THE BOARD

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(3) Share consolidation

$$Q=Q0 \times n$$

Where: Q0 represents the number of 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 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 that any issue of shares by capitalisation issue, bonus issue, sub-division, rights issue or consolidation of shares or dividend distribution has been made by the Company during the period starting from the date of the announcement of the Incentive Scheme to the completion date of the registration of Restricted Shares by Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

(1) Capitalisation issue, bonus issue and sub-division of shares

$$P=P0 \div (1+n)$$

Where: P0 represents the Grant Price before the adjustment; n represents the ratio of increase per share resulting from capitalisation issue, bonus issue and subdivision of shares; P represents the adjusted Grant Price.

(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.

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## LETTER FROM THE BOARD

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(3) Share consolidation

$$P=P_0 \div n$$

Where:  $P_0$  represents the Grant Price before the adjustment;  $n$  represents the ratio of consolidation of shares;  $P$  represents the adjusted Grant Price.

(4) Dividend distribution

$$P=P_0-V$$

Where:  $P_0$  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) Additional issue

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 meeting of the Company shall authorize the Board to adjust the number or the Grant Price of Restricted Shares for the above reasons. After the Board adjusts the Grant Price or the number of 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 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 meeting.

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## LETTER FROM THE BOARD

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(IX) The implementation of the reserved grant will not lead to the Company's shareholding structure to fail to meet the requirements for listing.

(X) The Total Amount Raised and the Proposed Use of the Proceeds

Based on the above-mentioned adjusted Grant Price of the Restricted Shares under the reserved grant, the total amount raised from the Restricted Shares under the reserved grant is expected to be approximately RMB108,876,000. Such proceeds are proposed to be used as the Company's general working capital.

(XI) Explanation of Consistency Between the Reserved Entitlements Grant under the Restricted Share Incentive Scheme and the Incentive Scheme Considered and Approved by the General Meetings

The content of the reserved grant under the Restricted Share Incentive Scheme implemented is consistent with that of the Restricted Share Incentive Scheme considered and approved by the Fourth Extraordinary General Meeting in 2021, the Second H Shareholders' Class Meeting in 2021 and the Second A Shareholders' Class Meeting in 2021 of the Company.

### **The Verification of Participants List of Reserved Grant Under the Restricted Share Incentive Scheme by the Supervisory Committee**

After verifying whether the Participants of reserved grant under the Restricted Share Incentive Scheme of the Company meet the grant conditions, the Supervisory Committee of the Company considers that:

1. As at the Reserved grant date of Restricted Share Incentive Scheme, Participants who will be granted the Reserved Restricted Shares are all official employees of the Company; among Participants, there are no independent directors, supervisors, shareholders or actual controllers who individually or collectively hold more than 5% of the Shares, as well as their spouses, parents and children.
2. Persons who are under the following circumstances may not be Participants to whom the Reserved Restricted Shares will be granted, if he or she:
  - (1) has been determined by any stock exchange as an ineligible person in the last 12 months;
  - (2) has been determined by CSRC and its delegated agencies as an ineligible person in the last 12 months;

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## LETTER FROM THE BOARD

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- (3) 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 of laws or regulations;
- (4) is prohibited from acting as a Director or a member of the senior management as required by the Company Law;
- (5) is prohibited from participating in share incentive schemes of listed companies as required by laws and regulations;
- (6) is under other circumstances determined by the CSRC.

The Participants of reserved grant conforms to qualifications and Participants conditions stipulated in laws, regulations and normative documents such as the Management Measures for Share Incentives, the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, etc. There is no circumstance as stipulated in Article 8 of the Management Measures for Share Incentives under which such Participants are not eligible to be Participants. The Participants are in line with the scope of the Participants stipulated in Restricted Share Incentive Scheme of Great Wall Motor Company Limited; their qualification as subjects of Participants of reserved grant under Restricted Share Incentive Scheme of the Company is legal and valid. Conditions for granting Restricted Shares to Participants of reserved grant have been met.

The Supervisory Committee agrees that the reserved grant date for the reserved grant of the Restricted Share Incentive Scheme of the Company shall be 29 April 2022, agrees to the Participants list of the reserved grant under the Restricted Share Incentive Scheme, and consents to grant 8.6 million Restricted Shares to 275 Participants who meet the conditions of the reserved grant.

### **Explanation of Situations in Which a Participant Who is a Director or a Member of the Senior Management Sold the Shares of the Company During the Six Months Before the Grant Date of Restricted Shares**

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

According to the Company's self-examination, the senior management personnel involved in the Incentive Scheme did not sell any of the Company's Shares during the six months before the reserved grant date.

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## LETTER FROM THE BOARD

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### Impact on the Financial Condition of the Company Upon the Reserved Grant of Entitlements

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 shall measure the fair value of the Restricted Shares based on the market prices of the Shares. On the measurement date, the fair value of share-based payment per Restricted Share = market price of the Shares of the Company – Grant Price.

The Company made the grant of reserved entitlements under Restricted Share Incentive Scheme on 29 April 2022. Based on the data of the Company on 29 April 2022, the total amount of fair value of the equity instruments under reserved grant by the Company to the Participants is RMB103,974,000.

Based on the measurement above, the total cost of 8.6 million Restricted Shares under the reserved grant of the Scheme is RMB103,974,000 and details of amortization from 2022 to 2024 are set out below:

*Currency: RMB*

<b>Number of Restricted Shares under reserved grant (0'000 Shares)</b>	<b>Total cost to be amortized (RMB0'000)</b>	<b>2022 (RMB0'000)</b>	<b>2023 (RMB0'000)</b>	<b>2024 (RMB0'000)</b>
860	10,397.40	5,198.70	4,332.25	866.45

*Notes:*

- (1) For the consideration of prudent accounting principle, the cost estimate and amortization above have not taken into consideration the future locking of the Restricted Shares.
- (2) The above results 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, and the possible dilutive effects are brought to the attention of shareholders.
- (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.

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## LETTER FROM THE BOARD

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### **Funding Arrangement for the Participants for Subscription of the Restricted Shares, Exercise of Shares and Payment of Individual Income Tax**

The Participants of the Restricted Shares shall pay the consideration for subscribing for the Restricted Shares into the account designated by the Company in accordance with the Agreement on Grant of/Subscription for Incentive Shares. The Participant shall be deemed as having waived his or her right to subscribe for the Restricted Shares not fully paid.

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 Restricted Share Incentive Scheme.

### **Equity Fundraising Activities in the Past 12 Months**

On 22 July 2021, the Company conducted the first grant under the Restricted Share Incentive Scheme, and completed registration on 8 September 2021. The Company has received a total of RMB548,000,000 of subscription money contributed by Participants in cash. The total proceeds from the conversion of Company's convertible bonds was RMB631,000. The aforementioned funds have been used to supplement working capital of the Company. Other than that, the Company has not conducted any fundraising activities involving the issuance of equity securities.

### **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.

The Company's controlling shareholder is Innovation Great Wall, which holds 55.38% of the issued share capital of the Company. Innovation Great Wall is held as to 62.854% by Great Wall Holdings. Mr. Wei Jian Jun, the chairman of the Company, holds 99% of equity interest in Great Wall Holdings.

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## LETTER FROM THE BOARD

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

Mr. Zheng Chun Lai (“**Mr. Zheng**”), director and general manager of subsidiaries of the Company. Mr. Zheng joined the Company in 1991 and is currently in charge of the Group’s business of research, development and production of sealing, shock absorption, seats, and interior and exterior decoration products, as well as domain controllers and other automotive electronic products.

Mr. Zhang De Hui (“**Mr. Zhang**”), director and general manager of subsidiaries of the Company, mainly responsible for the Group’s business of research, development and production of chassis, welding, die-casting, mould, automation, spherical hinge, and casting products.

Mr. Meng Xiang Jun (“**Mr. Meng**”), director and general manager of subsidiaries of the Company. Mr. Meng joined the Company in 2003 and is mainly responsible for the Company’s business of uniform distribution and distribution network construction, sales, and related after-sales service and consulting services for automobiles, auto components and accessories.

Mr. Cui Kai (“**Mr. Cui**”), director and general manager of subsidiaries of the Company. Mr. Cui joined the Company in 2006 and is mainly responsible for the overall business management of the supply chain, covering the management of the entire chain from auto component procurement to cost, quality, and delivery.

Mr. Zheng Li Peng (“**Mr. Zheng**”), director and general manager of subsidiaries of the Company. Mr. Zheng joined the Company in 2006 and is mainly responsible for the Group’s business of research, development, and production of products in relation to engine, transmission, reducer, new energy motor and controller, smart steering, and automatic driving.

Mr. Chen Biao (“**Mr. Chen**”), the chairman of the Supervisory Committee and employee representative Supervisor of the Company in the past 12 months. Mr. Chen joined the Company in 2007 and served as an assistant to the division head of the quality management division and as a deputy division head of the operation and Supervision division of the Company. From October 2014 to May 2019, he served as a division head of the supervision and audit division of the Company. From May 2019 to November 2021, he served as a supervision and audit director of the supervision and audit division of the Company. From December 2015 to 12 May 2021, he served as a Supervisor of the Company.

Mr. Zhang Li (“**Mr. Zhang**”), deputy general manager of Jingmen Branch of the Company. Mr. Zhang joined the Company in 1992 and is mainly responsible for the production management of the Jingmen Branch of the Company.



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## LETTER FROM THE BOARD

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Ms. Wang Feng Ying (“**Ms. Wang**”), general manager of the Company. Ms. Wang joined the Company in 1991. She is responsible for the strategies and marketing management of the Company. Ms. Wang has been acting as the general manager of the Company since November 2002. Ms. Wang was a representative to the Eleventh, Twelfth and Thirteenth National People’s Congress. She has been an executive Director of the Company from June 2001 to March 2022.

Ms. Yang Zhi Juan (“**Ms. Yang**”), Director of the Company in the past 12 months. Ms. Yang joined the Company in 1999, and served as the general office supervisor of Baoding Great Wall Huabei Automotive Company Limited (保定長城華北汽車有限責任公司) and the head of investment management department of the Company. She has been an executive Director of the Company from August 2001 to March 2022.

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

For future-oriented long-term development and governance, the Company has built an innovative long-term incentive mechanism to turn employees from “workers doing work” to “partners doing business” by granting them rights and obligations. By doing so, the Company aims to gather a group of entrepreneurs and business leaders with common values in an effort to promote its long-term and steady development and align the interests of all Shareholders. Specifically, the grant of Reserved Restricted Share has the following purposes:

1. By establishing and improving its operating mechanism and its incentive and restraint mechanism for senior management, middle management and core technical (business) backbone staff, the Company aims to fully mobilize their enthusiasm, enhance their cohesion, and align the interests of Shareholders, the Company and its key personnel, in order to secure “concerted efforts with common interests” and promote the sustainable, steady and rapid development of the Company.
2. By setting challenging performance targets to bring both pressure and motivation, which not only helps enhance the Company’s competitiveness but also helps mobilize the enthusiasm and creativity of the management and core backbone staff, the Company aims to realize its future development strategies and business objectives, so as to create more sustainable and greater returns for Shareholders.
3. The Scheme, which can help attract and retain outstanding management talents and core business staff, is designed to meet the Company’s huge demand for core technical and management talents through comprehensive and accurate coverage of high-value positions and key talents, so as to enhance the Company’s cohesion, establish the Company’s human resources advantages, further stimulate the Company’s innovation vitality, and inject new power into the Company’s sustained and rapid development.

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## LETTER FROM THE BOARD

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The Directors (related to the connected transaction portion of the reserved grant, including Independent Non-executive Directors) of the Company believe that the reserved entitlements grant will help the Company achieve the above objectives, and are also of the view that the terms and conditions of the reserved entitlements grant are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **Independent Opinions of the Independent Non-Executive Directors**

1. The Board has determined that the date of reserved grant of the Restricted Share Incentive Scheme to be 29 April 2022. The grant date complies with the relevant provisions for reserved grant date in the Management Measures for Share Incentives and the Restricted Share 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;
4. The Company has no plan or arrangement to provide loans, guarantee for loans or financial assistance in any other form 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 Restricted Share 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 Restricted Share Incentive Scheme, and whose qualifications for being the Participants under reserved grant of the Restricted Share 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 Restricted Share Incentive Scheme and will not prejudice the interests of the Company and Shareholders;
6. The implementation of the Restricted Share 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

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## LETTER FROM THE BOARD

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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 29 April 2022, 8.6 million Restricted Shares shall be granted to 275 Participants.

### **Hong Kong Listing Rules Implication**

The Restricted Share Incentive Scheme does not constitute a Share Option Scheme under Chapter 17 of the Hong Kong Listing Rules. The grant of the Reserved Restricted A Shares to connected persons of the Company under the Restricted Share Incentive Scheme will constitute a non-exempt connected transaction of the Company, which is subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules. An Independent Board Committee has been established by the Company to advise the Independent Shareholders' of the Company in respect of the grant of the Restricted A Shares to the Participants who are connected persons of the Company. The Company has appointed Gram Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and the independent Shareholders of the Company in respect of the grant of the 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 the reserved grant of Restricted A Shares and other related proposals.

The reserved grant of Restricted A Shares and the reserved grant of Restricted A Shares to connected persons of the Company have been approved by the Remuneration Committee of the Company, and have been approved by the Board.

As at the Latest Practicable Date, Mr. Zheng Chun Lai holds 550,000 A Shares of the Company (accounting for 0.006% of the total issued Shares of the Company), Mr. Zhang De Hui holds 560,000 A Shares of the Company (accounting for 0.006% of the total issued shares of the Company), Mr. Meng Xiang Jun holds 550,000 A Shares of the Company (accounting for 0.006% of the total issued Shares of the Company), Mr. Cui Kai holds 380,000 A Shares of the Company (accounting for 0.004% of the total issued Shares of the Company), Mr. Zheng Li Peng holds 250,000 A Shares of the Company (accounting for 0.003% of the total issued Shares of the Company), Mr. Chen Biao holds 120,000 A Shares of the Company (accounting for 0.003% of the total issued Shares of the Company). The above-mentioned connected persons of the company hold 2.41 million A shares of the company (accounting for 0.026% of the total issued shares of the Company), and they are required to abstain from voting on the

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## LETTER FROM THE BOARD

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resolutions relating to the reserved grant of Restricted A Shares to Participants who are connected person of the Company. In addition, none of other shareholders is required to abstain from voting on the above resolutions at the EGM.

The Independent Non-executive Directors are of the view that the proposal on 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 Friday, 17 June 2022 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 27 May 2022.

### **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 Tuesday, 14 June 2022 to Friday, 17 June 2022 (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 Monday, 13 June 2022 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 Monday, 13 June 2022.

### **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.

### **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.

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## LETTER FROM THE BOARD

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### 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)

27 May 2022

*To the Independent Shareholders*

Dear Sir/Madam,

**GRANT OF 2021 RESERVED RESTRICTED SHARES TO  
PARTICIPANTS AND CONNECTED TRANSACTION**

We refer to the circular dated 27 May 2022 (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 general manager of the Company and her spouse, supervisors of the Company in the past 12 months, directors and general managers (or held the positions in the past 12 months) of significant subsidiaries, 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 connected persons of the Company under the reserved grant of Restricted A Shares pursuant to the terms of the 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 relevant connected persons of the Company pursuant to the terms of the Incentive Scheme, is fair and reasonable and in the interest of the Company and its Shareholders as a whole.

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 connected persons of the Company under the reserved grant of Restricted A Shares pursuant to the terms of the 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

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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 connected persons of the Company under the Restricted 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.*



**Gram Capital Limited**  
**嘉林資本有限公司**

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

27 May 2022

*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 Shares to connected persons of the Company under the 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 27 May 2022 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.

According to the authorisation of the General Meetings, on 29 April 2022, the Board considered and approved relevant resolutions and determined that the Grant Date of 2021 Reserved Restricted Shares of the Company shall be 29 April 2022, and 8.6 million Restricted Shares shall be granted to 275 Participants at the price of RMB12.73 per Share. Among the 8.6 million Restricted Shares, 2.835 million Restricted Shares will be granted to nine participants who are connected persons of the Company (the “**Connected Participants**”). The announcement in respect of the aforesaid matters was published on websites of the Stock Exchange on 29 April 2022 (the “**Announcement Date**”) and on the Shanghai Stock Exchange on 30 April 2022.

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 Independent 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. 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) 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); (ii) connected transactions in respect of the grant of the reserved restricted A Shares to connected persons of the Company (details of which are set out in the Company's circular dated 26 February 2021); (iii) connected transactions in respect of the grant of restricted A Shares to connected persons of the Company (details of which are set out in the Company's circular dated 24 June 2021); and (iv) continuing connected transactions of the Company (details of which are set out in the Company's circular dated 22 February 2022. Save for the aforesaid engagements, there was no other service provided by Gram Capital to the Company during the past two years immediately preceding the Latest Practicable Date.

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.

Having considered the above and that (i) none of the circumstances as set out under the Rule 13.84 of the Hong Kong Listing Rules existed as at the Latest Practicable Date; and (ii) the aforesaid past engagements were only independent financial adviser engagements and will not affect our independence to act as the Independent Financial Advisers, we are of the view that we are independent to act as the Independent Financial Adviser.

### 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

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## LETTER FROM GRAM CAPITAL

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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 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 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 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 and such sources are reliable.

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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 (the “**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 as first grant was actually granted to 281 participants and 87,065,300 share options as first grant were actually granted to 1,651 participants. According to the Company's announcement dated 13 May 2021, the Company actually granted a total of 1,149,150 restricted shares as reserved grant to 149 participants with the specific distribution (as 106 of 149 participants had partially subscribed) and a total of 15,721,000 share options as reserved grant to 497 participants with the specific distribution.

On 22 July 2021, the 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 9 September 2021, 32,653,200 restricted shares was actually granted to 557 participants (of which (i) 1,782,000 restricted shares were granted to 9 connected persons of the Company; and (ii) 30,871,200 restricted shares were granted to 548 other participants; and 300,594,000 share options as first grant were actually granted to 8,147 participants.

##### *Information on the Connected Participants*

According to the 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 “The Verification of Participants List of Reserved Grant Under the Restricted Share Incentive Scheme by the Supervisory Committee” of the Board Letter.

## LETTER FROM GRAM CAPITAL

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 portion, the Company further identified if such Participants are connected persons of the Company. According to the aforesaid procedures, the Company further identified the Connected Participants as connected persons of the Company after finalising the identities of all Participants for the reserved portion.

Details of the Connected Participants are set out under the section headed “Information about the Connected Persons” of the Board Letter.

Certain Connected Participants participated in the first grant of the Incentive Scheme and the 2020 Incentive Scheme as provided by the Company are set out as follows:

Name	Relationship with the Group	Number of restricted shares granted under the 2020 Incentive Scheme	Number of restricted shares granted under the first grant of the Incentive Scheme	Change of number of from previous grant(s) to the Announcement Date	As at the Announcement Date
Zheng Chun Lai	Director and general manager of subsidiaries	400,000	200,000	Disposal of 50,000 Shares	550,000
Zhang De Hui	Director and general manager of subsidiaries	400,000	200,000	Disposal of 40,000 Shares	560,000
Meng Xiang Jun	Director and general manager of subsidiaries	700,000	200,000	Disposal of 350,000 Shares	550,000
Cui Kai	Director and general manager of subsidiaries	600,000	80,000	Disposal of 300,000 Shares	380,000
Zheng Li Peng (Note)	Director and general manager of subsidiaries	Nil	250,000	N/A	250,000
Chen Biao	Supervisor of the Company for the past 12 months	Nil	120,000	N/A	120,000
Zhang Li	Deputy general manager of branches	Nil	Nil	N/A	Nil
Wang Feng Ying	General manager	Nil	Nil	N/A	Nil
Yang Zhi Juan	Director of the Company for the past 12 months	Nil	Nil	N/A	Nil

*Note:* 100,000 share options were granted to Mr. Zheng Li Peng under first grant of the Incentive Scheme.

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## LETTER FROM GRAM CAPITAL

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

Details of the reasons for and benefits of the Connected Grant are set out under the section headed “Reasons for and Benefits of Granting Reserved Restricted Shares and Connected Grant” of the Board Letter.

Based on our independent research, we noted that there were various companies (which are listed on mainboard of Shanghai Stock Exchange) proposed to grant restricted shares to their directors/senior/middle managements and/or core personnel during recent years (for instance, there were over ten<sup>(Note)</sup> announced transactions in relation to the grant of restricted shares by companies listed on mainboard of Shanghai Stock Exchange as published from 1 April 2022 to 29 April 2022). Accordingly, we consider that it is a common practice for listed companies in Shanghai 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 Entitlements Grant under the Incentive Scheme” of the Board Letter.

### *Number of Reserved Restricted Shares under the Connected Grant*

The Company proposed to grant 2,835,000 Reserved Restricted Shares to the Connected Participants as follows:

<b>Name</b>	<b>Number of the Reserved Restricted Shares granted (shares)</b>	<b>Percentage to the total share capital as at the Announcement Date %</b>	<b>Number of the share options to be granted</b>
Zheng Chun Lai	50,000	0.0005	Nil
Zhang De Hui	50,000	0.0005	Nil
Meng Xiang Jun	50,000	0.0005	Nil
Cui Kai	30,000	0.0003	Nil

*Note:* as the announced transactions include proposals without reserve portion or grantees without director/senior management, the number of the announced transactions herein are different from the numbers of the Comparables (as defined below).

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## LETTER FROM GRAM CAPITAL

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Name	Number of the Reserved Restricted Shares granted ( <i>shares</i> )	Percentage to the total share capital as at the Announcement Date %	Number of the share options to be granted
Zheng Li Peng	50,000	0.0005	90,000
Chen Biao	40,000	0.0004	Nil
Zhang Li	50,000	0.0005	30,000
Wang Feng Ying	2,475,000	0.0268	Nil
Yang Zhi Juan	40,000	0.0004	Nil
<b>Total</b>	<b>2,835,000</b>	<b>0.0307</b>	<b>120,000</b>

With reference to the Board Letter and as advised by the Directors, (i) for those who have participated in the first grant of the Incentive Scheme and the 2020 Incentive Scheme and are also included in the incentive scope in the current period, the number shall be comprehensively determined based on the remuneration level for positions at such level while taking into consideration the number granted under the first grant of the Incentive Scheme and the 2020 Incentive Scheme; and (ii) for those who are newly included in the incentive scope, the number shall be determined with reference to the remuneration level for positions at such level. The number granted to connected persons is determined on the same basis for determining the number of the Restricted Shares to be granted to the Participants. We further understood from the Directors, the number of Restricted Shares to be granted to the Participants will be further adjusted according to such participant's salary level, years of services, performance of company which he/she is working for and capacities.

Save for our discussion with the Directors to understand the bases for determination of number of Reserved Restricted Shares to be granted to the Connected Participants, we further researched and identified those restricted A shares incentive scheme proposals (with reserve portion and grantees included director/senior management) first announced by companies listed on the mainboard of Shanghai Stock Exchange from 1 April 2022 to 29 April 2022, being one month immediately before the Announcement Date. To the best of our knowledge, we found 9 scheme proposals (the “**Comparables**”), which met the aforesaid criteria and are exhaustive, fair and representative. As there were 9 Comparables during the review period and we could form our view based on the aforesaid Comparables, we consider the (i) duration of review period to be sufficient and recent and therefore adopt a one-month period as review period; and (ii) the number of the Comparables are sufficient. The table below sets out the summary of the Comparables (the “**Comparables Table**”):

# 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)	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 (Note 1)
7 April 2022	Aluminum Corporation of China Limited (2600 & SH601600)	0.0014% to 0.0016%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	Yes	Yes
11 April 2022	南通江山農藥化工股份有限公司 (Nantong Jiangshan Agrochemical and Chemicals Co., Ltd.) (SH600389)	0.1490% to 0.2384%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	Yes	Yes
12 April 2022	江蘇康緣藥業股份有限公司 (Jiangsu Kanion Pharmaceutical Co., Ltd.) (SH600557)	0.03% to 0.05%	Date of publication of draft proposal	Yes. 50% (Note 2)	Yes	Yes
19 April 2022	四川東材科技集團股份有限公司 (Sichuan EM Technology Co., Ltd.) (SH601208)	0.06% – 0.11%	Date of publication of draft proposal	Yes. 50%	Yes	Yes
20 April 2022	陝西美邦藥業集團股份有限公司 (Shaanxi Meibang Pharmaceutical Group Co., Ltd.) (SH605033)	0.04% – 0.09%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	Yes	Yes
22 April 2022	雲南神農農業產業集團股份有限公司 (Yunnan Shennong Agricultural Industry Group Co., Ltd.) (SH605296)	0.025%	Date of publication of draft proposal	Yes. 50%	Yes	Yes
26 April 2022	億晶光電科技股份有限公司 (Eging Photovoltaic Technology Co., Ltd.) (SH600537)	0.04% – 0.85%	Date of publication of draft proposal	Yes. 50%	Yes	Yes
27 April 2022	浙江華友鎔業股份有限公司 (Zhejiang Huayou Cobalt Co., Ltd.) (SH603799)	0.002% – 0.012%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	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)	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 (Note 1)
28 April 2022	曲美家居集团股份有限公司 (Qu Mei Home Furnishings Group Co., Ltd.) (SH603818)	0.03% – 0.07%	Date of the announcement of the board resolution on grant of reserved restricted shares	Yes. 50%	Yes	Yes
29 April 2022	The Company	0.0003% - 0.0268%	Date of the announcement of the board resolution on grant of Reserved Restricted Shares	Yes. 50%	Yes	Yes

*Notes:*

1. Formula of the adjustment for the number and grant price of the restricted A shares of the Comparables are the same in principle.
2. Other than the Criteria, the grant price of Jiangsu Kanion Pharmaceutical Co., Ltd. shall not be lower than 50% of its net asset value per share of the company as at 31 December 2021.

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

As depicted by the above table, the percentage of the restricted A shares to be granted to individual director/senior management of the Comparables to the total share capital of the Comparables ranged from 0.0014% to 0.85% (the “**Comparable Percentage Range**”). The number of Restricted Shares to be granted to the Connected Participants (i.e. 0.0003% to 0.0268% of total share capital of the Company as at the Announcement Date) was below the upper limit of the Comparable Percentage Range.

Having considered the above, we are of the view that the numbers of Reserved Restricted 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 RMB12.73 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 Shares on a trading day preceding the date of the announcement of the Board resolution on the grant of Reserved Restricted Shares, i.e. RMB11.45 per Share; and (ii) 50% of the average trading price of the Company's A shares for 20 trading days preceding the date of the announcement of the Board resolution on the grant of Reserved Restricted Shares (i.e. RMB12.73 per Share).



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## LETTER FROM GRAM CAPITAL

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As demonstrated in the Comparable Table, more than half 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 closing price/average trading price of the subject A shares on the trading day preceding the price determination date; and (ii) the average closing price/average price of the subject A shares for the period of last 20, 60, and/or 120 trading days preceding the price determination date).

With reference to the Board Letter, given the implementation of the profit distribution of the Company's A Shares for 2021, the Company made adjustment to the Grant Price of Restricted Shares under the reserved grant on 13 May 2022 (from RMB12.73 to RMB12.66), in accordance with the relevant adjustment mechanism of the Restricted Share Incentive Scheme as set out in the section headed "Methods and Procedures for Adjustment of the Restricted Shares" in the Board Letter. According to the adjustment mechanism under the Incentive Scheme, among other things, in the event that any dividend distribution has been made by the Company during the period starting from the date of the announcement of the Incentive Scheme to the completion date of the registration of Restricted Shares by Participants, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method for dividend distribution is as follows: Adjusted Grant Price = Grant Price before the adjustment – dividend per share.

Given the above and that the bases for determination of the Grant Price are in line with the market practice and the adjustment mechanism; 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 (the "Unlocking Conditions")***

With reference to the Board Letter, the validity period of the Restricted Shares under the reserved grant of 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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## LETTER FROM GRAM CAPITAL

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The unlocking schedule of the Reserved Restricted Shares under the reserved grant of the 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%

According to the Comparables, (i) the reserved restricted A shares to be granted by all the Comparables would be vested in two or three installments; 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 Incentive Scheme were comparable to the lock-up period under the Comparables.

Certain conditions must be fulfilled before the 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 for Reserved Entitlements of Restricted Share 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 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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## LETTER FROM GRAM CAPITAL

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### *Adjustments*

Number of Reserved Restricted 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 “Methods and Procedures for Adjustment of the Restricted Shares” of the Board Letter. We noted that the calculation formulae of adjustments to number of Reserved Restricted 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 Shares and the Grant Price.

Having considered the above and that, save as number of Restricted 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 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 2,835,000 Reserved Restricted Shares, representing approximately 0.0307% of the existing total issued share capital of the Company as at the Announcement 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 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*

\* *For identification purpose only*

*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.

## 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)	83.36	–	55.38
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)	–	–	55.79

*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	Number 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)	83.36	–	55.38
Baoding Great Wall Holdings Company Limited ( <i>Note 2</i> )	5,152,998,500(L) (A Shares and H Shares)	–	–	55.79
BlackRock, Inc.	289,061,062(L) (H Shares)	–	9.33(L)	3.13
	223,500(S) (H Shares)	–	0.01(S)	0.002

Name	Number of shares	Approximate percentage of A Shares (%)	Approximate percentage of H Shares (%)	Approximate percentage of total number of shares (%)
Schroders PLC	192,339,000(L) (H Shares)	–	6.21(L)	2.08
Han Xue Juan ( <i>Note 3</i> )	5,115,000,000(L) (A Shares)	83.36	–	55.38
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)	83.36	–	55.38

(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 2021, 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 2021, 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 2021, 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. 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 a member of The Hong Kong Chartered Governance Institute.
- (e) In the event of any inconsistencies, the English text of this circular will prevail over the Chinese text.



**9. DOCUMENT AVAILABLE ON DISPLAY**

Copy of the 2021 Restricted Share Incentive Scheme of Great Wall Motor Company Limited will be available on display within 14 days at the websites of The Stock Exchange of Hong Kong Limited and the Company from the date of this circular.

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# NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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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)**

## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the extraordinary general meeting (the “EGM”) of Great Wall Motor Company Limited (the “**Company**”) will be held at 2:00 p.m. on Friday, 17 June 2022 at the Company’s Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the People’s Republic of China (the “**PRC**”) to consider and approve the following resolutions. A circular containing details of the following resolutions will be despatched to the shareholders:

### ORDINARY RESOLUTIONS

1. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Zheng Chun Lai, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
2. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Zhang De Hui, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
3. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Meng Xiang Jun, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
4. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Cui Kai, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).

\* For identification purpose only

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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5. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Zheng Li Peng, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
6. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Chen Biao, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
7. to consider and approve the grant of 2021 Reserved Restricted Shares to Mr. Zhang Li, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
8. to consider and approve the grant of 2021 Reserved Restricted Shares to Ms. Wang Feng Ying, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).
9. to consider and approve the grant of 2021 Reserved Restricted Shares to Ms. Yang Zhi Juan, a connected person of Great Wall Motor Company Limited and the connected transaction as set out in the circular (details of which has been published by the Company on the websites of The Stock Exchange of Hong Kong Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022).

By order of the Board

**Wei Jian Jun**

*Chairman*

Baoding, Hebei Province, the People's Republic of China  
27 May 2022

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## NOTICE OF THE EXTRAORDINARY GENERAL MEETING

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*Notes:*

- (A) The register of members of the Company will be closed from Tuesday, 14 June 2022 to Friday, 17 June 2022 (both days inclusive), during which no transfer of shares will be effected. H shareholders of the Company, whose names appear on the Company's register of members at the close of business on Monday, 13 June 2022, are entitled to attend and vote at the EGM after completing the registration procedures for attending the meeting. In order to be entitled to attend and vote at the EGM, all completed share transfer documents should be lodged with the Company's H share registrar no later than 4:30 p.m. on Monday, 13 June 2022.

The address of the share registrar for the Company's H shares is as follows:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716  
17th Floor, Hopewell Centre  
183 Queen's Road East  
Wan Chai  
Hong Kong

- (B) Holders of H shares, who intend to attend the EGM, must complete the reply slips for attending the EGM and return them to the office of the secretary to the Board of the Company no later than Monday, 13 June 2022.

Details of the office of the secretary to the Board are as follows:

No. 2266 Chaoyang Road South  
Baoding, Hebei Province  
the People's Republic of China  
Tel: (86-312) 2197813  
Fax: (86-312) 2197812

- (C) Each holder of H shares who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxy(ies), whether a shareholder or not, to attend and vote on his/her behalf at the EGM. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.
- (D) The instrument appointing a proxy must be in writing under the hand of the appointor or his/her attorney duly authorised in writing. If the instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be notarially certified.
- (E) To be valid, the proxy form, and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority, must be delivered to the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the time fixed for holding the EGM or any adjournment thereof.
- (F) If a proxy attends the EGM on behalf of a shareholder, he/she should produce his/her identity card and the instrument signed by the proxy or his/her legal representative, which specifies the date of its issuance. If the legal representative of a legal person shareholder attends the EGM, such legal representative should produce his/her identity card and valid documents evidencing his/her capacity as such legal representative. If a legal person shareholder appoints a representative of the company other than its legal representative to attend the EGM, such representative should produce his/her identity card and an authorisation instrument affixed with the seal of the legal person shareholder and duly signed by its legal representative.
- (G) The on-site registration for attending the EGM will be open from 1:00 p.m. to 1:50 p.m. on Friday, 17 June 2022, after which no registration in respect of shareholders' attendance of the meeting will be accepted. The place of registration is at the Conference Room of Great Wall Motor Company Limited, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC.
- (H) The EGM is expected to last for half a day. Shareholders attending the EGM are responsible for their own transportation and accommodation expenses.
- (I) For A shareholders, please refer to the Notice of the 2022 second extraordinary general meeting of Great Wall Motor Company Limited published on the website of Shanghai Stock Exchange (website: [www.sse.com.cn](http://www.sse.com.cn)) and the official website of the Company (website: [www.gwm.com.cn](http://www.gwm.com.cn)) on 27 May 2022.