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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: 02333 (HKD counter) and 82333 (RMB counter)**

**ANNOUNCEMENT**

**(1)PROPOSED ADOPTION OF THE 2023 RESTRICTED A SHARE  
INCENTIVE SCHEME;**

**(2)PROPOSED ADOPTION OF THE 2023 A SHARE OPTION INCENTIVE  
SCHEME; AND**

**(3)PROPOSED ADOPTION OF THE 2023 SECOND A SHARE ESOP**

**PROPOSED ADOPTION OF THE 2023 RESTRICTED A SHARE INCENTIVE SCHEME**

The Board is pleased to announce that, on 12 December 2023, the Board considered and approved the relevant resolution in relation to proposed adoption of the 2023 Restricted A Share Incentive Scheme. The 2023 Restricted A Share Incentive Scheme shall become effective upon consideration and approval of the general meeting and the Class Meetings of the Company. Before the general meeting and the Class Meetings are held for approval of the Restricted Share Incentive Scheme, the Company may amend the Restricted Share Incentive Scheme upon the request of the regulatory authorities of the PRC and/or Hong Kong.

**PROPOSED ADOPTION OF THE 2023 A SHARE OPTION INCENTIVE SCHEME**

The Board is pleased to announce that, on 12 December 2023, the Board considered and approved the relevant resolution in relation to proposed adoption of the 2023 A Share Option Incentive Scheme. The 2023 A Share Option Incentive Scheme shall become effective upon consideration and approval of the general meeting and the Class Meetings of the Company. Before the general meeting and the Class Meetings are held for approval of the Share Option Incentive Scheme, the Company may amend the Share Option Incentive Scheme upon the request of the regulatory authorities of the PRC and/or Hong Kong.

**PROPOSED ADOPTION OF THE 2023 SECOND A SHARE ESOP**

The Board is pleased to announce that, on 12 December 2023, the Board considered and approved the relevant resolution in relation to proposed adoption of the 2023 Second A Share ESOP. The 2023 Second A Share ESOP shall become effective upon consideration and approval of the general meeting of the Company. Before the general meeting is held for approval of the ESOP, the Company may amend the ESOP upon the request of the regulatory authorities of the PRC and/or Hong Kong.

## **HONG KONG LISTING RULES IMPLICATION**

As the 2023 Restricted Share Incentive Scheme and the 2023 Share Option Incentive Scheme involve issuance of new A Share by the Company, they are subject to Rule 17.02 to Rule 17.11 of Chapter 17 of the Listing Rules and the approval of shareholders.

In accordance with Rule 14A.92(3)(a) of the Listing Rules, the grant of Restricted Shares and Share Options to the Connected Persons under the 2023 Restricted Share Incentive Scheme and the 2023 Share Option Incentive Scheme is fully exempt from shareholders' approval, annual review and all disclosure requirements. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 17.03E of the Listing Rules in respect of the Exercise Price of the Share Options that may be granted under the 2023 Share Option Incentive Scheme.

The 2023 Second A Share ESOP constitutes a share scheme under Chapter 17 of the Listing Rules and is subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, the ESOP does not involve the issue of new Shares as incentives. Therefore, the ESOP does not constitute a share scheme involving issue of new shares under Chapter 17 of the Listing Rules. In accordance with the PRC laws and regulations, the ESOP is subject to consideration and approval by the Shareholders at the general meeting.

As the Holders of the ESOP involve the Connected Persons of the Company, their participation in the ESOP constitutes a connected transaction under Chapter 14A of the Listing Rules and the relevant applicable percentage ratios (as defined under the Listing Rules) calculated on an individual basis are less than 0.1%, it is fully exempt from shareholders' approval, annual review and all disclosure requirements. Save for the above fully-exempt connected transactions, the participation of other Holders in the ESOP does not constitute a connected transaction under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules if the ESOP units are reallocated to any Connected Person and such allocation constitutes a connected transaction under Chapter 14A of the Listing Rules.

## **EXTRAORDINARY GENERAL MEETING AND CLASS MEETINGS**

An extraordinary general meeting and Class Meetings of the Company will be held to consider and approve at discretion, amongst other things, proposed adoption of the 2023 Restricted A Share Incentive Scheme; the 2023 A Share Option Incentive Scheme; and the 2023 Second A Share ESOP. The Company will despatch the notice of the extraordinary general meeting, the notices of the Class Meetings and the circular containing further details of the terms of the (i) 2023 Restricted A Share Incentive Scheme, (ii) the 2023 A Share Option Incentive Scheme and (iii) the 2023 Second A Share ESOP to the Shareholders upon determining the convening date of the extraordinary general meeting and Class Meetings in accordance with the requirements under the Hong Kong Listing Rules and the Articles of Association.

## PROPOSED ADOPTION OF THE 2023 RESTRICTED A SHARE INCENTIVE SCHEME

### I. Purpose and Principles of the Restricted shares Incentive Scheme

#### *(I) Purpose of the Restricted shares Incentive Scheme*

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 fighters and business leaders with common values to promote its long-term and steady development and align the interests of all Shareholders. Specifically, the launch of this incentive scheme 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. This 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.

***(II) The Restricted Shares Incentive Scheme Applies the Following Principles:***

***1. Principle of legal compliance***

For the implementation of this incentive scheme, the Company performs relevant procedures in strict accordance with laws and administrative regulations and carries out information disclosure in a true, accurate, complete, and timely manner.

***2. Principle of voluntary participation***

The Company implements the Restricted Shares Incentive Scheme in the principle of voluntary participation, and does not force employees to participate in this incentive scheme by means of forced allocation.

***3. Principle of benefit sharing***

The Restricted Shares Incentive Scheme is linked to the Company's key performance indicators, highlights the Company's common vision, and closely aligns the long-term interests of the Company's management, core backbone staff and Shareholders.

**II. Administrative Body of this incentive scheme**

- (1) The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, modification and termination of this incentive scheme. The general meeting may, within its powers and authority, authorise the Board to handle certain matters relating to the Restricted Shares Incentive Scheme.
- (2) The Board shall act as the executive and administrative body for the Restricted Shares Incentive Scheme and be responsible for the implementation of the Restricted Shares Incentive Scheme. The Remuneration Committee under the Board shall be responsible for drafting and revising this incentive scheme, and submitting this incentive scheme to the Board for review and approval. Upon approval by the Board, this incentive scheme shall be further submitted to the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting for consideration and approval. The Board may handle other matters relating to this incentive scheme within its scope of authority as delegated by the general meeting.
- (3) The Supervisory Committee shall act as the supervisory authority for the Restricted Shares Incentive Scheme, and shall issue opinions as to whether the Restricted Shares Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Supervisory Committee shall supervise the implementation of the Restricted Shares Incentive Scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Stock Exchange, and shall be responsible for verifying the list of the Participants. The Independent Director(s) shall solicit voting rights by proxy from all shareholders in respect of the Restricted Shares Incentive Scheme.
- (4) Where amendments have been made to this incentive scheme before this incentive scheme is passed at the general meeting, the Remuneration Committee shall give advice to the Board and the Supervisory Committee shall issue opinions as to whether the amended Incentive Scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.

Before any entitlements are granted to a Participant, the Remuneration Committee and the Supervisory Committee shall issue clear opinions on the conditions to be fulfilled for the Participant to receive such entitlements stipulated under the Share Incentive Scheme. In the event of any discrepancy between the entitlements granted to a Participant and the arrangement under the Restricted Shares Scheme, the Remuneration Committee and the Supervisory Committee (where there is a change of the Participants) shall simultaneously issue clear opinions thereon.

Before the exercise by a Participant, the Remuneration Committee and the Supervisory Committee shall issue clear opinions as to whether the conditions stipulated under the Share Incentive Scheme for the Participant to exercise such entitlements have been fulfilled.

### **III. Basis for Determining the Participants and the Scope of Participants**

#### ***1. Basis for Determining the Participants***

##### *(1) Legal Basis for Determining the Participants*

Participants of the Restricted Shares 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 following circumstances may not be Participants, 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;
- 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.

(2) *Position Basis for Determining the Participants*

The Participants of the grant under the Restricted Shares Incentive Scheme shall be senior management of the Company, directors and senior management of the Company's subsidiaries, middle management and core technical (business) backbone staff of the Company (including the subsidiaries) and other employees that the Company believes should be motivated and have a direct impact on the Company's operation performance and future development.

**2. *Scope of Participants***

There are 810 Participants of the grant under the Restricted Shares Incentive Scheme in total, including:

- ① senior management of the Company;
- ② directors and senior management of the Company's subsidiaries;
- ③ middle management and core technical (business) staff of the Company (including the subsidiaries).

The Participants under the Restricted Shares 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.

Among the Participants of the grant, senior management must be appointed by the Board of the Company. All the Participants must hold positions in and enter into labour contracts with the Company (including the Company's subsidiaries listed in the consolidated statements) within the Validity Period of this incentive scheme.

The Participants of the reserved grant shall be determined within 12 months after this scheme is considered and approved by the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. Upon proposal by the Remuneration Committee under the Board, consideration by the Board and after the Supervisory Committee express unequivocal opinions and the legal advisors express professional opinions and issue legal opinions, the Company shall disclose relevant information of the current Participants on the designated website in a timely and accurate manner. If the Participants are not determined within 12 months, the reserved interests shall lapse.

### **3. Verification of Participants**

- (1) After the Board has reviewed and approved the Restricted Shares Incentive Scheme, the Company shall internally publish the names and the positions of the Participants before the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are convened through its website or other channels for a period of no less than 10 days.
- (2) The Supervisory Committee of the Company shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days before this incentive scheme is considered at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company. Any adjustments to the list of the Participants made by the Board shall also be subject to verification by the Supervisory Committee of the Company.

## **IV. Source, Number and Allocation of Restricted Shares**

### **1. Source of Shares of the Restricted Share Incentive Scheme**

The source of the Underlying Shares of the Restricted Share Incentive Scheme shall be ordinary A Shares to be directly issued to the Participants by the Company.

### **2. Number of the Restricted Shares to be Granted**

The Company intends to grant 70,000,000 Restricted Shares to the Participants, representing 0.8238% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme. Specifically, 56,000,000 Shares were granted under the first grant, representing 80% of the total number of Restricted Shares to be granted under this incentive scheme and 0.6591% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme; 14,000,000 Shares were reserved, representing 20% of the total number of Restricted Shares to be granted under this incentive scheme and 0.1648% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme.

<b>Name</b>	<b>Position</b>	<b>Number of the Restricted Shares to be granted (0'000 Shares)</b>	<b>Percentage to the total number of the Restricted Shares to be granted</b>	<b>Percentage to the current total number of Shares</b>
Mu Feng	General Manager	80	1.1429%	0.0094%
Other management personnel and core technical (business) backbone staff (809 people)		5,520	78.8571%	0.6497%
Reserved		1,400	20%	0.1648%
Total (810 people)		7,000	100%	0.8238%

- Notes: ① The total Shares of the Company to be granted under the Share 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 Share Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.
- ② The Participants of the Restricted Share 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.

The total number of A Shares which may be issued in respect of all options and awards to be granted under the Restricted Share Incentive Scheme and other share schemes of the Company will not exceed 10% of the total number of A Shares issued by the Company. During the 12-month period up to and including the date of the grant of shares under the Restricted Share Incentive Scheme, the total number of A Shares issued or to be issued in respect of all options and awards granted or to be granted to any participant under the Restricted Share Incentive Scheme and other share schemes (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) will not exceed 1% of the total number of the A Shares issued by the Company.

No Director is required to abstain from voting on the proposal of Restricted A Shares and other related proposals.

## **V. Validity Period, Grant Date, Unlocking Arrangement and Lock-up Period of the Restricted Share Incentive Scheme**

### ***1. Validity Period of the Restricted Share Incentive Scheme***

The Validity Period of the Restricted Share Incentive Scheme shall commence on the date on which the Restricted Shares have been granted for the first time and end on the date of unlocking all the Restricted Shares or the repurchase and cancellation of such Shares, which shall not exceed 48 months.

## **2. *Grant Date of the Restricted Share Incentive Scheme***

The Grant Date shall be determined by the Board after this incentive scheme is considered and passed at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company. The Company shall grant the Restricted Shares and complete the announcement and registration procedures within 60 days from the date on which this incentive scheme is considered and passed at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company, failing which the Company shall disclose the reasons for the failure and announce termination of this incentive scheme and the Restricted Shares which have not been granted will lapse. The Grant Date of the reserved portion shall be the date of the announcement of the resolution of the Board meeting considering the grant of this portion of Restricted Shares.

The Grant Date must be a trading day and must not fall within any of the following periods:

- ① the period commencing from 60 days prior to the publication of annual reports or 30 days prior to the publication of semi-annual and quarterly reports of the Company, or in the event of delay in publishing the annual reports for special reasons, 60 days prior to the original date of publication and up to the date of publication of annual reports, or in the event of delay in publishing the semiannual and quarterly reports for special reasons, 30 days prior to the original date of publication of semi-annual and quarterly reports and up to the date of publication;
- ② the period commencing from 10 days prior to the publication of the announcement of results forecast and preliminary results of the Company;
- ③ the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's Shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of publication in accordance with laws;
- ④ other periods as stipulated by the CSRC, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The above-mentioned period during which the Company is not allowed to grant Restricted Shares is not included in the period of 60 days. In case of shareholding reduction by the Company's Directors and senior management as the Participants within six months before the grant of Restricted Shares, the grant of Restricted Shares shall be postponed for six months from the date of the last shareholding reduction in accordance with the short-swing trading provisions under the Securities Law.

### **3. Lock-up Period of the Restricted Share Incentive Scheme**

The Lock-up Period of the Restricted Shares under the first grant of the Restricted Share Incentive Scheme shall be 12, 24 or 36 months; if the reserved restricted shares are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), the Lock-up Period of the restricted shares under reserved grant will be consistent with those of the initially granted portion; if the reserved restricted shares are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the Lock-up Period of the restricted shares under reserved grant 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 capitalisation issue, bonus issue, share sub-division, etc. shall be subject to locking in accordance with this 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 this incentive scheme and remain unlocked 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 unlocking conditions, and the Restricted Shares held by the Participants who do not satisfy the unlocking conditions shall be repurchased and cancelled by the Company.

### **4. Unlocking Arrangement of the Restricted Share Incentive Scheme**

The Unlocking Period and the unlocking schedule for each period for the Restricted Shares under the first grant of the Restricted Share Incentive Scheme are shown in the table below:

<b>Unlocking arrangement</b>	<b>Unlocking schedule</b>	<b>Unlocking proportion</b>
First Unlocking Period for the Restricted Shares under the first grant	Commencing from the first trading day upon the expiry of 12 months from the date of the first grant to the last trading day upon the expiry of 24 months from the date of the first grant	40%
Second Unlocking Period for the Restricted Shares under the first grant	Commencing from the first trading day upon the expiry of 24 months from the date of the first grant to the last trading day upon the expiry of 36 months from the date of the first grant	30%
Third Unlocking Period for the Restricted Shares under the first grant	Commencing from the first trading day upon the expiry of 36 months from the date of the first grant to the last trading day upon the expiry of 48 months from the date of the first grant	30%

If the reserved restricted shares are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), Unlocking Period and the unlocking schedule for each period will be consistent with those of the initially granted portion; if the reserved restricted shares are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the Unlocking Period and the unlocking schedule for each period are set out below:

Unlocking arrangement	Unlocking schedule	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%

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 from relevant Participants in accordance with the principles of this scheme.

## **5. Lock-up Period of the Restricted Share Incentive Scheme**

The lock-up arrangement under this 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 or a member of the senior management of the Company, the number of Shares of the Company which may be transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office.
- ② Where a Participant is a Director or a member of the senior management of the Company and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.
- ③ During the Validity Period of this incentive scheme, there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares transferred by the Participants during the relevant times.

## **VI. The Grant Price of the Restricted Shares and the Basis of Its Determination**

### **1. *Grant Price of the Restricted Shares under the First Grant***

The Grant Price of the Restricted Shares under the first grant shall be RMB13.61 per Share. Upon fulfilment of the grant conditions, each Participant is entitled to acquire the Restricted A Shares newly issued to the Participants by the Company at the price of RMB13.61 per Share.

### **2. *Basis of Determination for the Grant Price of the Restricted Shares under the First Grant***

The Grant Price of the Restricted Shares under the first grant shall not be lower than the carrying amount of the Shares, and not lower than the higher of the followings:

- 1) 50% of the average trading price of the Shares (i.e. RMB13.02 per Share) on the trading day preceding the date of the announcement of the draft of this incentive scheme;
- 2) 50% of the average trading price of the Shares (i.e. RMB13.61 per Share) for 20 trading days preceding the date of the announcement of the draft of this incentive scheme.

### **3. *Basis of Determination for the Grant Price of the Reserved Restricted Shares***

Prior to each grant of the reserved Restricted Shares, a Board meeting shall be held to consider and approve related resolutions and disclose related situation. The Grant Price of the reserved Restricted Shares shall not be lower than the carrying amount of the Shares, and not lower than the higher of the followings:

- ① 50% of the average trading price of the Shares on the trading day preceding the date of the announcement of the Board resolution granting the reserved Restricted Shares;
- ② 50% of one of the average trading prices of the Shares for the last 20 trading days, 60 trading days, or 120 trading days preceding the date of the announcement of the Board resolution granting the reserved Restricted Shares.

In addition, on 12 December 2023, the closing price of A Shares quoted on the Shanghai Stock Exchange was RMB26.88 per Share; on 12 December 2023, the closing price of H Shares quoted on the Hong Kong Stock Exchange was HKD10.52 per Share.

#### **4. *The Total Funds to be Raised and the Proposed Use of the Proceeds***

Based on the Grant Price of the Restricted Shares under the first grant, the total funds to be raised from the first grant of the Restricted Shares is estimated to be approximately RMB762,160,000. The grant of the reserved Restricted Shares shall be implemented in accordance with the aforementioned basis of determination. These proceeds are intended to be used as the general working capital of the Company.

### **VII. Conditions on Grant and Unlocking of the Restricted Shares**

#### **1. *Conditions on the Grant of the Restricted Shares***

Restricted Shares may be granted to the Participants by the Company upon satisfaction of all of the following conditions. In other words, Restricted Shares cannot be granted to the Participants if any of the following conditions of grant is not satisfied.

*(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 opinions or which indicates an inability to give opinions 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 opinions or which indicates an inability to give opinions 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.

(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 the 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 the 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.

## **2. *Conditions on the Unlocking of the Restricted Shares***

During the Unlocking Period, the following conditions must be fulfilled before the Restricted Shares granted to the Participants can be unlocked:

(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 opinions or which indicates an inability to give opinions 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 opinions or which indicates an inability to give opinions 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.

(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 the 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 the 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.

In case the Company has any of the circumstances specified in the above sub-paragraph (1), all the Restricted Shares that have been granted to the Participants under this incentive scheme but have not been unlocked shall be repurchased and cancelled by the Company; in case of any circumstance specified in the sub-paragraph (1) under which one becomes personally liable, the repurchase price shall not exceed the Grant Price; in case any Participant has any of the circumstances specified in the above sub-paragraph (2), the Restricted Shares that have been granted to the Participant under this incentive scheme but have not been unlocked shall be repurchased and cancelled by the Company, the repurchase price shall not exceed the Grant Price.

(3) *Performance appraisal at company level*

The unlocking appraisal period of the Restricted Share Incentive Scheme covers three accounting years from 2024 to 2026. The unlockable proportion at company level (X) shall be determined according to the completion rate of performance targets (P) in each performance appraisal year. The performance appraisal target of each year for Restricted Shares under the first grant is as follows:

<b>Selection of performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
Weights of performance indicators	50%	50%
Completion rate of performance targets (P)	$\Sigma$ (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 2024	The net profit shall not be less than RMB7.2 billion in 2024
Second Unlocking Period	The sales volume of automobiles of the Company shall not be less than 2.16 million units in 2025	The net profit shall not be less than RMB8.5 billion in 2025
Third Unlocking Period	The sales volume of automobiles of the Company shall not be less than 2.49 million units in 2026	The net profit shall not be less than RMB10.0 billion in 2026

If the reserved restricted shares are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), the performance appraisal of the reserved portion will be consistent with that of the initially granted portion; if the reserved restricted shares are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the performance appraisal targets for each year of the reserved restricted shares will be as follows:

<b>Selection of performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
Weights of performance indicators	50%	50%
Completion rate of performance targets (P)	$\Sigma$ (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 2.16 million units in 2025	The net profit shall not be less than RMB8.5 billion in 2025
Second Unlocking Period	The sales volume of automobiles of the Company shall not be less than 2.49 million units in 2026	The net profit shall not be less than RMB10.0 billion in 2026

*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 (X)</b>
Completion rate of performance targets (P)	$P \geq 100\%$	$X=100\%$
	$80\% \leq P < 100\%$	$X=P$
	$P < 80\%$	$X=0$

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 this 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.

(4) *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:

<b>Annual performance evaluation results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Unlocking proportion at individual level (N)	100%	100%	80%	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.

**3. *Scientificity and Reasonableness of the Appraisal Indicators***

The appraisal indicators of the Restricted Share Incentive Scheme are in line with the basic requirements of laws and regulations as well as the Company's Articles of Association. The appraisal indicators of the Company are categorised into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

The performance appraisal indicators at company level under the Restricted Share Incentive Scheme are sales volume and net profit. The sales volume is our core strategic indicator, which is designed to support the realization of the sale target; the net profit is the ultimate manifestation of the Company's profitability and corporate growth, and the increasing net profit is the basis for the survival of the enterprise and the condition for its development. The Company predicts that market competition will further intensify in the next three years against the backdrop of the development of the automobile industry's stock market. The Company will firmly pursue quality market share growth, adhere to long-term sustainable and high-quality development, and focus on deepening resources to new energy, intelligence and globalization. In terms of technology research and development, the Company will accelerate technology iteration and innovation and increase research and development investment in the fields of intelligence and new energy for improving product competitiveness and achieving category innovation. In terms of brands and channels, the Company will accelerate the construction of new marketing and channel capabilities under the Internet model, and increase investment in brand-building and channel upgrading. Meanwhile, the Company will deepen the construction of a new pattern of enterprise growth driven by both technology and brand.

In order to further increase the Company's attractiveness to talents in the industry, facilitate the construction of the Company's core team, fully mobilize the initiative and creativity of the Company's core staff, enhance the Company's competitiveness, ensure that the Company maintains sustained and stable growth, achieve the Company's future development strategy and business goals, and bring more efficient and sustainable returns to Shareholders, after comprehensively considering the current macroeconomic environment, the Company's historical performance, the industry development status, and the Company's future development plans and other relevant factors, the Company, making reasonable prediction and taking into account the incentive effect of this scheme, has set the above-mentioned performance appraisal targets for this scheme and established a corresponding appraisal model with stage-by-stage exercise, which achieves the dynamic adjustment of the equity exercise ratio against the performance growth level, reflecting the higher growth and profitability requirements while ensuring the expected incentive effect. Therefore, the indicator setting is reasonable and scientific. For the Participants, the performance targets are clear and challenging.

In addition to the performance appraisal at company level, the Company has established a strict performance appraisal system for individuals, which evaluates the performance of Participants in an accurate and all-round manner. The Company will determine whether the Participants meet the unlocking conditions based on their performance appraisal results for the previous year.

Given the above, the appraisal system for this incentive scheme of the Company is all-round, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Participants and can serve the appraisal goal of this incentive scheme.

Given the above, the appraisal system for the Restricted Share Incentive Scheme of the Company is all-round, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Participants and can serve the appraisal goal of this incentive scheme.

## **VIII. Methods and Procedures for Adjustment of the Restricted Share Incentive Scheme**

### ***1. Methods of Adjusting the Number of Restricted Shares***

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

#### ***(1) Capitalisation issue, bonus issue and sub-division of share capital***

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

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.

(3) *Share consolidation*

$$Q = Q_0 \times n$$

Where:  $Q_0$  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, from the date of the date of this announcement on this incentive scheme to the registration of the Restricted Shares by the Participants, 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, an adjustment to the Grant Price of Restricted Shares shall be made by the Company accordingly. The adjustment method is as follows:

(1) *Issue of shares by capitalisation issue, bonus issue and sub-division of shares*

$$P = P_0 \div (1+n)$$

Where:  $P_0$  represents the Grant Price before the adjustment;  $n$  represents the ratio of increase per share resulting from capitalisation issue, bonus issue and sub-division of shares;  $P$  represents the adjusted Grant Price.

(2) *Rights issue*

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1+n)]$$

Where:  $P_0$  represents the Grant Price 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);  $P$  represents the adjusted Grant Price.

(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) *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 an 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, the Articles of Association and this 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, the Articles of Association and this incentive scheme, which shall be subject to consideration and approval of the general meeting.

## **IX. Accounting Treatment of Restricted Shares**

In accordance with the requirements of the Accounting Standards for Business Enterprises No. 11 –Share-Based Payments and the Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instruments, at each balance sheet date within the Lock-up Period, the Company shall revise the number of the Restricted Shares which are expected to be unlocked according to the change in the latest available number of persons eligible to unlock the Restricted Shares, completion of the performance targets and other subsequent information, and recognize the services acquired during such period in relevant costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

### **1. Accounting Treatment**

#### *(1) On the Grant Date*

The bank deposit, share capital, capital reserve, treasury stock and other payables shall be recognized according to the status of the grant of Restricted Shares to the Participants by the Company.

#### *(2) On each balance sheet date during the Lock-up Period*

Pursuant to the requirements of the accounting standards, the services provided by the staff for current period will be recognised as costs and the owners' equity or liability will be recognized on each balance sheet date during the Lock-up Period based on the best estimate of the number of unlockable Restricted Shares and the fair value of the equity instrument on the Grant Date.

#### *(3) On the unlocking date*

On the unlocking date, if the unlocking conditions are fulfilled, the Restricted Shares shall be unlocked and the capital reserve recognised on each balance sheet date before the unlocking date shall be carried forward (other capital reserves); if all or part of the Shares are lapsed or cancelled since the same have not been unlocked, such Shares will be repurchased by the Company at the Grant Price and dealt with pursuant to the accounting standards and relevant requirements.

## **2. Estimated Impact on the Operating Performance of Each of the Period due to Implementation of the Restricted Shares**

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11 – Share-based Payment and the Accounting Standards for Business 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.

Assuming the Company grants Restricted Shares in January 2024, based on the data on 12 December 2023, the total amount of fair value of the equity instruments granted by the Company to the Participants is RMB743,120,000 yuan, details are set out below:

*Currency: RMB*

<b>Number of Restricted Shares (0'000 shares)</b>	<b>Total cost to be amortized (RMB0'000)</b>	<b>2024 (RMB0'000)</b>	<b>2025 (RMB0'000)</b>	<b>2026 (RMB0'000)</b>	<b>2027 (RMB0'000)</b>
5,600.00	74,312.00	37,168.70	24,694.45	10,162.32	2,286.52

*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 granted.
- 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.

The estimate is based on certain parameters and the actual costs of share incentives will vary with parameters as determined by the Board after the grant date. The Company will disclose specific accounting methods and the impact on the financial data of the Company in the regular reports of the Company.

## **X. Implementation Procedures of the Share Incentive Scheme**

### ***1. Procedures for the Restricted Share Incentive Scheme to Take Effect***

- (1) The Remuneration Committee is responsible for preparing the draft of this incentive scheme, Appraisal Management Measures for Implementation of the 2023 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, and Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited.
- (2) The Board shall consider the draft of this incentive scheme, Appraisal Management Measures for Implementation of the 2023 Restricted Share Incentive Scheme of Great Wall Motor Company Limited, and Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited prepared by the Remuneration Committee. When the Board considers this incentive scheme, any Director who is also a Participant or is a related party to a Participant shall abstain from voting. After the Board reviewed and approved this incentive scheme and performed the announcement procedure, it should propose this incentive scheme to the general meeting for review and approval; at the same time, it shall propose to the general meeting to authorize and execute the grant, repurchase and cancellation of the Restricted Shares.
- (3) The Supervisory Committee shall issue opinions in respect of whether this scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the Shareholders as a whole.
- (4) The Company shall, within two trading days after the draft of this incentive scheme is considered and passed by the Board, publish an announcement of the Board resolution, announcing the draft and a summary of this incentive scheme and opinion of the Supervisory Committee.
- (5) The Company should carry out self-investigation on the trading of Shares of the Company by insiders during the 6 months' period prior to the announcement of this incentive scheme. Those who trade in the Shares of the Company while possessing inside information (except where laws, administrative regulations and relevant judicial interpretations deem not to be insider transaction) may not become Participants. Those who leak inside information which causes insider transaction to take place may not become Participants.
- (6) The Company shall internally publish the names and the positions of the Participants before the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are convened through its website or other channels for a period of no less than 10 days. The Supervisory Committee shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days before this incentive scheme is considered at a general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

- (7) When the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company are convened to vote on this incentive scheme, the Independent Directors shall solicit proxy voting rights from all Shareholders regarding this incentive scheme. At the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, it is required to vote on the content of the Share Incentive Scheme under Article 9 of the Management Measures, and this incentive scheme shall be passed by more than two thirds of the voting rights held by the Shareholders present at the meeting. Except for the Directors, Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other Shareholders shall be separately counted and disclosed.

When the Share Incentive Scheme is considered at the Company's general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, Shareholders who are Participants or Shareholders who have a related relationship with the Participants shall abstain from voting thereon.

- (8) The Company shall disclose the announcement on the resolutions of the general meeting, the Share Incentive Scheme as considered and approved at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, and the self-examination report and legal opinions of the general meeting on the inside information insiders' trading of the Shares of the Company.
- (9) After this incentive scheme has been considered and approved at the Company's general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, the Board of the Company shall, according to the delegation of the general meeting, grant entitlements and complete the registration and announcement procedures within 60 days from the date of consideration and approval of this incentive scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. The Board shall handle the grant, repurchase and cancellation of the Restricted Shares and other matters according to the delegation of the general meeting.

## **2. *Procedures for Grant of Restricted Shares***

- (1) Upon consideration and approval of this incentive scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, the Company shall sign an Agreement on Grant of/Subscription for Incentive Shares with the Participants in order to define their respective rights and obligations. If a Participant fails to sign an Agreement on Grant of/Subscription for Incentive Shares, he/she shall be deemed to have automatically abandoned his/her rights and obligations.
- (2) The Board shall consider and announce whether the conditions stipulated under the Share Incentive Scheme for the Participants to receive entitlements have been satisfied before the Company grants such entitlements to such Participants. The Remuneration Committee and the Supervisory Committee shall both express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the Participants to receive such entitlements are fulfilled or not.

- (3) The Supervisory Committee of the Company shall verify the list of Participants on the Grant Date of the Restricted Shares and issue their views on such verification.
- (4) If there is any discrepancy between the grant of entitlements to the Participants and the arrangement of the Share Incentive Scheme, the Remuneration Committee, the Supervisory Committee (where there is a change of the Participants), the law firm and the independent financial adviser, if necessary, shall all express their views explicitly.
- (5) The Company shall make a grant to the Participants and complete the announcement and registration procedures within 60 days (excluding the period during which no grant of entitlements is allowed pursuant to the requirements under laws and regulations) after the Share Incentive Scheme is considered and approved at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. The Board of the Company shall disclose the implementation thereof timely by way of announcement after completion of the registration of the grant. In the event that the Company fails to complete the procedures mentioned above within such 60 days, this scheme shall be terminated, and the Board shall disclose the reason for such failure timely and shall not be allowed to consider the Share Incentive Scheme within the following three months.
- (6) 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.
- (7) The Company shall make an application to the stock exchange first before any entitlements are granted, and the securities registration and clearing institution will conduct registration procedure thereof upon confirmation by such stock exchange.
- (8) The granting procedures for the reserved interests of the Company shall be executed with reference to the procedures for the first grant. The Participants of the reserved interests shall be determined within 12 months after this scheme is considered and approved by the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. If the Participants are not determined within 12 months, the reserved interests shall lapse.

### **3. *Procedures for Unlocking of the Restricted Shares***

- (1) The Company shall confirm whether the Participants satisfy the unlocking conditions before the unlocking date. The Board shall consider whether the unlocking conditions as set out in the Restricted Share Incentive Scheme have been satisfied. The Remuneration Committee and the Supervisory Committee shall both express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the unlocking by the Participants are fulfilled or not. For the Participants who satisfy the unlocking conditions, the Company shall handle the unlocking at its discretion, and for the Participants who fail to satisfy the unlocking conditions, the Company will repurchase and cancel the Restricted Shares corresponding to the unlocking this time. The Company shall disclose the implementation thereof timely by way of announcement.
- (2) A Participant may transfer the unlocked Restricted Shares, but the transfer of Shares held by Directors and senior management of the Company shall be in compliance with the requirements of relevant laws, regulations and normative documents.

- (3) Before the unlocking of Restricted Shares of the Participants, the Company shall apply to the stock exchange. Upon confirmation by the stock exchange, the securities registration and clearing institution will handle the relevant registration and clearing matter.

#### **4. *Procedures for Amendment of the Restricted Share Incentive Scheme***

##### *(1) Procedures for Amendment of the Restricted Share Incentive Scheme*

1. If the Company intends to amend the Restricted Share Scheme before it is considered at the general meeting, such amendment shall be considered and approved by the Board.
2. If the Company intends to amend the Restricted Share Scheme after it is considered and approved at the general meeting, such amendment shall be considered and determined at the general meeting given that such amendment shall not result in the following:
  - 1) unlocking of the Restricted Shares ahead of schedule;
  - 2) reducing the Grant Price.
3. The Supervisory Committee of the Company shall give opinions as to whether the amendments to this scheme are conducive to the sustainable development of the Company or are significantly detrimental to the interests of the Company and the Shareholders as a whole.
4. A law firm shall issue professional opinions as to whether the amendments to this scheme are in compliance with the requirements of the Management Measures and relevant laws and regulations or are significantly detrimental to the interests of the Company and the Shareholders as a whole.

## **5. *Procedures for Termination of the Restricted Share Incentive Scheme***

1. If the Company intends to terminate the implementation of the Restricted Share Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the Board.
2. If the Company intends to terminate the implementation of the Restricted Share Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and approved at general meeting.
3. A law firm shall issue professional opinions as to whether the termination of this incentive scheme by the listed company is in compliance with the requirements of the Measures and relevant laws and regulations or is significantly detrimental to the interests of the listed company and the Shareholders as a whole.
4. Upon termination of the Restricted Share Incentive Scheme, the Company shall repurchase Restricted Shares that have not been unlocked, and deal with them in accordance with the provisions of the Company Law.
5. If the Company's general meeting or the Board meeting considers and approves the resolution to terminate the implementation of the Share Incentive Scheme, it shall not be allowed to review Share Incentive Scheme in the following 3 months from the date of the announcement of the resolution.

## **XI. *Respective Rights and Obligations of the Company/Participants***

### **1. *Rights and Obligations of the Company***

- (1) The Company shall have the right to construe and execute the Restricted Share Incentive Scheme and shall appraise the performance of the Participants based on the requirements under the Restricted Share Incentive Scheme. If a Participant fails to fulfill the unlocking conditions required under the Restricted Share Incentive Scheme, the Company will repurchase and cancel the Restricted Shares which have not been unlocked by the Participants in accordance with the principles under the Restricted Share Incentive Scheme.
- (2) The Company undertakes not to provide loans and financial support in any other forms, including providing guarantee for loans, to the Participants for acquiring the Restricted Shares under the Restricted Share Incentive Scheme.
- (3) The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the Restricted Share Incentive Scheme in accordance with the relevant requirements.
- (4) The Company shall actively support the Participants who have fulfilled the unlocking conditions to unlock the Restricted Shares in accordance with the relevant requirements including those of the Restricted Share Incentive Scheme, the CSRC, the Stock Exchange, China Securities Depository and Clearing Corporation Limited. However, the Company disclaims any liability for losses incurred by the Participants who fail to unlock the Restricted Shares at their own will due to reasons caused by the CSRC, the stock exchange and China Securities Depository and Clearing Corporation Limited.

- (5) The Company confirms that the eligibility of the Participants under the Restricted Share Incentive Scheme does not represent the right of such Participants to continue to serve the Company and does not constitute a commitment of employment for a fixed term by the Company. The employment relationship between the Company and the Participants is still governed by the employment contract between the parties.
- (6) Other relevant rights and obligations under the laws, regulations and the Restricted Share Incentive Scheme.

## **2. *Rights and Obligations of the Participants***

- (1) A Participant shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
- (2) Source of funds shall be self-financed by the Participants.
- (3) Upon completion of registration by the China Securities Depository and Clearing Corporation Limited, the Restricted Shares granted to the Participants shall have the same rights as Shares, including but not limited to the rights to dividend and rights to rights issue conferred by such Shares.

The Restricted Shares granted to the Participants under the Restricted Share Scheme shall not be transferred or used as guarantee or for repayment of debt before unlocking of the Restricted Shares.

- (4) Any gains of the Participants generated from this incentive scheme are subject to individual income tax and other taxes according to PRC tax laws.
- (5) The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or arrangements for exercise of the entitlements, the Participants concerned shall return to the Company all interests gained through the Share Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents of the Company contain false statements or misleading statements or material omissions.
- (6) Upon consideration and approval of the Restricted Share Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company, the Company will sign an Agreement on Grant of/Subscription for Incentive Shares with each Participant in order to define their respective rights and obligations under this incentive scheme and other relevant matters.
- (7) Other relevant rights and obligations under the laws, regulations and the Restricted Share Incentive Scheme.

## **XII. Handling Unusual Changes to the Company/Participants**

### ***1. Handling Unusual Changes to the Company***

- (1) This scheme shall be terminated if any of the following events occurs to the Company:
  - ① change in control of the Company;
  - ② merger and spin-off of the Company.
- (2) The Restricted Share Incentive Scheme shall be terminated immediately if any of the following events occurs to the Company, the Restricted Shares which have been granted to the Participants but not yet unlocked shall not be unlocked and shall be repurchased and cancelled by the Company; in case of the following events under which one becomes personally liable, the repurchase price shall not exceed the Grant Price:
  - 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 36 months after listing;
  - ④ prohibition from implementation of a share incentive scheme by laws and regulations;
  - ⑤ other circumstances under which this incentive scheme shall be terminated as determined by the China Securities Regulatory Commission.

- (3) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with grant conditions or unlocking arrangements, all the Restricted Shares that have not been unlocked shall be repurchased and cancelled by the Company uniformly. In respect of the Restricted Shares granted to Participants and already unlocked by the Participants, the Participants concerned shall return to the Company all interests granted.

The Board shall recover the gain received by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Restricted Share Incentive Scheme.

- (4) In the event of any political and policy risks, serious natural calamities and other force majeure during the Validity Period of the Restricted Share Incentive Scheme, the occurrence of which is beyond the control of the Company's management, the Board may terminate the Restricted Share Incentive Scheme.

## ***2. Handling Unusual Changes to the Participants***

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

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

- (2) If any of the following circumstances occurs to a Participant, his/her Restricted Shares that have been granted shall be handled in accordance with the procedures under the Restricted Share Incentive Scheme, and the performance appraisal at the business unit level and the performance appraisal at the individual level will no longer be included in the unlocking conditions:

A. civil incapacity arising out of work;

B. death arising out of work;

(3) Retirement of Participants

- A. Where Participants leave the Company due to retirement, their Restricted Shares for which the unlocking conditions have been met shall be handled as per the procedures under the Restricted Share Incentive Scheme prior to the retirement. Restricted Shares of the Participants granted but for which the unlocking conditions have not been met shall not be unlocked and shall be repurchased and canceled by the Company.
  - B. If the Participants are re-employed after retirement, the Restricted Shares granted to them shall be handled fully according to the procedures specified in the Restricted Share Scheme before their retirement.
- (4) If any of the following circumstances occurs, the Restricted Shares which have been granted but not yet unlocked shall not be unlocked and shall be repurchased and canceled by the Company:
- A. When the labor contract of a Participant is terminated or dismissed by the Company due to reasons other than the above Paragraph (2) and Paragraph (3);
  - B. When a Participant ceases to work in the listed company but still holds position in the Group due to the transfer of position;
  - C. When a Participant holds position in a wholly-owned or controlled subsidiary of Great Wall Motor Company Limited, if Great Wall Motor Company Limited loses control of the subsidiary and the Participant still work in the subsidiary;
  - D. When a Participant serves as a Supervisor or an Independent Director or holds other position prohibited from holding the Company's Restricted Shares due to redesignation;
- (5) Where a Participant causes serious loss to the Company due to violation of laws, regulations or if the employment relationship is terminated by the Company due to violation of the Company's anti-bribery management system, the Restricted Shares that have been granted but not yet unlocked shall be repurchased by the Company at the original price and canceled, and the Company may require the Participant to return the proceeds from the unlocked Restricted Shares.
- (6) Where a Participant after his/her termination of office causes serious loss to the Company due to violation of competition restrictions, violating the Company's anti-bribery management system or major work problems identified after his/her termination of office, the Company shall have the right to require the Participant to return all the proceeds obtained under the Restricted Share Incentive Scheme.

- (7) In the implementation process of the Restricted Share Incentive Scheme, if a Participant is prohibited from being the Participant due to the circumstances as stipulated in Article 8 of the Management Measures, the Company shall not continue to grant him/her the rights and interests, and the Restricted Shares that have been granted but not yet unlocked shall be repurchased and cancelled by the Company at a repurchase price not higher than the Grant Price.
- (8) Other circumstances not stated above and the handling method thereof shall be determined by the Remuneration Committee.

### **3. *Resolution of Disputes between the Company and the Participants***

Any dispute arising out of the implementation of the Restricted Share Incentive Scheme and/or the share incentive agreement signed by the Company and the Participants or any dispute in relation to the Restricted Share Incentive Scheme and/or the share incentive agreement shall be settled by negotiation and communication between the parties or through mediation conducted by the Remuneration Committee of the Board of the Company. If relevant disputes fail to be settled through the abovementioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people's court with jurisdiction in the place where the Company is located.

## **XIII. Principles of Repurchase and Cancellation of Restricted Shares**

### **1. *Repurchase Price of the Restricted Shares***

In the event that the Company repurchases and cancels the Restricted Shares in accordance with the requirements of this incentive scheme, save and except any adjustment required to be made to the number and price of the Restricted Shares to be repurchased herein below, the number of the Restricted Shares to be repurchased shall be the number of the Restricted Shares granted but not yet unlocked and the repurchase price shall be the sum of the Grant Price and the interests for bank deposits during the same period. However, if any Participant assumes personal liabilities under section 1 of Article 18 of the Management Measures, or any Participant falls within section 2 of Article 18 of the Management Measures, the repurchase price shall be the Grant Price.

## **2. Method for Adjustment of Repurchase Quantity**

Upon completion of registration of the Restricted Shares granted to the Participants, in case of capitalisation issue, bonus issue, share subdivision, rights issue, share consolidation and other matters affecting the total share capital or the number of Shares of the Company, it shall make adjustments to the repurchase quantity of the Restricted Shares yet to be unlocked accordingly. The Company will repurchase such number of Restricted Shares granted to, and Shares of the Company so obtained therefrom by, the Participants based on such adjustment. The adjustment method is as follows:

### *(1) Capitalisation issue, bonus issue and share subdivision*

$$Q=Q0\times(1+n)$$

Where: Q0 represents the number of Restricted Shares prior to adjustment; n represents the ratio of increase per share resulting from capitalisation issue, bonus issue and share subdivision (i.e. the increase in number of shares per share upon capitalisation issue, bonus issue and share subdivision); Q represents the number of Restricted Shares after adjustment.

### *(2) Rights issue*

$$Q=Q0\times P1\times(1+n)\div(P1+P2\times n)$$

Where: Q0 represents the number of Restricted Shares prior to adjustment; P1 represents the closing price on the record date; P2 represents the price of 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 prior to the rights issue); Q represents the number of Restricted Shares after adjustment.

### *(3) Share consolidation*

$$Q=Q0\times n$$

Where: Q0 represents the number of Restricted Shares prior to adjustment; n represents the ratio of share consolidation (i.e. one share of the Company shall be consolidated into n share); Q represents the number of Restricted Shares after adjustment.

### *(4) Dividend distribution and additional issues*

Under the above circumstances, no adjustment will be made by the Company to the number of the Restricted Shares.

### **3. Method for Adjustment of Repurchase Price**

Upon completion of registration of the Restricted Shares granted to the Participants, in case of capitalisation issue, bonus issue, share subdivision, rights issue, share consolidation or distribution of dividends and other issues affecting the total share capital or share price of the Company, the repurchase price of Restricted Shares yet to be unlocked shall be adjusted by the Company accordingly. The Company will repurchase the Restricted Shares granted to, and shares of the Company so obtained therefrom by, the Participants at the adjusted price. The adjustment method is as follows:

#### *(1) Capitalisation issue, bonus issue and share subdivision*

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

Where: P0 represents the Grant Price per Restricted Share; n represents the ratio of increase per share resulting from capitalisation issue, bonus issue and share subdivision (i.e. the increase in number of shares per share upon capitalization issue, bonus issue and share subdivision); P represents the repurchase price per Restricted Share after adjustment.

#### *(2) Rights issue*

$$P=P0\times(P1+P2\times n)\div[P1\times(1+n)]$$

Where: P0 represents the Grant Price per Restricted Share; P1 represents the closing price of shares on the record date; P2 represents the price of 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 prior to the rights issue); P represents the repurchase price per Restricted Share after adjustment.

#### *(3) Share consolidation*

$$P=P0\div n$$

Where: P0 represents the Grant Price per Restricted Share; n represents the ratio of share consolidation per share (i.e. one share shall be consolidated into n share); P represents the repurchase price per Restricted Share after adjustment.

(4) *Dividend distribution*

$$P=P_0-V$$

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

- (5) *Under the circumstance of additional issue of new shares, no adjustment will be made by the Company to the repurchase price of the Restricted Shares.*

**4. *Procedures for Adjustment of Repurchase Quantity and Price***

- (1) The Board of the Company shall be authorized at the general meeting of Company to adjust the repurchase quantity or price of Restricted Shares based on the reasons listed above. After adjustment to the repurchase quantity or price according to the above provisions, an announcement shall be made in a timely manner.
- (2) The adjustment to the repurchase quantity or price of Restricted Shares for other reasons shall be subject to resolution of the Board and approval at the general meeting.

**5. *Procedures of Repurchase and Cancellation***

- (1) The Company shall promptly convene a Board meeting pursuant to the mandate from the general meeting to consider the Share repurchase plan and publish announcements in a timely manner;
- (2) The Company will engage a law firm to give professional advice on whether the repurchase plan of shares is in compliance with the laws, administrative regulations, the Management Measures and the Restricted Share Incentive Scheme;
- (3) When implementing repurchase in accordance with the provisions of the Restricted Share Incentive Scheme, the Company shall apply to the stock exchange for relevant procedures for the cancellation of Restricted Shares. Upon confirmation by the stock exchange, the Company shall complete the cancellation procedures with China Securities Depository and Clearing Corporation Limited in a timely manner and make an announcement.

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

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 2023 Restricted Share Incentive Scheme.

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

Pursuant to the 2020 Restricted Shares and Share Options Incentive Scheme and the 2021 Share Option Incentive Scheme, as of 12 December, 2023, during the past 12 months, the total amount of subscriptions received from Participants in the form of monetary contributions due to the exercise of Share Options was RMB201,000,000, and the cumulative amount of conversion received due to the conversion of the Company's convertible bonds was RMB199,100, and the aforementioned funds were used entirely to replenish the Company's liquidity. In addition, the Company did not engage in any capital raising activities involving the issuance of equity securities.

## **PROPOSED ADOPTION OF THE 2023 A SHARE OPTION INCENTIVE SCHEME**

### **I. Purpose and Principles of the Share Option Incentive Scheme**

#### ***(I) Purpose of the Share Option Incentive Scheme***

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 fighters and business leaders with common values to promote its long-term and steady development and align the interests of all Shareholders. Specifically, the launch of this incentive scheme 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. This 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.

**(II) The Share Option Incentive Scheme applies the following principles:**

**1. Principle of legal compliance**

For the implementation of this incentive scheme, the Company performs relevant procedures in strict accordance with laws and administrative regulations and carries out information disclosure in a true, accurate, complete, and timely manner.

**2. Principle of voluntary participation**

The Company implements this incentive scheme in the principle of voluntary participation, and does not force employees to participate in this incentive scheme by means of forced allocation.

**3. Principle of benefit sharing**

This incentive scheme is linked to the Company's key performance indicators, highlights the Company's common vision, and closely aligns the long-term interests of the Company's management, core backbone staff and Shareholders.

**II. Administrative Body of the Share Option Incentive Scheme**

1. The general meeting, as the ultimate authority of the Company, shall be responsible for considering and approving the implementation, modification and termination of this incentive scheme. The general meeting may, within its powers and authority, authorise the Board to handle certain matters relating to this incentive scheme.
2. The Board shall act as the executive and administrative body for this incentive scheme and be responsible for the implementation of this incentive scheme. The Remuneration Committee under the Board shall be responsible for drafting and revising this incentive scheme, and submitting this incentive scheme to the Board for consideration. Upon consideration and approval by the Board, this incentive scheme shall be further submitted to the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting for consideration and approval. The Board may handle other matters relating to this incentive scheme within its scope of authority as delegated by the general meeting.
3. The Supervisory Committee shall act as the supervisory authority for this incentive scheme, and shall issue opinions as to whether this incentive scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole. The Supervisory Committee shall supervise the implementation of this incentive scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Stock Exchange, and shall be responsible for verifying the list of the Participants. The Independent Director(s) shall solicit voting rights by proxy from all shareholders in respect of this incentive scheme.
4. Where amendments have been made to this incentive scheme before this incentive scheme is passed at the general meeting, the Remuneration Committee shall give advice to the Board and the Supervisory Committee shall issue opinions as to whether the amended incentive scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and the shareholders as a whole.

Before any entitlements are granted to a Participant, the Remuneration Committee and the Supervisory Committee shall issue clear opinions on the conditions to be fulfilled for the Participant to receive such entitlements stipulated under this incentive scheme. In the event of any discrepancy between the entitlements granted to a Participant and the arrangement under this scheme, the Remuneration Committee and the Supervisory Committee (where there is a change of the Participants) shall simultaneously issue clear opinions thereon.

Before the exercise by a Participant, the Remuneration Committee and the Supervisory Committee shall issue clear opinions as to whether the conditions stipulated under the Share Incentive Scheme for the Participant to exercise such entitlements have been fulfilled.

### **III. Basis for Determining the Participants and the Scope of Participants**

#### ***1. Basis for Determining the Participants***

##### *(1) Legal Basis for Determining the Participants*

Participants of this 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 following circumstances may not be Participants, 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;
- 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.

*(2) Position Basis for Determining the Participants*

The Participants of the grant under the Share Option Incentive Scheme shall be the middle management and core technical (business) backbone staff of the Company (including the subsidiaries) and other employees that the Company believes should be motivated and have a direct impact on the Company's operation performance and future development.

**2. *Scope of Participants***

There are 1,195 Participants of the grant under the Share Option Incentive Scheme in total, being the middle management and core technical (business) staff of the Company (including the controlled subsidiaries).

The Participants under this incentive scheme exclude the Company's Independent Directors, Supervisors, the Shareholders individually or in aggregate holding more than 5% of the Shares of the Company or the de facto controllers and their spouses, parents or children.

All the Participants must hold positions in and enter into labour contracts with the Company (including the Company's subsidiaries listed in the consolidated statements) within the Validity Period of this incentive scheme.

The Participants of the reserved grant shall be determined within 12 months after this scheme is considered and approved by the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. Upon proposal by the Remuneration Committee under the Board, consideration by the Board and after the Supervisory Committee express unequivocal opinions and the legal advisors express professional opinions and issue legal opinions, the Company shall disclose relevant information of the current Participants on the designated website in a timely and accurate manner. If the Participants are not determined within 12 months, the reserved interests shall lapse.

**3. *Verification of Participants***

- (1) After the Board has considered and approved the Share Option Incentive Scheme, the Company shall internally publish the names and the positions of the Participants before the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are convened through its website or other channels for a period of no less than 10 days.
- (2) The Supervisory Committee of the Company shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days before this incentive scheme is considered at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. Any adjustments to the list of the Participants made by the Board shall also be subject to verification by the Supervisory Committee of the Company.

#### IV. Source, number and allocation of Share Options

##### 1. *Source of Shares of the Share Option Incentive Scheme*

The source of the Underlying Shares of the Share Option Incentive Scheme shall be ordinary A Shares to be directly issued to the Participants by the Company.

##### 2. *Number of the Share Options to be Granted*

The Company intends to grant 96,875,000 Share Options to the Participants, representing 1.1401% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme. Specifically, 77,500,000 options were granted under the first grant, representing 80% of the total number of Share Options to be granted under this incentive scheme and approximately 0.9121% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme; 19,375,000 options were reserved, representing 20% of the total number of Share Options to be granted under this incentive scheme and approximately 0.2280% of the total number of Shares of the Company as at the date of the announcement of the draft of this incentive scheme.

The allocation of the Share Options granted to the Participants is as follows:

Name	Position	Number of the Share Options to be granted (0'000)	Percentage to the total number of the Share Options to be granted	Percentage to the current total number of Shares
Other management personnel and core technical (business) backbone staff (1,195 people)		7,750.00	80%	0.9121%
Reserved		1,937.50	20%	0.2280%
Total (1,195 people)		9,687.50	100%	1.1401%

Notes: ① The total Shares of the Company to be granted under the Share 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 Share Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

② The Participants of this incentive scheme exclude the Company's Independent Directors, Supervisors, the Shareholders individually or in aggregate holding more than 5% of the Shares of the Company or the de facto controllers and their spouses, parents or children.

As the spouse of Ms. Li Hong Shuan is a participant of the 2023 Share Option Incentive Scheme, Ms. Li Hong Shuan has abstained from voting on the relevant Board resolutions to approve the 2023 Share Option Incentive Scheme. Saved as disclosed above, none of the Directors is required to abstain from voting on the proposal of A Share Option Incentive Scheme and other related proposals.

The total number of A Shares which may be issued in respect of all options and awards to be granted under the Share Option Incentive Scheme and other share schemes of the Company will not exceed 10% of the total number of A Shares issued by the Company. During the 12-month period up to and including the date of the grant of Share Option under the Share Option Incentive Scheme, the total number of A Shares issued or to be issued in respect of all options and awards granted or to be granted to any participant under the Share Option Incentive Scheme and other share schemes (excluding any options and awards lapsed in accordance with the terms of the relevant schemes) will not exceed 1% of the total number of the A Shares issued by the Company.

## **V. Validity Period, Grant Date, Exercise Arrangement and Lock-up Period of the Share Option Incentive Scheme**

### ***1. Validity Period of the Share Option Incentive Scheme***

The Validity Period of the Share Option Incentive Scheme shall commence on the date of the first grant of the Share Options and end on the date of exercising all the Share Options or the cancellation of such Share Options granted to the participant, which shall not exceed 48 months.

### ***2. Grant Date of the Share Option Incentive Scheme***

The Grant Date shall be determined by the Board after this incentive scheme is considered and passed at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company. The Company shall grant the Share options and complete the announcement and registration procedures within 60 days from the date on which this incentive scheme is considered and passed at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, failing which the Company shall disclose the reasons for the failure and announce termination of this incentive scheme and the Share Options which have not even granted will lapse. The Grant Date of the reserved Share Options shall be the date of the announcement of the resolution of the Board considering the grant of this portion of Share options.

The Grant Date must be a trading day and must not fall within any of the following periods:

- ① the period commencing from 60 days prior to the publication of annual reports or 30 days prior to the publication of semi-annual and quarterly reports of the Company, or in the event of delay in publishing the annual reports for special reasons, 60 days prior to the original date of publication and up to the date of publication of annual reports, or in the event of delay in publishing the semi-annual and quarterly reports for special reasons, 30 days prior to the original date of publication of semi-annual and quarterly reports and up to the date of publication;

- ② the period commencing from 10 days prior to the publication of the announcement of results forecast and preliminary results of the Company;
- ③ the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's Shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of publication in accordance with laws;
- ④ other periods as stipulated by the CSRC, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

The above-mentioned period during which the Company is not allowed to grant Share Options is not included in the period of 60 days. In case of shareholding reduction by the Company's Directors or senior management as the Participants within six months before the grant of Share Options, the grant of Share Options shall be postponed for six months from the date of the last shareholding reduction in accordance with the short-swing trading provisions under the Securities Law.

### **3. *Vesting Period of the Share Option Incentive Scheme***

The Vesting Period of Share Options under the first grant of the Share Option Incentive Scheme shall be 12, 24 or 36 months from the Grant Date. If the reserved Share Options are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), the Vesting Period of reserved Share Options will be consistent with that of the first grant; if the reserved Share Options are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the Vesting Period of the reserved Share Options shall be 12 or 24 months from the Grant Date.

During the Vesting Period, the Share Options which are granted to the Participants under this incentive scheme shall not be transferred, pledged for guarantees, charged or used for repayment of debt.

### **4. *Exercisable Date of the Share Option Incentive Scheme***

The Share Options to be granted shall be exercisable after expiry of 12 months commencing from the date of the grant, subject to the approval of this scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. The Exercisable Date must be a trading day and shall not fall within any of the following periods:

- ① the period commencing from 60 days prior to the publication of annual reports or 30 days prior to the publication of semi-annual and quarterly reports of the Company, or in the event of delay in publishing the annual reports for special reasons, 60 days prior to the original date of publication and up to the date of publication of annual reports, or in the event of delay in publishing the semiannual and quarterly reports for special reasons, 30 days prior to the original date of publication of semi-annual and quarterly reports and up to the date of publication;
- ② the period commencing from 10 days prior to the publication of the announcement of results forecast and preliminary results of the Company;

- ③ the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's Shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of publication in accordance with laws;
- ④ other periods as stipulated by the CSRC, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited.

## **5. Exercise Arrangement of the Share Option Incentive Scheme**

On the Exercisable Date, the Participants can exercise their Share Options in three tranches within 36 months after the expiry of 12 months commencing from the date of the first grant of the Share Options, upon the fulfillment of the Exercise Conditions under this scheme.

The Exercise Period and exercise schedule for the Share Options under the first grant of this incentive scheme are shown in the table below:

<b>Exercise arrangement</b>	<b>Exercise schedule</b>	<b>Exercise proportion</b>
First Exercise Period of Share Options under the first grant	Commencing from the first trading day upon the expiry of 12 months from the date of the first grant to the last trading day upon the expiry of 24 months from the date of the first grant	1/3
Second Exercise Period of Share Options under the first grant	Commencing from the first trading day upon the expiry of 24 months from the date of the first grant to the last trading day upon the expiry of 36 months from the date of the first grant	1/3
Third Exercise Period of Share Options under the first grant	Commencing from the first trading day upon the expiry of 36 months from the date of the first grant to the last trading day upon the expiry of 48 months from the date of the first grant	1/3

If the reserved Share Options are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), the Exercise Period and exercise schedule for each period will be consistent with those of the initially granted portion; if the reserved Share Options are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the Exercise Period and exercise schedule for each period are set out below:

<b>Exercise arrangement</b>	<b>Exercise schedule</b>	<b>Exercise proportion</b>
First Exercise Period of Share Options under the reserved grant	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	1/2
Second Exercise Period of Share Options under the reserved grant	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	1/2

For Share Options that have not been applied for exercise or cannot be applied for exercise due to failure to meet the exercise conditions during the aforesaid Exercise Periods, the exercise shall not be deferred to the next stage and the Company will cancel such Share Options from relevant Participants in accordance with the principles of this scheme.

## **6. *Lock-up Period of the Share Option Incentive Scheme***

The lock-up arrangement under this 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 or a member of the senior management of the Company, the number of Shares of the Company which may be transferred by the Participant each year during his/her term of office shall not exceed 25% of the total number of the Shares of the Company held by him/her. No Shares of the Company held by him/her shall be transferred within six months after his/her termination of office.
- (2) Where a Participant is a Director or a member of the senior management of the Company and he/she disposes of any Shares of the Company within six months after acquisition or buys back such Shares within six months after disposal, all gains arising therefrom shall be accounted to the Company and the Board will collect all such gains.

- (3) If, during the Validity Period of this incentive scheme, there is any amendment to the requirements regarding transfer of Shares by a Director or a member of the senior management of the Company under the Company Law, the Securities Law and other relevant laws, regulations, regulatory documents and the Articles of Association, such amended requirements thereunder shall apply to the Shares transferred by the Participants during the relevant times.

## **VI. The Exercise Price of the Share Options and the Basis of Its Determination**

### ***1. Exercise Price of the Share Options under the first grant***

The Exercise Price of the Share Options under the first grant shall be RMB27.22 per Share. Upon fulfillment of the Exercise Conditions, each Participant is entitled to purchase 1 Share of the Company at the price of RMB27.22 per Share for each Share Option he/she is granted.

### ***2. Basis of determination for the Exercise Price of the Share Options under the first grant***

The Exercise Price of the Share Options under the first grant shall not be lower than the carrying amount of the Shares, and not lower than the higher of the followings:

- ① the average trading price of the Shares (i.e. RMB26.04 per Share) on the trading day preceding the date of the announcement of the draft of this incentive scheme;
- ② the average trading price of the Shares (i.e. RMB27.22 per Share) for 20 trading days preceding the date of the announcement of the draft of this incentive scheme.

### ***3. Basis of determination for the Exercise Price of the reserved Share Options***

Prior to each grant of the reserved Share Options, a Board meeting shall be held to consider and approve related resolutions and disclose related situation. The Exercise Price of the reserved Share Options shall not be lower than the carrying amount of the Shares, and not lower than the higher of the followings:

- 1) the average trading price of the Shares on the trading day preceding the date of the announcement of the Board resolution granting the reserved Share Options;
- 2) one of the average trading prices of the Shares for the last 20 trading days, 60 trading days, or 120 trading days preceding the date of the announcement of the Board resolution granting the reserved Share Options.

## **VII. Conditions on Grant and Exercise of the Share Options**

### ***1. Conditions on grant of the Share Options***

Share Options may be granted to the Participants by the Company upon satisfaction of all of the following conditions. In other words, Share Options cannot be granted to the Participants if any of the following conditions of grant is not satisfied.

- (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.
- (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 the 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.

## **2. *Conditions on Exercise of the Share Options***

During the Exercise Period, the following conditions must be fulfilled before the Share Options granted to the Participants can be exercised:

- (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.
- (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 the 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.

In case the Company has any of the circumstances specified in the above sub-paragraph 1), all the Share Options that have been granted to the Participants under this incentive scheme but have not been exercised shall be cancelled by the Company; in case any participant has any of the circumstances specified in the above sub-paragraph 2), the Share Options that have been granted to the Participant under this incentive scheme but have not been exercised shall be cancelled by the Company.

(3) Performance appraisal at company level

The unlocking appraisal period of this incentive scheme covers three accounting years from 2024 to 2026. The unlockable proportion at company level (X) shall be determined according to the completion rate of performance targets (P) in each performance appraisal year. The performance appraisal target of each year for the Share Options under the first grant is as follows:

<b>Selection of Performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
Weights of performance indicators	50%	50%
Completion rate of performance targets (P)	$\Sigma$ (actual value of performance indicator/target value of performance indicator) $\times$ weight of performance indicator	
First Exercise 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
Second Exercise Period	The sales volume of automobiles of the Company shall not be less than 2.16 million units in 2025	The net profit shall not be less than RMB8.5 billion in 2025
Third Exercise Period	The sales volume of automobiles of the Company shall not be less than 2.49 million units in 2026	The net profit shall not be less than RMB10.0 billion in 2026

If the reserved Share Options are granted before the disclosure of the third quarterly report of 2024 (the disclosure date inclusive), the performance appraisal of the reserved Share Options shall be consistent with that of the first grant; if the reserved Share Options are granted after the disclosure of the third quarterly report of 2024 (the disclosure date exclusive), the annual performance appraisal targets of the reserved Share Options are as follows:

<b>Selection of performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
Weights of performance indicators	50%	50%
Completion rate of performance targets (P)	$\Sigma$ (actual value of performance indicator/target value of performance indicator) $\times$ weight of performance indicator	
First Exercise Period	The sales volume of automobiles of the Company shall not be less than 2.16 million units in 2025	The net profit shall not be less than RMB8.5 billion in 2025
Second Exercise Period	The sales volume of automobiles of the Company shall not be less than 2.49 million units in 2026	The net profit shall not be less than RMB10.0 billion in 2026

*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>Exercise proportion at company level (X)</b>
Completion rate of performance targets (P)	$P \geq 100\%$	$X = 100\%$
	$80\% \leq P < 100\%$	$X = P$
	$P < 80\%$	$X = 0$

If the Company fails to achieve the above performance appraisal targets, all the Share Options held by the Participants that are exercisable in relevant appraisal year shall not be exercised and shall be cancelled by the Company.

If exercise conditions are not satisfied in any Exercise Period within the Validity Period of this incentive scheme, such portion of the exercisable Share Options in the current period cannot be deferred to the next year and will be cancelled by the Company.

(4) 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 exercisable proportion (N) at individual level is determined based on the appraisal results set out in the table below:

<b>Annual performance evaluation results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
Exercise proportion at individual level (N)	100%	100%	80%	0%	

Actual exercisable proportion of individual Participants for the year = actual exercisable proportion for the current period × exercisable proportion at company level (X) × exercise proportion at individual level (N).

Share Options of Participants not exercisable in the appraisal year shall be cancelled by the Company.

**3. *Scientificity and reasonableness of the appraisal indicators***

The appraisal indicators of the Share Option Incentive Scheme are in line with the basic requirements of laws and regulations as well as the Company's Articles of Association. The appraisal indicators of the Company are categorised into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

The performance appraisal indicators of this incentive scheme at company level under this scheme are sales volume and net profit. The sales volume is our core strategic indicator, which is designed to support the realization of the sale target; the net profit is the ultimate manifestation of the Company's profitability and corporate growth, and the increasing net profit is the basis for the survival of the enterprise and the condition for its development. The Company predicts that market competition will further intensify in the next three years against the backdrop of the development of the automobile industry's stock market. The Company will firmly pursue quality market share growth, adhere to long-term sustainable and high-quality development, and focus on deepening resources to new energy, intelligence and globalization. In terms of technology research and development, the Company will accelerate technology iteration and innovation and increase research and development investment in the fields of intelligence and new energy for improving product competitiveness and achieving category innovation. In terms of brands and channels, the Company will accelerate the construction of new marketing and channel capabilities under the Internet model, and increase investment in brand-building and channel upgrading. Meanwhile, the Company will deepen the construction of a new pattern of enterprise growth driven by both technology and brand.

In order to further increase the Company's attractiveness to talents in the industry, facilitate the construction of the Company's core team, fully mobilize the initiative and creativity of the Company's core staff, enhance the Company's competitiveness, ensure that the Company maintains sustained and stable growth, achieve the Company's future development strategy and business goals, and bring more efficient and sustainable returns to Shareholders, after comprehensively considering the current macroeconomic environment, the Company's historical performance, the industry development status, and the Company's future development plans and other relevant factors, the Company, making reasonable prediction and taking into account the incentive effect of this scheme, has set the above-mentioned performance appraisal targets for this scheme and established a corresponding appraisal model with stage-by-stage exercise, which achieves the dynamic adjustment of the equity exercise ratio against the performance growth level, reflecting the higher growth and profitability requirements while ensuring the expected incentive effect. Therefore, the indicator setting is reasonable and scientific. For the Participants, the performance targets are clear and challenging.

In addition to the performance appraisal at company level, the Company has established a strict performance appraisal system for individuals, which evaluates the performance of Participants in an accurate and all-round manner. The Company will determine whether the Participants meet the Exercise Conditions based on their performance appraisal results for the previous year.

Given the above, the appraisal system for this incentive scheme of the Company is all-round, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Participants and can serve the appraisal goal of this incentive scheme.

## **VIII. Methods and Procedures for Adjustment of the Share Option Incentive Scheme**

### ***1. Methods of adjusting the number of Share Options***

In the event of any capitalisation issue, bonus issue, sub-division, rights issue or share consolidation of the Company during the period starting from the date of the announcement of this incentive scheme to the completion of the exercise of Share Options by Participants, the number of Share Options shall be adjusted accordingly. The adjustment method is as follows:

#### ***(1) Capitalisation issue, bonus issue and sub-division of share capital***

$$Q=Q0\times(1+n)$$

Where: Q0 represents the number of Share Options 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 Share Options.

(2) *Rights issue*

$$Q=Q0 \times P1 \times (1+n) \div (P1+P2 \times n)$$

Where: Q0 represents the number of Share Options 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); Q represents the adjusted number of Share Options.

(3) *Share consolidation*

$$Q=Q0 \times n$$

Where: Q0 represents the number of Share Options 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 Share Options.

(4) *Dividend distribution and additional issues*

Under the above circumstances, no adjustment will be made on the number of the Share Options.

**2. *Method of adjusting the Exercise Price of the Share Options***

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 this incentive scheme to the completion date of the registration of the Shares issued upon the exercise of Share Options by Participants, an adjustment to the Exercise Price of Share Options 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 Exercise 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 Exercise Price.

(2) *Rights issue*

$$P=P0 \times (P1+P2 \times n) \div [P1 \times (1+n)]$$

Where: P0 represents the Exercise 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 Exercise Price.

(3) *Share consolidation*

$$P=P_0\div n$$

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

(4) *Dividend distribution*

$$P=P_0-V$$

Where:  $P_0$  represents the Exercise Price before the adjustment;  $V$  represents the dividend per share;  $P$  represents the adjusted Exercise 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 Exercise Price of the Share Options.

**3. *Adjustment procedures for this incentive scheme of Share Options***

The general meeting of the Company shall authorize the Board to adjust the number or the Exercise Price of Share Options for the above reasons. After the Board adjusts the Exercise Price or the number of Share Options 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, the Articles of Association and this incentive scheme.

If, for other reasons, it is necessary to adjust the number, the Exercise Price or other terms of Share Options, 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, the Articles of Association and this incentive scheme, which shall be subject to consideration and approval of the general meeting.

## **IX. Accounting Treatment of Share Options**

In accordance with the 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 and account for the cost of the Share Option Incentive Scheme of the Company:

### **1. Accounting treatment**

#### *(1) On the Grant Date*

No accounting treatment will be made by the Company to the Share Options on the Grant Date. The Company will use the “Black-Scholes” option pricing model to determine the fair value of the Share Options on the Grant Date.

#### *(2) Vesting Period*

The Company includes the services provided by the staff for current period in costs or expense of assets on each balance sheet date during the Vesting Period based on the best estimate of the number of exercisable Share Options and the fair value of the Share Options on the Grant Date and recognise in “Capital reserve – other capital reserve”.

#### *(3) Subsequent to Exercisable Date*

No adjustment shall be made to the relevant costs or expense, and the total amount of the owner’s equities, which have been recognized.

#### *(4) On the Exercisable Date*

Based on the exercise of the Share Options, share capital and share premium shall be recognised and the “Capital reserve-other capital reserve” recognized during the Vesting Period shall be transferred to “Capital reserve-capital premium”.

### **2. Estimate of value of the Share Options**

Assuming the grant of Share Options takes place in January 2024, the Company uses the “Black-Scholes” model to measure the fair value of the Share Options and estimate the fair value of 77,500,000 Share Options granted by the Company using such model on 12 December 2023, the specific parameters are as follows:

- a) Price of Underlying Shares: RMB26.88 per share (assuming the closing price of shares on 12 December 2023 is the current price of shares as at the Grant Date);
- b) Exercise Price of the Share Options: RMB27.22 per share;

- c) Validity Period: 2 years, 3 years and 4 years, adopting the period from the grant date to the last trading day of each exercise period, respectively;
- d) Historical volatility: 27.67%, 29.33% and 31.03%, respectively (the volatility of the Wind automobile manufacturing industry index for the latest two, three and four years);
- e) Risk-free rate: 2.44%, 2.46% and 2.50%, respectively (the yield of PRC treasury bond for two, three and four years);
- f) Dividend yield: 1.11% (the dividend yield of the Company for the latest 12 months before the announcement of the Share Option Incentive Scheme).

*Note:* The calculation results of the value of the Share Options are subject to the selection of option pricing model and a number of assumptions of the parameters used herein. Therefore, the estimated value of the Share Options may be subjective and uncertain.

### **3. Impact on the operating performance of the Company**

Based on the measurement above, the total cost of 77,500,000 Share Options granted is RMB424,415,500 and details of amortization are set out below:

*Currency: RMB Unit: 0'000*

<b>Number of the grant of Share Options (0'000)</b>	<b>Total cost to be amortized (RMB0'000)</b>	<b>2024 (RMB0'000)</b>	<b>2025 (RMB0'000)</b>	<b>2026 (RMB0'000)</b>	<b>2027 (RMB0'000)</b>
7,750.00	42,441.55	18,690.11	14,555.75	7,423.69	1,772.01

The cost of the Share Options granted under this incentive scheme will be estimated under the “Black-Scholes” model after the Board determines the Grant Date. Such cost estimate is only simulating estimate and does not represent final accounting cost, and the final result will be subject to the annual audit report issued by the accounting firm.

## **X. Implementation Procedures of the Share Incentive Scheme**

### ***1. Procedures for the Share Option Incentive Scheme to Take Effect***

- (1) The Remuneration Committee is responsible for preparing the draft of the Share Option Incentive Scheme, Appraisal Management Measures for Implementation of the 2023 Share Option Incentive Scheme of Great Wall Motor Company Limited, and Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited.
- (2) The Board shall consider the draft of this incentive scheme, Appraisal Management Measures for Implementation of the 2023 Share Option Incentive Scheme of Great Wall Motor Company Limited, and Management Measures for Long-term Incentive Mechanism of Great Wall Motor Company Limited prepared by the Remuneration Committee. When the Board considers this incentive scheme, any Director who is also a Participant or is a related party to a Participant shall abstain from voting. After the Board reviewed and approved this incentive scheme and performed the announcement procedure, it should propose this incentive scheme to the general meeting for review and approval; at the same time, it shall propose to the general meeting to authorize and execute the grant, exercise and cancellation of the Share Options.
- (3) The Supervisory Committee shall issue opinions in respect of whether this scheme is beneficial to the sustainable development of the Company or is significantly detrimental to the interests of the Company and Shareholders as a whole.
- (4) The Company shall, within two trading days after the draft of this incentive scheme is considered and passed by the Board, publish an announcement of the Board resolution, announcing the draft and a summary of this incentive scheme and opinion of the Supervisory Committee.
- (5) The Company should carry out self-investigation on the trading of shares of the Company by insiders during the 6 months' period prior to the announcement of this incentive scheme. Those who trade in the Shares of the Company while possessing inside information (except where laws, administrative regulations and relevant judicial interpretations deem not to be insider transaction) may not become Participants. Those who leak inside information which causes insider transaction to take place may not become Participants.
- (6) The Company shall internally publish the names and the positions of the Participants before the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting are convened through its website or other channels for a period of no less than 10 days. The Supervisory Committee shall verify the list of the Participants and thoroughly consider opinions from the public. The Company shall publish the opinions of the Supervisory Committee on the verification and the public opinions in relation to the list of the Participants 5 days before the Share Option Incentive Scheme is considered at a general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.

- (7) When the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company are convened to vote on the Share Option Incentive Scheme, the Independent Directors shall solicit proxy voting rights from all Shareholders regarding the Share Option Incentive Scheme. At the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, it is required to vote on the content of the Share Incentive Scheme under Article 9 of the Management Measures, and this incentive scheme shall be passed by more than two-thirds of the voting rights held by the Shareholders present at the meeting. Except for the Directors, Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares, the voting by other Shareholders shall be separately counted and disclosed.

When the Share Incentive Scheme is considered at the Company's general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, Shareholders who are Participants or Shareholders who have a related relationship with the Participants shall abstain from voting thereon.

- (8) The Company shall disclose the announcement on the resolutions of the general meeting, the Share Incentive Scheme as considered and approved at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, and the self-examination report and legal opinions of the general meeting on the inside information insiders' trading of the Shares of the Company.
- (9) After this incentive scheme has been considered and approved at the Company's general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, the Board of the Company shall, according to the delegation of the general meeting, grant entitlements and complete the registration and announcement procedures within 60 days from the date of consideration and approval of this incentive scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. The Board shall handle the grant, exercise and cancellation of the Share Options and other matters according to the delegation of the general meeting.

## **2. *Procedures for Grant of Share Options***

- (1) Upon consideration and approval of this incentive scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, the Company shall sign an Agreement on Grant of Share Options in 2023 with the Participants in order to define their respective rights and obligations. If a Participant fails to sign an Agreement on Grant of Share Options in 2023, he/she shall be deemed to have automatically abandoned his/her rights and obligations.
- (2) The Board shall consider and announce whether the conditions stipulated under the Share Incentive Scheme for the Participant to receive entitlements have been satisfied before the Company grants such entitlements to such Participants. The Remuneration Committee and the Supervisory Committee shall both express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the Participants to receive such entitlements are fulfilled or not.
- (3) The Supervisory Committee of the Company shall verify the list of Participants on the Grant Date of the Share Options and issue their views on such verification.

- (4) If there is any discrepancy between the grant of entitlements to the Participants and the arrangement of the Share Incentive Scheme, the Remuneration Committee, the Supervisory Committee (where there is a change of the Participants), the law firm and the independent financial adviser, if necessary, shall all express their views explicitly.
- (5) The Company shall make a grant to the Participants and complete the announcement and registration procedures within 60 days (excluding the period during which no grant of entitlements is allowed pursuant to the requirements under laws and regulations) after the Share Incentive Scheme is considered and approved at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. The Board of the Company shall disclose the implementation thereof timely by way of announcement after completion of the registration of the grant. In the event the Company fails to complete the procedures mentioned above within such 60 days, this scheme shall be terminated, and the Board shall disclose the reason for such failure timely and shall not be allowed to consider the Share Incentive Scheme within the following three months.
- (6) The Company shall make an application to the stock exchange first before any entitlements are granted, and the securities registration and clearing institution will conduct registration procedure thereof upon confirmation by such stock exchange.
- (7) The granting procedures for the reserved interests of the Company shall be executed with reference to the procedures for the first grant. The Participants of the reserved interests shall be determined within 12 months after this scheme is considered and approved by the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting. If the Participants are not determined within 12 months, the reserved interests shall lapse.

### ***3. Procedures for Exercise of the Share Options***

- (1) The Company shall confirm whether Participants satisfy the Exercise Conditions before the date of exercise. The Board shall consider and review whether the Exercise Conditions as set out in the Share Option Incentive Scheme have been satisfied. The Remuneration Committee and the Supervisor committee shall both express their views explicitly. The law firm shall issue legal opinions on whether the conditions for the exercise of Share Options by the Participants are fulfilled or not. For the Participants who satisfy the Exercise Conditions, the Company may provide a unified or autonomous method of exercise to the Participants according to the actual situation, and for the Participants who fail to satisfy the Exercise Conditions, the Company shall cancel their Share Options corresponding to the respective exercise. The Company shall disclose the implementation thereof timely by way of announcement.
- (2) A Participant may transfer the shares of the Company obtained pursuant to the exercise of Share Options, but the transfer of shares held by the Directors and senior management of the Company shall be in compliance with the requirements of relevant laws, regulations and regulatory documents.

- (3) The Company shall make an application to the stock exchange first before any share option is exercised, and the securities registration and clearing institution will conduct registration procedure thereof upon confirmation by such stock exchange.
- (4) If the registered capital is designed to change upon the exercise of Share Options by the Participants, the Company shall handle the registration procedures in relation to the changes of the Company with the industry and commerce registration department.

#### **4. *Procedures for Amendment of the Share Option Incentive Scheme***

- (1) If the Company intends to amend the Share Option Incentive Scheme before it is considered at the general meeting, such amendment shall be considered and approved by the Board.
- (2) If the Company intends to amend the Share Option Incentive Scheme after it is considered and approved at the general meeting, such amendment shall be considered and determined at the general meeting given that such amendment shall not result in the following:
  1. exercise of the Share Options ahead of schedule;
  2. reducing the Exercise Price.
- (3) The Supervisory Committee of the Company shall give opinions as to whether the amendments are conducive to the sustainable development of the Company or are significantly detrimental to the interests of the Company and the Shareholders as a whole. A law firm shall issue professional opinions as to whether the amendments to this scheme are in compliance with the requirements of the Management Measures and relevant laws and regulations or are significantly detrimental to the interests of the Company and the Shareholders as a whole.

#### **5. *Procedures for Termination of the Share Option Incentive Scheme***

- ① If the Company intends to terminate the implementation of the Share Option Incentive Scheme before it is considered at the general meeting, such termination shall be considered and approved by the Board.
- ② If the Company intends to terminate the implementation of the Share Option Incentive Scheme after it is considered and approved at the general meeting, such termination shall be considered and approved at general meeting. If the Company's general meeting or the Board meeting considers and approves the resolution to terminate the implementation of the Share Incentive Scheme, it shall not be allowed to review Share Option Incentive Scheme in the following 3 months from the date of the announcement of the resolution.
- ③ A law firm shall issue professional opinions as to whether the termination of the Share Option Incentive Scheme by the listed company is in compliance with the requirements of the Management Measures and relevant laws and regulations or is significantly detrimental to the interests of the listed company and the Shareholders as a whole.

- ④ Where the Share Option Incentive Scheme is terminated, the Company shall timely apply to the China Securities Depository and Clearing Corporation Limited for the cancellation of the granted Share Options after performing relevant consideration procedures.

## **XI. Respective Rights and Obligations of the Company/Participants**

### ***1. Rights and Obligations of the Company***

- (1) The Company shall have the right to construe and execute the Share Option Incentive Scheme and shall appraise the performance of the Participants based on the requirements under the Share Option Incentive Scheme. If a Participant fails to fulfill the Exercise Conditions required under the Share Option Incentive Scheme, the Company will cancel the Share Options which have been granted to but not yet exercised by the Participants in accordance with the principles under the Share Option Incentive Scheme.
- (2) The Company undertakes not to provide loans and financial support in any other forms, including providing guarantee for loans, to the Participants for acquiring the Share Options under the Share Option Incentive Scheme.
- (3) The Company shall discharge its obligations in a timely manner in relation to report and information disclosure under the Share Option Incentive Scheme in accordance with the relevant requirements.
- (4) The Company shall actively support the Participants who have fulfilled the Exercise Conditions to handle matters related to the exercise of the Share Options in accordance with the relevant requirements including those of the Share Option Incentive Scheme, the CSRC, the Stock Exchange, China Securities Depository and Clearing Corporation Limited. However, the Company disclaims any liability for losses incurred by the Participants who fail to exercise the Share Options at their own will due to reasons caused by the CSRC, the stock exchange and China Securities Depository and Clearing Corporation Limited.
- (5) The Company confirms that the eligibility of the Participants under the Share Option Incentive Scheme does not represent the right of such Participants to continue to serve the Company and does not constitute a commitment of employment for a fixed term by the Company. The employment relationship between the Company and the Participants is still governed by the employment contract between the parties.
- (6) Other relevant rights and obligations under the laws, regulations and regulatory documents.

## **2. *Rights and Obligations of the Participants***

- (1) A Participant shall comply with the requirements of his/her position as stipulated by the Company, and shall work diligently and responsibly, strictly observe professional ethics, and make contribution to the development of the Company.
- (2) Source of funds shall be self-financed by the Participants.
- (3) The Share Options granted to the Participants shall not be transferred or used as guarantee or for repayment of debts.
- (4) Any gains of the Participants generated from the Share Option Incentive Scheme are subject to individual income tax and other taxes under relevant requirements of laws and regulations of the state.
- (5) The Participants undertake, where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in non-compliance with condition of grant or arrangements for exercise of the entitlements, the Participants concerned shall return to the Company all interests gained through the Share Option Incentive Scheme calculated from the date when it is confirmed that the relevant information disclosure documents of the Company contain false statements or misleading representations or material omissions.
- (6) Upon consideration and approval of the Share Option Incentive Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting of the Company, the Company will sign an Agreement on Grant of the Share Options in 2023 with each Participant in order to define their respective rights and obligations under this incentive scheme and other relevant matters.
- (7) Other relevant rights and obligations under the laws, regulations and the Share Option Incentive Scheme.

The Share Options granted to the Participants are not entitled with voting rights and decision-making rights and will not involve in the distribution of bonus shares and dividends before being exercised. The Shares allotted upon exercise of the Share Options shall comply with all the articles of the Articles of Association of the Company, and shall be entitled to equal voting right, dividend right, transfer right, liquidation related rights, and other rights in all respects pro rata.

## **XII. Handling Unusual Changes to the Company/Participants**

### ***1. Handling Unusual Changes to the Company***

- (1) This scheme shall be terminated if any of the following events occurs to the Company:
  - ① change in control of the Company;
  - ② merger and spin-off of the Company.
- (2) The Share Option Incentive Scheme shall be terminated immediately if any of the following events occurs to the Company, and the Share Options which have been granted to the Participants but not yet exercised shall not be exercised and shall be cancelled by 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 36 months after listing;
  - ④ prohibition from implementation of a share incentive scheme by laws and regulations;
  - ⑤ other circumstances under which this incentive scheme shall be terminated as determined by the China Securities Regulatory Commission.
- (3) Where false statements or misleading statements in or material omissions from the information disclosure documents of the Company result in noncompliance with grant conditions or exercise arrangements of the Share Options, all the Share Options that have not been granted shall not be granted. The Share Options which have been granted by not yet exercised shall be cancelled by the Company uniformly. In respect of the Share Options granted to Participants and already exercised by the Participants, the Participants concerned shall return to the Company all interests granted.

The Board shall recover the gain received by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Share Option Incentive Scheme.

- (4) In the event of any political and policy risks, serious natural calamities and other force majeure during the Vesting Period and Exercise Period of the Share Option Incentive Scheme, the occurrence of which is beyond the control of the Company's management, the Board may terminate the Share Option Incentive Scheme.

## **2. *Handling Unusual Changes to the Participants***

- (1) If the Participants are demoted but still meet the incentive conditions after demotion, the Share Options that may be exercised shall be also re-determined accordingly, and the Share Options so reduced shall be cancelled.

If the Participants are demoted and no longer meet the incentive conditions as stipulated in this scheme after demotion, the Share Options that are exercisable shall be exercisable in a normal manner, and the Share Options that have been granted but not yet exercisable shall be cancelled by the Company.

- (2) If any of the following circumstances occurs to a Participant, his/her Share Options that have been granted shall be handled in accordance with the procedures under the Share Option Incentive Scheme, and the performance appraisal at individual level will no longer be included in the Exercise Conditions:

- A. civil incapacity arising out of work;
- B. death arising out of work.

- (3) Retirement of Participants

- A. Where Participants leave the Company due to retirement, their Share Options for which the exercisable conditions have been met shall be handled as per the procedures under the Share Option Incentive Scheme prior to the retirement. Share Options of the Participants granted but for which the exercisable conditions have not been met shall not be exercised and shall be canceled by the Company.
- B. If the Participants are re-employed after retirement, Share Options granted to them shall be handled fully according to the procedures specified in the Share Option Incentive Scheme before their retirement.

- (4) If any of the following circumstances occurs, the Share Options which have been granted but not yet exercised shall be cancelled by the Company:

- A. When the labor contract of a Participant is terminated or dismissed by the Company due to reasons other than the above Paragraph (2) and Paragraph (3);
- B. When a Participant holds position in a wholly-owned or controlled subsidiary of Great Wall Motor Company Limited, if Great Wall Motor Company Limited loses control of the subsidiary and the Participant still work in the subsidiary;
- C. When a Participant is not within the scope of the units and positions covered by this incentive scheme due to the transfer of position;

- D. When a Participant serves as a Supervisor or an Independent Director or holds other position prohibited from holding the Company's Share Options due to redesignation.
- (5) Where a Participant's labor relationship with the Company is terminated by the Company due to violation of laws and regulations or violation of the Company's anti-bribery management system during his/her term of office, the Company shall cancel the Share Options granted but not exercised and the Company may require the Participant to return the proceeds from the exercised Share Options.
- (6) Where a Participant after his/her termination of office causes serious loss to the Company due to violation of competition restrictions, violating the Company's anti-bribery management system or major work problems identified after his/her termination of office, the Company shall have the right to require the Participant to return all the proceeds obtained under the Share Option Incentive Scheme.
- (7) In the implementation process of the Share Option Incentive Scheme, if a Participant is prohibited from being the Participant due to the circumstances as stipulated in Article 8 of the Management Measures, the Company shall not continue to grant him/her the rights and interests, and the Share Options that have been granted but not yet exercised shall not be exercised.
- (8) Other circumstances not stated above and the handling method thereof shall be determined by the Remuneration Committee.

### ***3. Resolution of Disputes between the Company and the Participants***

Any dispute arising out of the implementation of the Share Option Incentive Scheme and/or the share incentive agreement signed by the Company and the Participants or any dispute in relation to the Share Option Incentive Scheme and/or the share incentive agreement shall be settled by negotiation and communication between the parties or through mediation conducted by the Remuneration Committee of the Board of the Company. If relevant disputes fail to be settled through the abovementioned methods within 60 days from the date of occurrence of the disputes, either party is entitled to file a lawsuit with the people's court with jurisdiction in the place where the Company is located.

## **PROPOSED ADOPTION OF THE 2023 SECOND A SHARE ESOP**

The principal terms of the ESOP are set out as follows:

### **1. 2023 SECOND A SHARE ESOP**

#### ***1.1 Purposes of the ESOP***

- (I) To further improve the corporate governance structure, improve the Company's long-term incentive and restraint mechanism, and ensure the Company's long-term, stable and healthy developments;
- (II) To improve mechanisms for sharing benefits between workers and owners, align the long-term interests of the Company, Shareholders, and employees, and promote the Company's long-term and sustainable development, so as to bring returns to Shareholders;
- (III) To attract and to retain outstanding management and business key staffs, meet the Company's demand for core technical talents and management talents through comprehensive and accurate coverage of high-value positions and key talents, establish the Company's human resources advantages, further stimulate the Company's innovation vitality, and inject new impetus into the sustained and rapid development of the Company.

#### ***1.2 Basic principles followed by the ESOP***

##### ***(I) The principle of compliance with laws and regulations***

When implementing the ESOP, the Company shall strictly follow the procedures prescribed by laws and administrative regulations, and carry out information disclosure in a true, accurate, complete and timely manner. No one shall use the ESOP to commit securities fraud such as insider trading, manipulation of the securities market, etc.

##### ***(II) The principle of voluntary participation***

The Company's implementation of the ESOP shall follow the principles of legal compliance, voluntary participation and self-bearing of risks, and there is no forced participation of employees by way of apportionment, mandatory distribution, etc.

##### ***(III) Risk self-bearing principle***

Participants of the ESOP shall be responsible for their own profits and losses, bear their own risks and enjoy equal rights and interests as other investors.

### ***1.3 Participants and Determination Criteria***

#### ***I. Legal Basis for Determining Participants***

The Participants of this ESOP are determined by the Company in accordance with the provisions of the Company Law, the Securities Law, the Guiding Opinions, the Regulatory Guidelines and other laws, regulations, normative documents and the Articles of Association, and with consideration of the actual situations.

#### ***II. Determination of the Scope of Participants***

Participants under the ESOP shall be either:

- (1) Directors (excluding independent Directors), Supervisors and senior management of the Company;
- (2) core management and key employees.

All participants must enter 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.

#### ***III. Verification of Participants***

The Supervisory Committee of the Company shall verify the list of Participants and state the verification results at the general meeting. The lawyers engaged by the Company shall issue their legal opinions on whether the qualifications and other conditions of the Participants comply with the Company Law, the Securities Law, the Guiding Opinions, the Regulatory Guidelines and other laws, administrative regulations, rules, normative documents and the Articles of Association as well as the ESOP.

#### ***IV. Allocation under the ESOP***

The total number of Participants of the ESOP is 31, among which 4 are Directors (excluding independent Directors), Supervisors and senior management of the Company, and 27 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 5,248,643 shares.

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

<b>No.</b>	<b>Participants</b>	<b>Shares to be allocated (shares)</b>	<b>Proposed proportion to the total ESOP shares</b>
1	Mu Feng (general manager), Zhao Guo Qing (vice chairman, deputy general manager), Li Hong Shuan (executive Director, chief financial officer, the secretary to the Board) and Lu Cai Juan (Chairman of the Supervisory Committee)	1,520,000	28.9599%
2	27 core management and key employees	3,728,643	71.0401%
<b>Total (31 Participants)</b>		<b>5,248,643</b>	<b>100%</b>

*Note:* The final number of Participants, list and allocation results under the ESOP shall be subject to the actual subscription.

Upon 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 employees 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 Company's 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 automatically waive the subscription rights of the corresponding shares. The Board may: (1) adjust the scale of the ESOP and the number of Underlying Shares actually transferred; or (2) not to adjust the scale of the ESOP and grant such portion of equity interest directly to other eligible employees.

## **1.4 Source of Funds, Source and Number of Shares and Transfer Price of the ESOP**

### ***I. Source of Funds***

The source of funds for the ESOP shall be the legal remuneration of employees, self-raised funds and funds obtained by other means permitted by laws and regulations.

Participants of the ESOP shall pay the subscription funds in full and on time according to the subscription amount, and the payment time of the ESOP shall be arranged by the Company with a unified notice. If the holders fail to pay the subscription funds on time and in full, the corresponding subscription rights shall be automatically forfeited.

### ***II. Source and Number of Shares***

#### **(I) Source of Shares**

The shares of the ESOP come from the ordinary A shares of Great Wall Motor repurchased in the Company's special securities account for repurchase. After the ESOP is considered and approved by the general meeting, repurchased shares of the Company will be transferred to the ESOP through non-trading transfer and other methods permitted by laws and regulations.

On 15 July 2022, the Company held the 44th meeting of the seventh session of the Board and the 40th meeting of the seventh session of the supervisory committee of the Company, at which the Plan on Repurchase of A Shares by Way of Centralized Bidding was considered and approved, pursuant to which the Company can use its own funds to repurchase the Company's shares through centralized bidding, with a repurchase amount not less than 10 million shares (inclusive) and not more than 15 million shares (inclusive). For details, please refer to the Announcement on Plan for Repurchase of A Shares through Centralized Price Bidding published by the Company on 15 July 2022. As of 15 September 2022, the Company had repurchased 12,000,089 A shares in aggregate through the special securities account for repurchase through centralized bidding, accounting for 0.13% of the Company's total share capital. The highest repurchase price was RMB35.04 per share, the lowest repurchase price was RMB30.22 per share, and the average repurchase price was RMB32.71 per share, with a total amount of funds used of RMB392,565,200 (net of transaction expenses). The repurchase plan has been completed.

On 14 October 2022, the Company held the 51st meeting of the seventh session of the Board and the 44th meeting of the seventh session of the Supervisory Committee of the Company, at which the Plan on Repurchase of A shares by Way of Centralized Bidding was considered and approved, pursuant to which the Company can use its own funds to repurchase the Company's shares through centralized bidding, with a repurchase amount not less than 20 million shares (inclusive) and not more than 40 million shares (inclusive). For details, please refer to the Announcement on Plan for Repurchase of A Shares through Centralized Price Bidding published by the Company on 16 October 2022. As of 21 February 2023, the Company had repurchased 27,999,954 A shares in aggregate through the special securities account for repurchase through centralized bidding, accounting for 0.32% of the Company's total share capital. The highest repurchase price was RMB31.00 per share, the lowest repurchase price was RMB27.60 per share, and the average repurchase price was RMB29.35 per share, with a total amount of funds used of RMB821,854,000 (net of transaction expenses). The repurchase plan has been completed.

On 16 June 2023, the Company adopted the 2023 First A Share ESOP. The repurchased A shares of 34,751,400 from the above special securities account for repurchase have been transferred to the 2023 First A Share ESOP of the Company. As of the date of this announcement, the repurchased A shares of 5,248,643 remained in the special securities account for repurchase.

## (II) Number of Shares

The number of Underlying Shares under the ESOP shall be no more than 5,248,643 shares, representing 0.0618% 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 from the Price Determination Date to the date when the ESOP is transferred to the Company for share repurchase through non-trading transfer and other methods permitted by laws and regulations, in the event of any ex-right or ex-dividend matters such as capitalisation issue, bonus issue and dividend distribution, the number and price of the Underlying Shares shall be adjusted accordingly. After the draft of the ESOP is approved at the general meeting, the Underlying Shares held in the Company's special account for repurchase will be obtained through non-trading transfer and other means permitted by laws and regulations.

## III. *Explanation on the Purchase Price, Pricing Basis and the Reasonableness of Price*

### (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 shall be RMB13.61 per share, being 50% of the average trading price of the Company's shares for the 20 trading days prior to the announcement of the draft of the ESOP.

The transfer price shall not be lower than the par 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 for the trading day prior to the announcement of the draft of the ESOP, i.e. RMB13.02 per share;
2. 50% of the average trading price of the Company's shares for the 20 trading days before the announcement of the draft of the ESOP, i.e. RMB13.61 per share.

In the event of any ex-right or ex-dividend events such as dividends distribution, bonus issue, and capitalisation issue during the period from the Pricing Determination Date to the date of transfer of the Underlying Shares under the ESOP, the aforesaid transfer price will be adjusted accordingly.

## (II) 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 RMB13.61 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 in line with the basic principle of "assuming sole responsibility for its own profit and loss, self-bearing of risks, and equal rights and interests to other investors".

### ***1.5 Duration, Lock-Up Period, Performance Appraisal and Trading Restrictions***

#### ***I. Duration***

- (I) The term of the ESOP shall be 48 months commencing from the date on which the ESOP is considered and approved at the general meeting and the Company announces the last tranche of the Underlying Shares has been transferred to the ESOP.
- (II) The term of the ESOP may be extended before the expiry of the term of the ESOP, as agreed by the Holders holding more than two-thirds (inclusive) of the total units and attending the Holders' Meeting, and as considered and approved by the Board.

#### ***II. Lock-up periods***

The lock-up period of the ESOP is 12 months commencing from the date when the Company announces the registration of the transfer of the last tranche of the Underlying Shares to the ESOP. The equity of Underlying Shares held shall be unlocked in three tranches. The time point of unlocking is 12 months, 24 months and 36 months respectively from the date of the Company's announcement of the registration of the transfer of the last tranche of the Underlying Shares to the ESOP, and the proportion of the Underlying Shares to be unlocked for each tranche is 40%, 30% and 30%, respectively. The actual proportion and number of shares to be unlocked for each tranche are determined according to the Company's performance and the results of the individual performance of the Participants.

Regarding the Underlying Shares transferred to the ESOP, the shares derived from the situations including distribution of dividends and the capitalization of capital reserves of the Company etc. shall also be subject to the above-mentioned lock-up arrangements.

### III. Performance Appraisal of the ESOP

#### (I) Company-level performance appraisal

The ESOP is based on three accounting years from 2024 to 2026 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:

<b>Selection of performance indicators</b>	<b>Sales volume</b>	<b>Net profit</b>
Weights of performance indicators	50%	50%
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 1.90 million units in 2024	The net profit shall not be less than RMB7.2 billion in 2024
Second unlocking period	The sales volume of automobiles of the Company shall not be less than 2.16 million units in 2025	The net profit shall not be less than RMB8.5 billion in 2025
Third unlocking period	The sales volume of automobiles of the Company shall not be less than 2.49 million units in 2026	The net profit shall not be less than RMB10.0 billion in 2026

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

If the company-level performance appraisal indicators meet the unlocking conditions, the equity of Underlying Shares for such unlocking period will be unlocked in proportion accordingly, and the unlocked portion shall be recovered by the Management Committee. If the company-level performance appraisal indicators fail to meet the unlocking conditions, the equity of Underlying Shares for such unlocking period shall not be unlocked, and shall be recovered by the Management Committee. The above-mentioned return price of the locked-up equity is the sum of the original capital contribution amount of the Underlying Shares and the interest of bank deposits for the same period, which will be returned to the holders by the Management Committee after the disposal at an appropriate time. If there are still gains after returning to the holders, the remaining funds will belong to the listed company.

(II) Individual-level performance appraisal

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

<b>Annual performance appraisal results</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
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 the Underlying Share equity to be unlocked by the Participants for the period = the amount of Underlying Share equity to be unlocked by the Participants for the period  $\times$  the company-level unlocking proportion (X)  $\times$  the individual-level unlocking proportion (N).

The equity of Underlying Share that cannot be unlocked due to the results of the individual-level performance appraisal shall be recovered by the Management Committee. The recovery price shall be the sum of the original capital contribution amount of the Underlying Shares corresponding to such share and the interest of bank deposits for the same period, and shall be returned to the holders after disposal at the appropriate time. If there are still gains after returning to the holders, the remaining funds shall belong to the listed company.

#### *IV. Trading restrictions of the ESOP*

The implementation of ESOP will strictly abide by the market trading rules, and comply with the provisions of the CSRC and the SSE on the prohibition of trading of stocks during the sensitive period of information. No person is permitted to engage in insider trading, market manipulation and other securities fraud through the ESOP. The ESOP shall not deal in the shares of the Company during the following periods:

- (I) the period commencing from 60 days prior to the publication of annual reports or 30 days prior to the publication of semi-annual and quarterly reports of the Company, or in the event of delay in publishing the annual reports for special reasons, 60 days prior to the original date of publication and up to the date of publication of annual reports, or in the event of delay in publishing the semiannual and quarterly reports for special reasons, 30 days prior to the original date of publication of semi-annual and quarterly reports and up to the date of publication;
- (II) the period commencing from 10 days prior to the publication of the announcement of results forecast and preliminary results of the Company;
- (III) the period commencing from the date of occurrence of any significant event which may have significant effect on the trading prices of the Company's Shares and their derivatives or the date on which relevant decision-making procedures start and ending on the date of publication in accordance with laws;
- (IV) other periods as stipulated by the CSRC, the SSE and the Stock Exchange.

#### **1.6 Management Model**

The ESOP shall be managed by the Company itself. The Holders' Meeting is the highest internal management authority of the ESOP. The Holders' Meeting shall establish the Management Committee and authorize the Management Committee as the management body of the ESOP to supervise the daily management of the ESOP and exercise Shareholders' rights on behalf of the Holders. The Board is responsible for drafting and amending the draft of the ESOP and handling other relevant matters of the ESOP within the scope authorized by the general meeting.

## ***1.7 Amendment and Termination of the ESOP and Measures for the Disposition of Holders' Interests***

### ***I. Amendment to the ESOP***

Any amendment to the ESOP shall be passed by more than two-thirds (inclusive) of the units held by the Holders attending the Holders' Meeting and be submitted to the Board for consideration and approval.

### ***II. Termination of the ESOP***

- (I) The ESOP will be automatically terminated if it fails to extend upon expiry;
- (II) If all the assets of the ESOP are monetary assets upon the expiry of the lockup period, the ESOP may be terminated early;
- (III) Subject to the requirements of the policy, the ESOP may be terminated early upon proposal by the Management Committee, the approval by more than two-thirds (inclusive) of the units held by the Holders attending the Holders' Meeting and the submission to the Board for consideration and approval.

### ***III. Disposition of the Holders' interests***

- (I) Within the term of the ESOP, unless otherwise stipulated in laws, administrative regulations, and departmental rules or upon approval of the Management Committee, the units of the ESOP held by the Holders shall not be transferred, used for guarantee, repayment of debts or other similar disposals.
- (II) Within the lock-up period of the ESOP, the Holders shall not request the distribution of rights and interests of the ESOP.
- (III) During the lock-up period, when the Company converts capital reserve into share capital and distributes bonus shares, the newly acquired shares under the ESOP due to the holding of shares of the Company shall be locked up together. The unlocking period of such shares is the same as the corresponding Underlying Shares.
- (IV) Upon expiration of the lock-up period of the ESOP, the Management Committee shall realize the assets under the ESOP successively and distribute them to the Holders in proportion to their units; or the Management Committee shall apply to the securities depository and clearing institution to transfer the Underlying Shares to the personal account of the Holders according to the proportion of their units pursuant to the requirements of relevant laws and regulations for the Holders to dispose at their own discretion.
- (V) If all Underlying Shares held under the ESOP are sold and the liquidation and distribution of the assets under the ESOP have been completed according to the preceding paragraph, the ESOP shall be terminated immediately upon being approved by the Management Committee and filed with the Board.

(VI) During the term of the ESOP, cash dividends received by the ESOP for holding the Underlying Shares are included in the assets of the ESOP. The Management Committee has the right to decide whether to allocate cash dividends.

(VII) During the term of the ESOP, if cash or other distributable proceeds are obtained from the sale of the Company's shares held by the ESOP, they shall be used in priority to pay the relevant taxes, transaction costs and other expenses incurred by the ESOP.

(VIII) Disposal of Interests under the ESOP in Special Circumstances

(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 can 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 can 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 can 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 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 violation of the Company's anti-bribery management system during his/her term of office resulting that the Company terminates the labor relationship 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 can 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, violation of the Company's anti-bribery management system or other negligence or dereliction of duty, causing serious economic 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 of the Second ESOP of the Company, the disposal of the interests held by the Holder under the ESOP shall be determined by the Management Committee.

### **PURPOSE OF, REASONS FOR AND BENEFITS OF THE ADOPTING OF THE 2023 RESTRICTED A SHARE INCENTIVE SCHEME, THE 2023 A SHARE OPTION INCENTIVE SCHEME AND THE 2023 SECOND A SHARE ESOP**

The 2023 Restricted A Share Incentive Scheme can further establish and improve the Company's long-term incentive mechanism, attract and retain talented individuals, fully raise the enthusiasm of senior management, mid-level management and core technical (business) backbone staff of the Company, bond the interests of Shareholders, the Company and core individuals together effectively, help various parties to attend to the long-term development of the Company and improve operational efficiency. The Directors of the Company (including Independent Non-executive Directors) believes that the adoption of the Restricted Share Incentive Scheme will help the Company achieve the above objectives, and is also of the view that the terms and conditions of this incentive scheme are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The 2023 A Share Option Incentive Scheme can further establish and improve the Company's operating mechanism, establish and improve the incentive and binding mechanism for the Company, senior management, mid-level management and core technical (business) backbone staff of the Company, fully raise their enthusiasm and unite their efforts, bond the interests of Shareholders, the Company and core individuals together effectively, help various parties to attend to the long-term development of the Company and improve operational efficiency. The Directors of the Company (including Independent Non-executive Directors) believes that the adoption of the Share Option Incentive Scheme will help the Company achieve the above objectives, and is also of the view that the terms and conditions of this incentive scheme are on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The ESOP aims to enhance the cohesion of employees and the competitiveness of the Company. By adopting the ESOP, the Company is able to further improve the corporate governance structure, improve the Company's long-term incentive and restraint mechanism, ensure the Company's long-term, stable and healthy development, improve mechanisms for sharing benefits between workers and owners, achieve the long-term interests of the Company, shareholders, and employees as a whole, and promote the Company's long-term and sustainable development, so as to bring returns to shareholders. Also, the adoption and implementation of the ESOP can help the Company to attract and retain outstanding management and business key staffs, meet the Company's demand for core technical talents and management talents through comprehensive and accurate coverage of high-value positions and key talents, establish the Company's human resources advantages, further stimulate the Company's innovation vitality, and inject new impetus into the sustained and rapid development of the Company. The Company considers that the adoption of the ESOP can achieve the above purposes and the terms and conditions of the ESOP are on normal commercial terms, fair and reasonable and in the interests of the Company and its shareholders as a whole.

As Participants of the ESOP, Mr. Zhao Guo Qing and Ms. Li Hong Shuan, an executive Director, has abstained from voting on the relevant Board resolutions to approve the ESOP, Lu Cai Juan, an the Supervisor has abstained from voting on the relevant resolution of the Supervisory Committee to approve the ESOP. In addition, as the spouse of Ms. Li Hong Shuan is a participant of the 2023 Share Option Incentive Scheme, Ms. Li Hong Shuan also has abstained from voting on the relevant Board resolutions to approve the 2023 Share Option Incentive Scheme. Save as disclosed above, none of the other Directors and Supervisors has or is deemed to have a material interest in the above schemes. In addition, none of the Directors and Supervisors abstained from voting on other relevant resolutions considered at the Board meeting and the Supervisory Committee.

## **HONG KONG LISTING RULES IMPLICATION**

The 2023 Restricted Share Incentive Scheme and the 2023 Share Option Incentive Scheme involve the issue of new A Shares by the Company and are subject to the announcement and shareholders' approval requirements under Rules 17.02 to 17.11 of Chapter 17 of the Listing Rules.

Pursuant to Rule 14A.92(3)(a) of the Listing Rules, the grant of Restricted Shares and Share Options to the Connected Persons under the 2023 Restricted Share Incentive Scheme and the 2023 Share Option Incentive Scheme is fully exempt from shareholders' approval, annual review and all disclosure requirements. The Company will apply to the Stock Exchange for a waiver from strict compliance with Rule 17.03E of the Listing Rules in respect of the Exercise Price of the Share Options that may be granted under the 2023 Share Option Incentive Scheme.

The 2023 Second A Share ESOP constitutes a share scheme under Chapter 17 of the Listing Rules and is subject to the applicable disclosure requirements under Rule 17.12 of the Listing Rules. However, the ESOP does not involve the issue of new Shares as incentives. Therefore, the ESOP does not constitute a share scheme involving issue of new shares under Chapter 17 of the Listing Rules. In accordance with the PRC laws and regulations, the ESOP is subject to consideration and approval by the Shareholders at the general meeting.

As Holders of the ESOP involve the Connected Persons of the Company, such Holders' participation in the ESOP shall constitute a connected transaction under Chapter 14A of the Listing Rules. As the applicable percentage ratios (as defined under Listing Rules) on an individual basis are less than 0.1%, thus they are fully exempted from shareholders' approval, annual review and all disclosure requirements. Save for the above fully exempted connected transaction, other Holders' participation in the ESOP does not constitute a connected transaction under Chapter 14A of the Listing Rules. The Company will comply with the relevant requirements under Chapter 14A of the Listing Rules in the event of any reallocation of the ESOP units to any Connected Person and such allocation constitutes a connected transaction under Chapter 14A of the Listing Rules.

## **THE EGM AND THE CLASS MEETINGS**

The EGM and the Class Meetings will be convened for the Shareholders to consider and, if thought fit, approve, among other things, the proposed adoption of the 2023 Restricted A Share Incentive Scheme, the proposed adoption of the 2023 A Share Option Incentive Scheme and the proposed adoption of the 2023 Second A Share ESOP. The Company will dispatch the notice of the EGM, the notice of the Class Meetings and the circular containing further details of the terms of (i) the 2023 Restricted A Share Incentive Scheme, (ii) the 2023 A Share Option Incentive Scheme and (iii) the 2023 Second A Share ESOP to the Shareholders after the date of the EGM and the Class Meetings is determined in accordance with the requirements of the Hong Kong Listing Rules and the Articles of Association.

## **DEFINITIONS**

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

“2023 First A Share ESOP”	the 2023 ESOP of the Company adopted at the annual general meeting of the Company held on 16 June 2023;
“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;
“Class Meetings”	the A Shareholders' Class Meeting and the H Shareholders' Class Meeting to be convened by the Company for approving the 2023 Restricted Share Incentive Scheme and the 2023 Share Option Incentive Scheme;

“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 the 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;
“Connected Transaction(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;
“ESOP”, “Plan” or “2023 Second A Share ESOP”	the draft of the 2023 Second ESOP of Great Wall Motor Company Limited;
“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 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 Listing Rules” or “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” or “Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Director(s)”	the independent non-executive director(s) of the Company;

“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 Restricted Share Incentive Scheme are not satisfied;
“Management Measures”	the Management Measures for Share Incentives of Listed Companies;
“Participant(s)” or “Holder(s)”	individuals to be granted share options under the Share Option Incentive Scheme ; individuals to be granted restricted shares under the Restricted Share Incentive Scheme ; or employees of the Company and its subsidiaries who participate in the ESOP;
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan;
“Restricted Shares”	a certain 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 when the unlocking conditions as stipulated in the Restricted Share Incentive Scheme are satisfied;
“Restricted Share Incentive Scheme”, “2023 Restricted Share Incentive Scheme”, “2023 Restricted A Share Incentive Scheme” or “Restricted Share Scheme”	the draft of the 2023 Restricted Share Incentive Scheme of Great Wall Motor Company Limited;
“Securities Law”	the Securities Law of the People’s Republic of China;
“Share(s)”	A Share(s) and H Share(s);
“Share Options” or “Options”	the rights to be granted by the Company to the participants of the 2023 Share Option Incentive Scheme to purchase a certain number of Shares of the Company at a predetermined price within a certain period of time in the future;
“Share Option Incentive Scheme”, “2023 Share Option Incentive Scheme”, “2023 A Share Option Incentive Scheme” or “Share Option Scheme”	the draft of the 2023 Share Option Incentive Scheme of Great Wall Motor Company Limited

“Shareholders”	holders of the Company’s Shares including A Share(s) and H Share(s);
“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;
“SSE”	the Shanghai Stock Exchange;
“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 Restricted Share Incentive Scheme;
“Validity Period”	the period commencing from the date the Restricted Shares are granted to the date when all Restricted Shares are unlocked or repurchased and cancelled; or the period commencing from the date the Share Options are granted to the date when all Share Options are exercised or cancelled;
“Vesting Period”	the period commencing from the date of registration of the grant of the Share Options and ending on the Exercisable Date of the Share Options;
“%”	percent;

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

Baoding, Hebei Province, the PRC, 12 December 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. Fan Hui and Mr. Tom Siulun Chau.*

\* *For identification purpose only*