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長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock code: 2333)

**ANNOUNCEMENT
REVISION OF THE ANNUAL CAP OF THE CONTINUING
CONNECTED TRANSACTIONS**

The Board is pleased to announce that, on 17 February 2023, the Company entered into the Supplemental Agreement with Great Wall Holdings in relation to revision of the annual cap of the Leasing (Long-term) by the Group from Great Wall Holdings in 2023.

Innovation Great Wall, a controlling shareholder of the Company, is held as to 62.854% by Great Wall Holdings. Accordingly, Great Wall Holdings is a connected person (as defined under the Hong Kong Listing Rules) of the Company. The Leasing (Long-term) transactions under the Supplemental Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the revised annual cap of the Leasing (Long-term) transactions under the Supplemental Agreement are higher than 0.1% but less than 5%, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

Reference is made to announcement in relation to the Framework Agreement entered into between the Company and Great Wall Holdings dated 31 December 2021, in relation to, among others, the Leasing (Long-term) between the Group and Great Wall Holdings with a term from 1 January 2022 to 31 December 2024.

SUPPLEMENTAL AGREEMENT

On 17 February 2023, the Company entered into the Supplemental Agreement with Great Wall Holdings. According to the Supplemental Agreement, the Group and Great Wall Holdings agreed to revise the annual cap of the continuing connected transactions for 2023 in relation to the Leasing (Long-term) under the Framework Agreement.

Parties

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

Content of Transactions

Pursuant to the Framework Agreement and the Supplemental Agreement, the Leasing (Long-term) by the Group from Great Wall Holdings mainly includes leasing of houses, venues, vehicles, etc.

Pricing Policies

The pricing policies for the Leasing (Long-term) under the Supplemental Agreement are consistent with those for the Leasing (Long-term) under the Framework Agreement. Pursuant to the Framework Agreement, the pricing policies for the Leasing (Long-term) shall be in compliance with the requirements of relevant laws, regulations and the Hong Kong Listing Rules, with reference to the prevailing market price charged by the Company for the similar services from the Independent Third Parties in the ordinary course of business in accordance with normal commercial terms, and are determined based on fair and reasonable principles and normal commercial terms:

Transaction Category	Pricing Policies
Leasing (Long-term) by the Group from Great Wall Holdings	The transaction price will be determined by the Company through open tendering, or by its business departments through reviewing and comparing at least two (if practicable) identical or comparable product quotations with reference to industry standards, market conditions and the Company's operation strategies, which is subject to the final negotiation with Great Wall Holdings. When conducting such transactions, the Group will determine the rent payable of each lease based on normal commercial terms and after arm's length negotiation, with reference to the prevailing market price of similar leases (which we will obtain and refer to the quotations provided by at least two independent lessors) and other commercial considerations (such as the floor area, location and type of property involved).

Proposed Revised Annual Cap and Historical Amounts

According to the “Accounting Standard for Business Enterprises No. 21 – Leases” promulgated by the Ministry of Finance of the PRC, the Group, as the lessee of the Leasing (Long-term), has recognized the asset leasing right during the term of the Leasing (Long-term) as the right-of-use asset, and had set the annual caps for the Leasing (Long-term) for the three years ending 31 December 2024 accordingly.

The table below sets out the existing annual cap and the proposed revised annual cap for the year ending 31 December 2023 for the Leasing (Long-term):

Currency: RMB Unit: 0’000

Category	For the year ending 31 December 2023	
	Existing annual cap	Revised annual cap
Leasing (Long-term)	2,769	40,000

The historical transaction amounts for the Leasing (Long-term) for the years ending 31 December 2020, 31 December 2021 and 31 December 2022 were RMB60,910,900, RMB223,727,700 and 864,924,400 respectively.

BASIS FOR DETERMINING THE REVISED CAP

The revised annual cap for the Leasing (Long-term) for the year of 2023 has been determined with reference to: (i) the Group will continue to lease houses, land and equipment from Baoding Great Wall Intelligent Technology Co., Ltd. and its subsidiaries, lease shops from Baoding Love Technology Exhibition Services Co., Ltd., and lease houses and other properties from Love Life House Leasing (Baoding) Co., Ltd. in 2023; (ii) in 2023, the Group expects to lease houses and land from Baoding Great Wall Intelligent Technology Co., Ltd. and its subsidiaries, which is estimated at approximately RMB390,638,100, and lease shops from Baoding Love Technology Exhibition Services Co., Ltd., which is estimated at approximately RMB8,391,100; and (iii) the historical transaction amounts of the Group’s Leasing (Long-term) for the three years ending 31 December 2022.

REASONS FOR AND BENEFITS OF THE REVISION OF THE CAP

The Group has entered into the Supplemental Agreement with Great Wall Holdings in relation to revision of the cap of Leasing (Long-term) for the year ending 31 December 2023 and believes that the proposed revision of the annual cap will help the Group save capital expenditure, maximize capital use efficiency, implement asset-light operations, while expanding production scale and improving production efficiency, thereby meeting the needs of business development. The Directors are of the view that relevant transactions under the Supplemental Agreement between the Group and Great Wall Holdings are conducted in accordance with normal commercial terms or better, are fair and reasonable and in the interests of the Group and Shareholders as a whole.

INFORMATION OF THE PARTIES INVOLVED

(i) Information on the Company

The Company is an integrated automobile manufacturer and together with its subsidiaries, the Group also engages in the production and sales of certain automotive parts and components. The ultimate beneficial owner of the Company is Mr. Wei Jian Jun, the Chairman of the Board.

(ii) Information on Great Wall Holdings

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

Great Wall Holdings is a company ultimately held as to 99% by Mr. Wei Jian Jun, the Chairman of the Board of the Company.

HONG KONG LISTING RULES IMPLICATIONS

Innovation Great Wall, a controlling shareholder of the Company, is held as to 62.854% by Great Wall Holdings. Accordingly, Great Wall Holdings is a connected person (as defined under the Hong Kong Listing Rules) of the Company. The Leasing (Long-term) transactions under the Supplemental Agreement therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the revised annual cap of the Leasing (Long-term) transactions under the Supplemental Agreement are higher than 0.1% but less than 5%, these continuing connected transactions are subject to the reporting, announcement and annual review requirements under Chapter 14A of the Hong Kong Listing Rules, but are exempted from the Independent Shareholders' approval requirement.

The Directors (including the independent non-executive Directors) are of the view that the relevant transactions under the Supplemental Agreement and the proposed revision of annual cap are conducted by the Company on a continuing basis in its ordinary and usual course of business and the relevant transactions are entered into on normal commercial terms, are fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

As Great Wall Holdings is the associate of Mr. Wei Jian Jun and Mr. Wei Jian Jun has material interests in the transactions under the Supplemental Agreement, he has abstained from voting on the Board resolutions in relation to the Supplemental Agreement and the transactions thereunder. Save as disclosed above, as at the date of consideration of the above Board resolutions, no other Directors had material interest in the Supplemental Agreement and the transactions thereunder, or was required to abstain from voting on the relevant Board resolution.

DEFINITIONS

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

“Baoding Great Wall Intelligent Technology Co., Ltd.”	a company established on 21 November 2018 in the PRC under the laws of the PRC and an indirect subsidiary of Great Wall Holdings;
“Baoding Love Technology Exhibition Services Co., Ltd.”	a company established on 25 May 2022 in the PRC under the laws of the PRC and an indirect subsidiary of Great Wall Holdings;
“Board”	the board of directors of the Company;
“Company”	Great Wall Motor Company Limited (長城汽車股份有限公司);
“Director(s)”	the director(s) of the Company;
“Framework Agreement”	the framework agreement for the continuing connected transactions entered into between the Company and Great Wall Holdings on 31 December 2021 in relation to, among others, the Leasing (Long-term) between the Group and Great Wall Holdings;

“Great Wall Holdings”	Baoding Great Wall Holdings Company Limited* (保定市長城控股集團有限公司), holding 62.854% equity interest in Innovation Great Wall;
“Group”	the Company and its subsidiaries;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Independent Shareholders”	independent Shareholders who are not involved or interested in the Supplemental Agreement;
“Independent Third Parties”	the parties who are independent from and not connected with the Group, its substantial Shareholders, Directors and their respective associates;
“Innovation Great Wall”	Baoding Innovation Great Wall Asset Management Company Limited* (保定創新長城資產管理有限公司), holding 5,115,000,000 Shares of the Company as of the date of this announcement, which accounts for 58.94% of the issued share capital of the Company;
“Leasing (Long-term)”	leasing by the Group from Great Wall Holdings with a lease term of more than 12 months (with reference to the classification under the “Accounting Standards for Business Enterprises No. 21 – Leases” as amended by the Ministry of Finance of the PRC in 2018);
“Love Life House Leasing (Baoding) Co., Ltd.”	a company established on 9 November 2021 in the PRC under the laws of the PRC and an indirect subsidiary of Great Wall Holdings;
“PRC”	the People’s Republic of China;
“RMB”	Renminbi yuan, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of the Company’s shares;
“Shares”	ordinary share(s) of RMB1.00 each in the share capital of the Company;
“subsidiary(ies)”	unless the context requires otherwise, has the meaning ascribed thereto under the Hong Kong Listing Rules;

“Supplemental Agreement” the supplemental agreement to the Framework Agreement entered into between the Company and Great Wall Holdings on 17 February 2023 in relation to the revision of the cap of Lease (Long-Term) transactions between the Company and Great Wall Holdings in 2023;

“%” per cent.

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

By Order of the Board
Great Wall Motor Company Limited
Li Hong Shuan
Joint Company Secretary

Baoding, Hebei Province, the PRC, 17 February 2023

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

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

Non-executive Director: Mr. He Ping.

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

* *For identification purpose only*