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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
ADJUSTMENTS TO THE 2023 ESOP AND
MANAGEMENT MEASURES FOR 2023 ESOP

Reference is made to the announcement of Great Wall Motor Company Limited (the “**Company**”) dated 26 April 2023 (the “**Announcement**”) in relation to the proposed adoption of 2023 ESOP, proposed adoption of Management Measures for 2023 ESOP, and proposed authorization to the Board to deal with matters in relation to 2023 ESOP. Unless the context requires otherwise, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

The 66th meeting of the seventh session of the Board was convened by the Company on 8 May 2023, at which the Resolution on the Employee Stock Ownership Plan for 2023 of Great Wall Motor Company Limited (Revised Draft) and its Summary, the Resolution on the Management Measures for Employee Stock Ownership Plan for 2023 of Great Wall Motor Company Limited (Revised), and the Resolution on Proposed Authorization to the Board to Deal with Matters in Relation to the Employee Stock Ownership Plan for 2023 were considered and approved, pursuant to which the adjustments to the transfer price and other relevant contents under the 2023 ESOP (Draft) and the Management Measures for 2023 ESOP were approved. Save for the below adjustments, other contents of the Company’s 2023 ESOP (Draft) and its summary, the Management Measures for 2023 ESOP and the Announcement remain unchanged.

I. CONTENTS OF THE ADJUSTMENTS

The Company proposes to adjust the transfer price and other relevant contents under the Company’s 2023 ESOP (Draft) and the Management Measures for 2023 ESOP.

1. Adjustments to the 2023 ESOP

The comparison between the contents before and after adjustments is as follows:

1.1 Determination of the Scope of Participants

Before adjustments:

Participants under the ESOP shall be either:

- (I) Directors (excluding independent Directors), Supervisors and senior management of the Company; or
- (II) core management and key employees.

Qualified employees' participation in the ESOP complies with the principles of lawfulness, voluntary participation and self-bearing of risk. There is no apportionment, forced distribution or other circumstances in which employees are forced to participate in the ESOP. The Company will decide the short list of Participants from qualified employees.

After adjustments:

Participants under the ESOP shall be either:

- (I) Directors (excluding independent Directors), Supervisors and senior management of the Company; or
- (II) core management and key employees.

All the Participants must have entered into labor contracts or employment contracts with the Company or its subsidiaries during the term of the ESOP.

Qualified employees' participation in the ESOP complies with the principles of lawfulness, voluntary participation and self-bearing of risk. There is no apportionment, forced distribution or other circumstances in which employees are forced to participate in the ESOP. The Company will decide the short list of Participants from qualified employees.

1.2 Allocation under the ESOP

Before adjustments:

The total number of Participants of the ESOP shall be no more than 5,424, among which 2 are Directors (excluding independent Directors), Supervisors and senior management of the Company, and 5,422 are other employees in aggregate.

The ESOP is held in units, with 1 unit for 1 share. The number of Underlying Shares under the ESOP will be no more than 31,031,140 shares.

The Participants of the ESOP and the allocation of shares are as follows:

No.	Participants	Shares to be allocated (shares)	Proposed proportion to the total ESOP shares
1	Li Hong Shuan (executive Director, chief financial officer, joint company secretary, and the secretary to the Board) and Lu Cai Juan (chairman of the Supervisory Committee)	70,000	0.23%
2	5,422 core management and key employees	30,961,140	99.77%
3	Total	31,031,140	100%

Note: The final allocation under the ESOP shall be subject to the actual implementation.

Upon completion of the implementation of the ESOP, the total number of all valid shares held under the ESOP of the Company will not exceed 10% of the total share capital of the Company in aggregate, and the total number of shares corresponding to the equity interest in shares of any individual Participant shall not exceed 1% of the total share capital of the Company in aggregate. The total number of the shares held under the ESOP does not include the shares acquired by Participants prior to the initial public offering for listing, the shares purchased by Participants on secondary market, and the shares acquired by Participants through equity incentives.

No Shareholders holding more than 5% of the shares or de facto controller participate in the ESOP.

After adjustments:

The total number of Participants of the ESOP shall be no more than **3,640**, among which 2 are Directors (excluding independent Directors), Supervisors and senior management of the Company, and **3,638** are other employees in aggregate.

The ESOP is held in units, with 1 unit for 1 share. The number of Underlying Shares under the ESOP will be no more than **40,000,043** shares.

The Participants of the ESOP and the allocation of shares are as follows:

No.	Participants	Shares to be allocated (shares)	<u>Proportion to the total ESOP shares proposed to be allocated</u>
1	Li Hong Shuan (executive Director, chief financial officer, joint company secretary, and the secretary to the Board) and Lu Cai Juan (chairman of the Supervisory Committee)	<u>117,000</u>	<u>0.29%</u>
2	3,638 core management and key employees	<u>39,883,043</u>	<u>99.71%</u>
3	Total	<u>40,000,043</u>	<u>100%</u>

Note: The final allocation under the ESOP shall be subject to the actual implementation.

Upon completion of the implementation of the ESOP, the total number of all valid shares held under the ESOP of the Company will not exceed 10% of the total share capital of the Company in aggregate, and the total number of shares corresponding to the equity interest in shares of any individual Participant shall not exceed 1% of the total share capital of the Company in aggregate. The total number of the shares held under the ESOP does not include the shares acquired by Participants prior to the initial public offering for listing, the shares purchased by Participants on secondary market, and the shares acquired by Participants through equity incentives.

No Shareholders holding more than 5% of the shares or de facto controller participate in the ESOP.

If the Participants fail to pay the subscription funds on time and in full, they shall be deemed to have automatically waived the subscription rights of corresponding shares. The Board may: (1) adjust the size of the Participants of the ESOP and the actual number of the Underlying Shares to be transferred; or (2) directly grant such equity interest in shares to other qualified employees without adjusting the size of the Participants of the ESOP.

1.3 Supplemented Content for the Source of Funds

The source of funds for the ESOP shall be the legitimate salary of the employees, their self-raised funds and funds raised from other sources as permitted under relevant laws and regulations.

Participants of the ESOP shall pay the subscription amount in full and on time, and the payment schedule of the ESOP will be notified and arranged by the Company. Any Holder who fails to pay the subscription amount on time and in full will automatically lose his/her corresponding right of subscription.

1.4 Number of Underlying Shares

Before adjustments:

The number of Underlying Shares under the ESOP shall be no more than 31,031,140 shares, representing 0.364% of the total share capital of the Company. The final number of Underlying Shares held by the ESOP shall be subject to the actual number of shares transferred, and the Company will fulfill information disclosure obligations according to the requirements of relevant laws and regulations in a timely manner.

After adjustments:

The number of Underlying Shares under the ESOP shall be no more than **40,000,043** shares, representing **0.471%** of the total share capital of the Company. The final number of Underlying Shares held by the ESOP shall be subject to the actual number of shares transferred, and the Company will fulfill information disclosure obligations according to the requirements of relevant laws and regulations in a timely manner.

During the period between the pricing reference date and the date on which the shares repurchased by the Company are transferred to the ESOP through non-trading transfer or other methods permitted by laws and regulations, in the event of any ex-rights or ex-dividend matters of the Company, such as conversion of capital reserve into share capital and distribution of shares or dividends, the number and price of the Underlying Shares shall be adjusted accordingly. After the ESOP is approved at the general meeting, the ESOP shall receive the Underlying Shares from the Company's special securities account for share repurchase through non-trading transfer or other methods permitted by laws and regulations.

1.5 Description of Transfer Price, Pricing Basis and the Reasonableness of Price

Before adjustments:

The ESOP shall transfer the shares in the Company's special securities account for repurchase through non-trading transfer and other methods permitted by laws and regulations. The transfer price is RMB0 per share, and the Participants do not need to make payments.

In recent years, the competition in the industry in which the Company operates has been increasingly intense despite new development opportunities being emerging. How to achieve better results in the fierce industry competition depends on the quality and competence of the Company's talents to a large extent. On top of the existing remuneration and incentive system, the Company further improves the long-term incentive mechanism making the interests of employees aligned with and that of Shareholders, which is conducive to fully mobilizing the initiative, enthusiasm and creativity of existing employees, and also attracting high-skilled talents in the industry to join the Company and enhancing its core competitiveness.

The Participants to the ESOP include directors, supervisors, senior management, core management and key employees of the Company, all of whom are the key employees in the strategic development and industrial layout of the Company and play a vital role in the overall performance and long-term sustainable and stable development of the Company. With reference to relevant regulations and market practices and taking into consideration the development trend of the industry and the actual operation situation of the Company, the Company determined that the transfer price of the ESOP is RMB0 per share.

Targets of the Company's performance appraisal and individual performance appraisal have been set based on the principle of reciprocity between incentive and restraint. The equities will be unlocked in tranches and can only be unlocked if the targets of the Company's performance appraisal and individual performance appraisal have been achieved. The performance appraisal target of the Company is set to be challenging, and the gains of the Participants depend on the achievement of the future performance of the Company, which ensure that the long-term interests of employees and Shareholders are aligned, so that it will bring positive impact on the achievement of the Company's development goals and the rights and interests of all Shareholders, and will not prejudice the interests of the Company and its Shareholders as a whole.

Based on the foregoing, the pricing principle of the ESOP is in line with the actual incentive needs of the Company, which can further stimulate the enthusiasm and potential of the Company's employees, and promote the sustainable and stable development of the Company, thus is considered reasonable and scientific and will not prejudice the interests of the Company and its Shareholders as a whole.

After adjustments:

(I) Purchase Price and Pricing Basis

The ESOP shall transfer the ordinary A shares repurchased by the Company through non-trading transfer and other methods permitted by laws and regulations. The transfer price is RMB13.82 per share, which is 50% of average trading price of the Company's shares for the 20 trading days preceding the announcement of the ESOP (Revised Draft).

The transfer price shall not be lower than the nominal value of the shares and shall not be lower than the higher of the following:

- (1) 50% of the average trading price of the Company's shares on the trading day preceding the announcement of the ESOP (Revised Draft), being RMB13.09 per share;**
- (2) 50% of the average trading price of the Company's shares for the 20 trading days preceding the announcement of the ESOP (Revised Draft), being RMB13.82 per share.**

In the event of any ex-rights or ex-dividend matters of the Company, such as distribution of dividends or shares, conversion of capital reserve into share capital, during the period from the pricing reference date to the date of transferring the Underlying Shares to the ESOP, the above transfer price shall be adjusted accordingly.

(II) Explanation on the Reasonableness of Price

In recent years, the competition in the industry in which the Company operates has been increasingly intense despite new development opportunities being emerging. How to achieve better results in the fierce industry competition depends on the quality and competence of the Company's talents to a large extent. On top of the existing remuneration and incentive system, the Company further improves the long-term incentive mechanism making the interests of employees aligned with and that of Shareholders, which is conducive to fully mobilizing the initiative, enthusiasm and creativity of existing employees, and also attracting high-skilled talents in the industry to join the Company and enhancing its core competitiveness.

The Participants to the ESOP include directors, supervisors, senior management, core management and key employees of the Company, all of whom are the key employees in the strategic development and industrial layout of the Company and play a vital role in the overall performance and long-term sustainable and stable development of the Company. With reference to relevant regulations and market practices and taking into consideration the development trend of the industry and the actual operation situation of the Company, the Company determined that the transfer price of the ESOP is RMB13.82 per share.

Targets of the Company's performance appraisal and individual performance appraisal have been set based on the principle of reciprocity between incentive and restraint. The equity interest will be unlocked in tranches and can only be unlocked if the targets of the Company's performance appraisal and individual performance appraisal have been achieved. The performance appraisal target of the Company is set to be challenging, and the gains of the Participants depend on the achievement of the future performance of the Company, which ensure that the long-term interests of employees and Shareholders are aligned, so that it will bring positive impact on the achievement of the Company's development goals and the rights and interests of all Shareholders, and will not prejudice the interests of the Company and its Shareholders as a whole.

Based on the foregoing, the pricing principle of the ESOP is in line with the actual incentive needs of the Company, which can further stimulate the enthusiasm and potential of the Company's employees, and promote the sustainable and stable development of the Company, thus is considered reasonable and scientific and **is aligned with the basic principle that Participants "shall be responsible for their own profits and losses, bear their own risks, and have equal rights with other investors"**.

1.6 Performance Appraisal of the ESOP

Before adjustments:

(I) Company-level performance appraisal

The ESOP is based on two accounting years from 2023 to 2024 as the performance appraisal year, and the proportion to be unlocked at the company level is determined according to the completion of the Company's performance targets in each appraisal year. The performance appraisal indicators for each year are shown in the table below:

Selection of performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	$\Sigma (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$	
First unlocking period	The sales volume of automobiles of the Company shall not be less than 1.60 million units in 2023	The net profit shall not be less than RMB6 billion in 2023
Second unlocking period	The sales volume of automobiles of the Company shall not be less than 1.90 million units in 2024	The net profit shall not be less than RMB7.2 billion in 2024

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.

Completion rate of performance targets (P)	Unlocking proportion at company level (X)
$P \geq 100\%$	$X = 100\%$
$80\% \leq P < 100\%$	$X = P$
$P < 80\%$	$X = 0$

If the company-level performance appraisal indicators meet the unlocking conditions, the equity interest in Underlying Shares for such unlocking period will be unlocked in proportion accordingly. If the company-level performance appraisal indicators fail to meet the unlocking conditions, the equity interest in Underlying Shares for such unlocking period shall not be unlocked, and shall be recovered by the Management Committee. Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations.

(II) Individual-level performance appraisal

The ESOP will assess individual-level unlocking proportion (N) in accordance with the results of the performance appraisal of Participants, with details as follows:

Annual performance appraisal results	A	B	C	D	E
Individual-level unlocking proportion (N)	100%	100%	80%	0%	0%

Subject to the achievement of the above-mentioned company-level performance appraisal indicators, the actual amount of equity interest in the Underlying Share to be unlocked by the Participants for the period = the amount of equity interest in Underlying Share to be unlocked by the Participants for the period × the company-level unlocking proportion (X) × the individual-level unlocking proportion (N).

The equity interest in Underlying Share that cannot be unlocked due to the failure of the individual-level performance appraisal shall be recovered by the Management Committee. Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations.

After adjustments:

(I) Company-level performance appraisal

The ESOP is based on two accounting years from 2023 to 2024 as the performance appraisal year, and the proportion to be unlocked at the company level is determined according to the completion of the Company's performance targets in each appraisal year. The performance appraisal indicators for each year are shown in the table below:

Selection of performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	$\Sigma (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$	
First unlocking period	The sales volume of automobiles of the Company shall not be less than 1.60 million units in 2023	The net profit shall not be less than RMB6 billion in 2023
Second unlocking period	The sales volume of automobiles of the Company shall not be less than 1.90 million units in 2024	The net profit shall not be less than RMB7.2 billion in 2024

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.

Completion rate of performance targets (P)	Unlocking proportion at company level (X)
$P \geq 100\%$	$X = 100\%$
$80\% \leq P < 100\%$	$X = P$
$P < 80\%$	$X = 0$

If the company-level performance appraisal indicators meet the unlocking conditions, the equity interest in Underlying Shares for such unlocking period will be unlocked in proportion accordingly. **The portion that is not unlocked shall be recovered by the Management Committee. If the company-level performance appraisal indicators fail to meet the unlocking conditions, the equity interest in Underlying Shares for such unlocking period shall not be unlocked, and shall be recovered by the Management Committee. The recovery price of the above equity interest that is not unlocked shall be equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period. The amount of recovery price shall be returned to the Holders after the corresponding Underlying Shares are disposed of as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company.**

(II) Individual-level performance appraisal

The ESOP will assess individual-level unlocking proportion (N) in accordance with the results of the performance appraisal of Participants, with details as follows:

Annual performance appraisal results	A	B	C	D	E
Individual-level unlocking proportion (N)	100%	100%	80%	0%	0%

Subject to the achievement of the above-mentioned company-level performance appraisal indicators, the actual amount of equity interest in the Underlying Share to be unlocked by the Participants for the period = the amount of equity interest in Underlying Share to be unlocked by the Participants for the period × the company-level unlocking proportion (X) × the individual-level unlocking proportion (N).

The equity interest in Underlying Share that cannot be unlocked due to the results of the individual-level performance appraisal shall be recovered by the Management Committee **at a price equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period, and returned the amount of recovery price to the Holders after disposing the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company.**

1.7 Disposal of Interests under the ESOP in Special Circumstances

Before adjustments:

- (1) During the term of the ESOP, in the event of demotion and removal of any Holder, the Management Committee shall have the right to re-approve the locked units which could be held by such Holder; if the locked units held by the Holder are more than the locked units after reapproval, the Management Committee shall be entitled to recover the surplus units. Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations; the Holder may continue to enjoy the unlocked share equity under the ESOP held by him/her.
- (2) If any Holder is involved in one of the following circumstances within the term of the ESOP, the units under the ESOP held by the Holder shall remain the same, the unlocking procedures shall be conducted as stipulated in the ESOP, and their individual performance appraisal shall not be included in the unlocking conditions:
 - 1) where the Holder loses working capacity due to work;
 - 2) where the Holder died due to work (his/her legal heirs will inherit and continue to enjoy such share equity and such heirs are not subject to the qualifications to participate in the ESOP).
- (3) If the Holder retires within the term of the ESOP:
 - 1) if the Holder leaves the Company due to retirement, he/she shall continue to enjoy the rights of the unlocked units; the units granted but unlocked shall be recovered by the Management Committee. Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations;
 - 2) where the Holder is reappointed after his/her retirement, the granted units shall be handled in accordance with the procedures and appraisal conditions as stipulated in the ESOP.
- (4) Where the Holder terminates the employment contract with the Company other than due to (2) and (3) above during the term of the ESOP, the Management Committee shall disqualify the Holder from participating in the ESOP and recover all the units held by such Holder (whether unlocked or not). Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations.

- (5) During the term of the ESOP, if one of the following circumstances occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP, and the Holder shall continue to enjoy the rights of the unlocked units; the units granted but unlocked shall be recovered by the Management Committee. Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations.
- 1) where the Holder ceases to work in Great Wall Motor but still holds a position within the group due to job rotation;
 - 2) where the Holder holds a position in a wholly-owned or controlled subsidiary of Great Wall Motor, Great Wall Motor loses control over such subsidiary and the Holder still works in such subsidiary;
 - 3) other circumstances as determined by the Management Committee.
- (6) During the term of the ESOP, in the event of violation of laws, regulations and bottom lines of the Company or negligence or dereliction of duty by the Holder during his/her term, the Management Committee has the right to disqualify the Holder from participating in the ESOP and recover all the units held by such Holder (whether unlocked or not). Such recovered Underlying Shares may be disposed of as appropriate with gains arising therefrom belonging to the Company, or the relevant Underlying Shares shall be disposed of in other manners as permitted by the laws and regulations; where significant economic losses and serious harm are caused to the Company, the Company has the right to investigate the legal liability of the Holder.
- (7) If the Holder violates non-competition restrictions after leaving the Company or is found to be involved in the disclosure of business secrets of the Company, serious violation of laws and regulations, cross of the bottom line of Company and other negligence or dereliction of duty, causing serious losses or damaging the reputation of the Company, the Company shall have the right to request the Holder to return all his/her income from the units under the ESOP and reserve the right to hold such Holder liable for legal responsibilities.
- (8) During the term of the ESOP, in the event of other circumstances not expressly agreed in the ESOP or the Management Measures, the disposal of the interests held by the Holder under the ESOP shall be determined by the Management Committee.

After adjustments:

- (1) During the term of the ESOP, in the event of demotion and removal of any Holder, the Management Committee shall have the right to re-approve the locked units which could be held by such Holder; if the locked units held by the Holder are more than the locked units after reapproval, the Management Committee shall be entitled to recover the surplus units **at a price equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period, and return the amount of recovery price to the Holders after disposing of the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company;** the Holder may continue to enjoy the unlocked share equity under the ESOP held by him/her.
- (2) If any Holder is involved in one of the following circumstances within the term of the ESOP, the units under the ESOP held by the Holder shall remain the same, the unlocking procedures shall be conducted as stipulated in the ESOP, and their individual performance appraisal shall not be included in the unlocking conditions:
 - 1) where the Holder loses working capacity due to work;
 - 2) where the Holder died due to work (his/her legal heirs will inherit and continue to enjoy such share equity and such heirs are not subject to the qualifications to participate in the ESOP).
- (3) If the Holder retires within the term of the ESOP:
 - 1) If the Holder leaves the Company due to retirement, he/she shall continue to enjoy the rights of the unlocked units; the units granted but unlocked shall be recovered by the Management Committee **at a price equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period, and returned the recovery price to the Holders after disposing of the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company.**
 - 2) where the Holder is reappointed after his/her retirement, the granted units shall be handled in accordance with the procedures and appraisal conditions as stipulated in the ESOP.

- (4) Where the Holder terminates the employment contract with the Company other than due to (2) and (3) above during the term of the ESOP, the Management Committee **has the right to** disqualify the Holder from participating in the ESOP, recover all the units held by such Holder (whether unlocked or not) **at a price equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period, and return the amount of recovery price to the Holders after disposing of the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company.**
- (5) During the term of the ESOP, if one of the following circumstances occurs, the Management Committee has the right to disqualify the Holder from participating in the ESOP, and the Holder shall continue to enjoy the rights of the unlocked units; the units granted but unlocked shall be recovered by the Management Committee **at a price equal to the sum of the original contribution for the Underlying Shares corresponding to the units and the interest on bank deposit for the same period, and return the amount of recovery price to the Holders after disposing of the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company.**
- 1) where the Holder ceases to work in Great Wall Motor but still holds a position within the group due to job rotation;
 - 2) where the Holder holds a position in a wholly-owned or majority- controlled subsidiary of Great Wall Motor, Great Wall Motor loses control over such subsidiary and the Holder still works in such subsidiary;
 - 3) other circumstances as determined by the Management Committee.
- (6) During the term of the ESOP, in the event of violation of laws, regulations and bottom lines of the Company or negligence or dereliction of duty by the Holder during his/her term, the Management Committee has the right to disqualify the Holder from participating in the ESOP, recover all the units held by such Holder (whether unlocked or not) **at a price equal to the lower of the original contribution for the Underlying Shares corresponding to the units and the selling amount, and return the amount of recovery price to the Holders after disposing of the corresponding Underlying Shares as appropriate within the term of the ESOP and after the conclusion of the lockup period. If there is any remaining amount after returning to the Holders, the remaining amount shall be attributable the listed company;** where significant economic losses and serious harm are caused to the Company, the Company has the right to investigate the legal liability of the Holder.

- (7) If the Holder violates non-competition restrictions after leaving the Company or is found to be involved in the disclosure of business secrets of the Company, serious violation of laws and regulations, cross of the bottom line of Company and other negligence or dereliction of duty, causing serious losses or damaging the reputation of the Company, the Company shall have the right to request the Holder to return all his/her income from the units under the ESOP and reserve the right to hold such Holder liable for legal responsibilities.
- (8) During the term of the ESOP, in the event of other circumstances not expressly agreed in the ESOP or the Management Measures, the disposal of the interests held by the Holder under the ESOP shall be determined by the Management Committee.

1.8 Accounting Treatment of the ESOP

Before adjustments:

According to the relevant provisions of the Accounting Standards for Enterprises No.11 – Share-based Payments, for equity-settled share-based payments in exchange for employees' services subject to the completion of services within the vesting period or the satisfaction of the specified performance conditions, on each balance sheet date during the vesting period, based on the best estimate of the number of exercisable equity instruments, the services obtained in the current period shall be included in the relevant costs or expenses and the capital reserve at the fair value of the equity instruments on the grant date.

Assuming that the Company holds a general meeting in early June 2023 to consider and approve the ESOP, and then the Company transfers the 31,031,140 shares of the Company held in the Company's account designated for share repurchase to the ESOP through non-trading transfer or other means permitted by laws and regulations. Based on the closing price (RMB26.92 per share) on the date of the Board's consideration of the ESOP (Draft), it is estimated that the cost involved in the ESOP to be recognized by the Company is RMB835,358,300. The estimate of the amortization of the expenses for the ESOP is as follows:

Unit: RMB'0,000

Estimated total cost to be amortized	2023	2024	2025
83,535.83	36,546.93	38,287.25	8,701.65

Note: 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.

The costs of the ESOP will be listed under costs and expenses. Without taking into account the impact of the ESOP on the Company's performance, the Company estimates that the cost amortization under the ESOP will have an impact on the net profit of each year during the term of the ESOP. Considering the positive impact of the ESOP on the Company's development, the ESOP will stimulate the enthusiasm of the Company's employees and improve operation efficiency.

After adjustments:

According to the relevant provisions of the Accounting Standards for Enterprises No.11 – Share-based Payments, for equity-settled share-based payments in exchange for employees’ services subject to the completion of services within the vesting period or the satisfaction of the specified performance conditions, on each balance sheet date during the vesting period, based on the best estimate of the number of exercisable equity instruments, the services obtained in the current period shall be included in the relevant costs or expenses and the capital reserve at the fair value of the equity instruments on the grant date.

Assuming that the Company holds a general meeting in early June 2023 to consider and approve the ESOP, and then the Company transfers the **40,000,043** shares of the Company held in the Company’s account designated for share repurchase to the ESOP through non-trading transfer or other means permitted by laws and regulations. Based on the closing price (RMB**26.23** per share) on the date of the Board’s consideration of the ESOP (**Revised Draft**), it is estimated that the cost involved in the ESOP to be recognized by the Company is RMB**496,400,500**. The estimate of the amortization of the expenses for the ESOP is as follows:

Unit: RMB’0,000

Estimated total cost to be amortized	2023	2024	2025
<u>49,640.05</u>	<u>21,717.52</u>	<u>22,751.69</u>	<u>5,170.84</u>

Note: 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.

The costs of the ESOP will be listed under costs and expenses. Without taking into account the impact of the ESOP on the Company’s performance, the Company estimates that the cost amortization under the ESOP will have an impact on the net profit of each year during the term of the ESOP. Considering the positive impact of the ESOP on the Company’s development, the ESOP will stimulate the enthusiasm of the Company’s employees and improve operation efficiency.

2. ADJUSTMENTS TO MANAGEMENT MEASURES FOR 2023 ESOP

According to the relevant adjustments to the 2023 ESOP, the Company will adjust the Management Measures for 2023 ESOP accordingly.

This announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk), 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, 8 May 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.

All currencies in the announcement are RMB.

** For identification purpose only*