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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

ON

THE IMPLEMENTATION OF THE REPURCHASE AND CANCELLATION OF CERTAIN RESTRICTED SHARES UNDER THE FIRST GRANT AND THE RESERVED GRANT OF THE 2020 INCENTIVE SCHEME AND THE 2021 RESTRICTED SHARE INCENTIVE SCHEME

Reference is made to the announcements dated 31 March 2023 issued by Great Wall Motor Company Limited (the “**Company**”) in relation to the 2020 Restricted Shares and Share Options Incentive Scheme (the “**2020 Incentive Scheme**”) which became effective on 15 April 2020, and the 2021 Restricted Share Incentive Scheme (the “**2021 Restricted Share Incentive Scheme**”) which became effective on 22 July 2021.

On 15 April 2020, the Company held the first extraordinary general meeting in 2020, the first H Shareholders’ Class Meeting in 2020 and the first A Shareholders’ Class Meeting in 2020, at which the Resolution on the Proposed Authorisation at a General Meeting to the Board and its Authorised Persons to Deal with Matters Relating to the 2020 Restricted Shares and Share Options Incentive Scheme of the Company was considered and approved, and the Board and its authorised persons were authorised to deal with matters relating to the 2020 Incentive Scheme, including the repurchase and cancellation of participants’ restricted shares which have not been unlocked according to the provisions of the 2020 Incentive Scheme.

On 22 July 2021, the Company held the fourth extraordinary general meeting in 2021, the second H Shareholders’ Class Meeting in 2021 and the second A Shareholders’ Class Meeting in 2021, at which the Resolution on the Proposed Authorisation at a General Meeting to the Board and its Authorised Persons to Deal with Matters Relating to the 2021 Restricted Share Incentive Scheme of the Company was considered and approved, and the Board and its authorised persons were authorised to deal with matters relating to the 2021 Restricted Share Incentive Scheme, including the repurchase and cancellation of participants’ restricted shares which have not been unlocked according to the provisions of the 2021 Restricted Share Incentive Scheme.

On 31 March 2023, the Company held the 62nd meeting of the seventh session of the Board, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2020 Restricted Shares and Share Options Incentive Scheme of the Company was considered and approved, permitting the Company to repurchase and cancel the restricted shares of 3 participants under the first grant and 1 participant under the reserved grant. The total number of restricted shares under the first grant and the reserved grant to be repurchased was 40,920 shares and 2,000 shares, respectively. The independent non-executive directors of the Company and Jincheng Tongda & Neal Law Firm, Beijing have expressed their views thereon.

On 31 March 2023, the Company held the 62nd meeting of the seventh session of the Board, at which the Resolution on the Repurchase and Cancellation of Certain Restricted Shares under the First Grant and Reserved Grant of the 2021 Restricted Share Incentive Scheme of the Company was considered and approved, permitting the Company to repurchase and cancel 9,400,260 and 5,289,900 restricted shares in total under the first grant and the reserved grant, respectively, which shall be cancelled as the performance appraisal requirements at company level were not achieved and due to the resignation or job rotation. The independent non-executive directors of the Company and Jincheng Tongda & Neal Law Firm, Beijing have expressed their views thereon.

The Company has informed creditors of the repurchase and cancellation of restricted shares according to the laws, and has not received from any creditors any claims of creditors' rights, nor has the Company been required to settle its debts or provide any guarantees.

I. THE REPURCHASE AND CANCELLATION OF RESTRICTED SHARES

(I) Basis of the repurchase and cancellation of restricted shares

1. Basis of the repurchase and cancellation of restricted shares under the 2020 Incentive Scheme

According to the provisions of "Handling Unusual Changes to the Participants" under Chapter 8 of the 2020 Incentive Scheme, when the labour contract of a participant is terminated or released by the Company due to resignation (except for civil incapacity arising out of work, death arising out of work and normal retirement or early retirement of a participant), or when a participant ceases to work in the listed company and its subsidiaries but still holds a position within the Group due to job rotation, the restricted shares which have been granted but not yet unlocked shall be repurchased and cancelled by the Company.

2. ***Basis of the repurchase and cancellation of restricted shares under the 2021 Restricted Share Incentive Scheme***

- (1) As provided for in the performance appraisal requirements at company level for restricted shares under “Chapter 8 Conditions on Grant and Unlocking of the Restricted Shares” of the 2021 Restricted Share Incentive Scheme:

The performance appraisal targets for restricted shares under the first grant are as follows:

Selection of performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	Σ (actual value of performance indicator/target value of performance indicator) \times weight of performance indicator	
Second unlocking period	The sales volume of automobiles of the Company shall not be less than 1.90 million units in 2022	The net profit shall not be less than RMB8.2 billion in 2022

The performance appraisal targets for restricted shares under the reserved grant are as follows:

Selection of performance indicators	Sales volume	Net profit
Weights of performance indicators	55%	45%
Completion rate of performance targets (P)	Σ (actual value of performance indicator/target value of performance indicator) \times weight of performance indicator	
First unlocking period	The sales volume of automobiles of the Company shall not be less than 1.90 million units in 2022	The net profit shall not be less than RMB8.2 billion in 2022

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.

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

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.

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

(II) Reasons and prices for repurchase and cancellation of the restricted shares

1. 2020 Incentive Scheme

(1) Reasons for the repurchase/cancellation

As 3 participants under the first grant and 1 participant under the reserved grant resigned or were reassigned before the expiry of lock-up period of restricted shares under the first grant/reserved grant of the 2020 Incentive Scheme, in accordance with the provision of Handling Unusual Changes to the Participants under Chapter 8 of the 2020 Incentive Scheme, the above participants no longer meet the relevant conditions of the 2020 Incentive Scheme. Upon consideration and approval by the seventh session of the Board at its 62nd meeting, the Company intends to repurchase from the above 3 participants 40,920 restricted shares in total under the first grant which were granted but not yet unlocked and cancel the same; and the Company also intends to repurchase from the 1 participant 2,000 restricted shares in total under the reserved grant which were granted but not yet unlocked and cancel the same.

(2) *Repurchase price*

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

$$P=P_0-V$$

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

As the Company's A share profit distribution for 2021 had been completed, in accordance with the relevant provisions of the 2020 Incentive Scheme, the repurchase prices of the restricted shares under the first grant and the reserved grant are adjusted to RMB3.47 per share and RMB20.43 per share, respectively, plus the interests for bank deposits for the same period (the benchmark deposit interest rate published by the People's Bank of China for the same period) in accordance with the provisions of the 2020 Incentive Scheme.

2. 2021 Restricted Share Incentive Scheme

(1) *Reasons for the repurchase/cancellation*

① Performance appraisal at company level

In 2022, the sales volume of automobiles of the Company was 1.0617 million units and the net profit attributable to shareholders of the listed company was RMB8.266 billion. As the Company's completion rate of performance targets $P=76.10\%$ did not achieve the unlocking conditions for restricted shares under the first grant in the second unlocking period and restricted shares under the reserved grant in the first unlocking period of the 2021 Restricted Share Incentive Scheme, the unlockable proportion at company level $(X)=0$, certain restricted shares not yet unlocked at the company level would be repurchased and cancelled by the Company, where 8,841,060 restricted shares in total under the first grant and 2,597,900 restricted shares in total under the reserved grant which were granted but not yet unlocked were repurchased and cancelled.

② Unusual changes to the participants at individual level

As 17 participants resigned or were reassigned prior to the expiry of the lock-up period of restricted shares under the first grant and 13 participants resigned or were reassigned before the expiry of the lock-up period of the restricted shares under the reserved grant, in accordance with the provision of Handling Unusual Changes to the Participants under Chapter 13 of the 2021 Restricted Share Incentive Scheme, the above participants no longer meet the relevant conditions of the 2021 Restricted Share Incentive Scheme. Upon consideration and approval by the seventh session of the Board at its 62nd meeting, the Company intends to repurchase from the above 17 participants 559,200 restricted shares in total under the first grant which were granted but not yet unlocked and cancel the same; and the Company also intends to repurchase from the 13 participants 2,692,000 restricted shares in total under the reserved grant which were granted but not yet unlocked and cancel the same.

At both the company level and the individual level, the Company repurchased and cancelled 14,690,160 restricted shares in total under the first grant and the reserved grant of the 2021 Restricted Share Incentive Scheme.

(2) *Repurchase price*

Pursuant to relevant provisions of the 2021 Restricted Share Incentive Scheme, upon completion of registration of the restricted shares granted to the participants, in case of dividend distribution and other matters affecting the share price of the Company, the repurchase price of restricted shares yet to be unlocked shall be adjusted by the Company accordingly, details of which are as follows:

$$P=P_0-V$$

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

As the Company's A share interest distribution for 2021 had been completed, in accordance with the relevant provisions of the 2021 Restricted Share Incentive Scheme, the repurchase prices of the restricted shares under the first grant and the reserved grant are adjusted to RMB16.41 per share and RMB12.66 per share, respectively, plus the interests for bank deposits for the same period (the benchmark deposit interest rate published by the People's Bank of China for the same period) in accordance with the provisions of the 2021 Restricted Share Incentive Scheme.

(III) Repurchase number

The total number of restricted shares intended to be repurchased and cancelled by the Company is 14,733,080, representing approximately 56.29% of the aggregate restricted A shares of the Company (26,172,040 shares), and representing approximately 0.17% of the total share capital of the Company.

(IV) Source of funds for repurchase

The source of funds for the payment of repurchase of the restricted shares of the Company is self-financed.

(V) Repurchase and cancellation arrangements

The Company has opened a securities account dedicated for the repurchase with Shanghai Branch of China Securities Depository and Clearing Corporation Limited (hereinafter “**CSDC Shanghai Branch**”), and submitted application for the repurchase and cancellation to CSDC Shanghai Branch. It is expected that the cancellation of restricted shares will be completed on 7 June 2023.

II. THE CHANGES IN THE SHAREHOLDING STRUCTURE OF THE COMPANY AFTER THE REPURCHASE AND CANCELLATION OF THE RESTRICTED SHARES

The changes in the shareholding structure of the Company after the repurchase and cancellation of the restricted shares are as follows:

Class of securities (Unit: Share(s))	Before the Change Number (Share)	Change	After the Change Number (Share)
Circulating shares subject to selling restrictions (A shares)	26,172,040	-14,733,080	11,438,960
Circulating shares not subject to selling restrictions (A shares)	6,162,626,343	0	6,162,626,343
H shares	<u>2,318,776,000</u>	<u>0</u>	<u>2,318,776,000</u>
Total shares	<u>8,507,574,383</u>	<u>-14,733,080</u>	<u>8,492,841,303</u>

Note: The data of total shares is up to 31 May 2023.

III. STATEMENTS AND UNDERTAKINGS

The board of directors of the Company hereby states that: The decision-making process and information disclosure relating to the repurchase and cancellation of restricted shares complied with the relevant laws and regulations, provisions of Administrative Measures on Incentive Scheme of Listed Companies, the 2020 Incentive Scheme, the 2021 Restricted Share Incentive Scheme, and arrangements under the Restricted Shares Subscription Agreement entered into between the Company and participants, and did not prejudice the legitimate rights and interests of participants and the benefits of creditors.

The Company hereby undertakes that: The Company has verified and guarantees the truthfulness, accuracy and completeness of information in respect of participants, number of shares and cancellation date in relation to the repurchase and cancellation of restricted shares, and has duly informed relevant participants of the repurchase and cancellation, who have not raised objection against the said matters. In case dispute arises between the Company and the participants as a result of the repurchase and cancellation, the Company shall bear relevant legal liability arising thereon.

IV. CONCLUSION OF THE LEGAL OPINION

Jincheng Tongda & Neal Law Firm, Beijing, the legal adviser to the Company, is of the view that the Company has obtained necessary approval and authorization in respect of the repurchase and cancellation, and that the reasons for and the prices, numbers and arrangements of the repurchase and cancellation by the Company are in compliance with relevant provisions of the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures on Incentive Scheme of Listed Companies, the Articles of Association of Great Wall Motor Company Limited, the 2020 Incentive Scheme and the 2021 Restricted Share Incentive Scheme.

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

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

Baoding, Hebei Province, the PRC, 2 June 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 purposes only*