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長 城 汽 車 股 份 有 限 公 司

**GREAT WALL MOTOR COMPANY LIMITED\***

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

**(Stock Code: 2333)**

**ANNOUNCEMENT  
RESULTS OF THE FIRST GRANT OF THE 2020  
RESTRICTED SHARE AND SHARE OPTION INCENTIVE SCHEME**

Reference is made to the announcements of Great Wall Motor Company Limited (the “**Company**” or “**Great Wall Motor**”) dated 30 January 2020, 13 March 2020 and 27 April 2020 as well as the circular and supplemental circular of the Company dated 28 February 2020 and 25 March 2020, respectively (the “**Circulars**”), in relation to, among others, the proposed adoption of 2020 Restricted Share and Share Option Incentive Scheme of Great Wall Motor Company Limited (the “**Share Incentive Scheme**”) and the granting of Restricted Shares or Share Options to Participants. Unless otherwise defined in this announcement, capitalized terms used herein shall have the same meaning as those defined in the Circulars.

**I. FIRST GRANT OF THE RESTRICTED SHARES AND SHARE OPTIONS**

**First grant of the Restricted Shares**

1. Source of Shares: The ordinary A Shares issued by the Company to the Participants
2. First Grant Date: 27 April 2020
3. Grant Price: RMB4.37 per Share

#### 4. List of Participants and actual grant

In the process of capital contribution, a total of 281 Participants have actually subscribed, of which 47 Participants have partially subscribed. One Participant did not participate in the subscription due to personal reasons. Therefore, the Company actually granted a total of 49,303,500 Restricted Shares to the 281 Participants with the specific distribution as follows:

Name	Position	Actual number of the Restricted Shares granted (0'000 shares)	Percentage to the actual total number of the Restricted Shares granted	Percentage to the total number of Shares as of the date of this announcement of the Company
Hu Shu Jie <sup>#</sup>	Deputy General Manager	200	4.057%	0.022%
Zhao Guo Qing <sup>#</sup>	Deputy General Manager	138	2.799%	0.015%
Xu Hui <sup>#</sup>	Board Secretary	43	0.872%	0.005%
Liu Yu Xin <sup>#</sup>	Chief Financial Controller	25	0.507%	0.003%
Zheng Chun Lai <sup>*</sup>	Director and general manager of subsidiaries	40	0.811%	0.004%
Zhang De Hui <sup>*</sup>	Director and general manager of subsidiaries	40	0.811%	0.004%
Li Rui Feng <sup>*</sup>	Director and general manager of subsidiaries	126	2.556%	0.014%
Core management, core technical (business) backbone staff (274 people)		4,318.35	87.587%	0.471%
Total		4,930.35	100%	0.537%

Notes:

\* The grantor of connected persons pursuant to Hong Kong regulations: Director or General Manager of the Company's certain significant subsidiaries, who are the connected persons of the Company as defined in the Hong Kong Listing Rules.

# The related parties as defined in the laws and regulations of PRC.

1. The total Shares of the Company to be granted under the fully effective 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 Incentive Scheme exclude the Company's 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.

Apart from one Participant who did not participate in the subscription, the number of Participants under the first grant of Restricted Shares is consistent with “The 2020 Restricted Share and Share Option Incentive Scheme List of Initial Grant Incentive Objects of Great Wall Motor Company Limited” disclosed on the website of Shanghai Stock Exchange (www.sse.com.cn) and the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) on 27 April 2020.

### First grant of the Share Options

1. Source of Shares: The ordinary A Shares issued by the Company to the Participants
2. First Grant Date: 27 April 2020
3. Grant price: RMB8.73 per Share
4. Grant of the Share Options

1,651 people were actually granted with the Share Options. 14 Participants did not participate in the subscription due to personal reasons. Therefore, the Company actually granted a total of 87,065,300 Share Options to 1,651 Participants with the specific distribution as follows:

Position	Actual number of the Share Options granted (0'000 shares)	Percentage to the actual total number of the Share Options granted	Percentage to the total number of Shares as of the date of this announcement of the Company
Core management, core technical (business) backbone staff (1,651 people)	8,706.53	100%	0.949%
Total	8,706.53	100%	0.949%

#### Notes:

1. The total Shares to be granted under the fully effective Share Option Scheme 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 to be granted to the qualified Participants will not exceed 10% of the total number of shares of the Company as at the date of the proposal of the Share Option Scheme at the general meeting, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting.
2. The Participants of the Incentive Scheme exclude the Company's 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.

Apart from 14 Participants who did not participate in the subscription, the number of Participants under the first grant of Share Options is consistent with “The 2020 Restricted Share and Share Option Incentive Scheme List of Initial Grant Incentive Objects of Great Wall Motor Company Limited” disclosed on the website of Shanghai Stock Exchange ([www.sse.com.cn](http://www.sse.com.cn)) and the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) on 27 April 2020.

## **II. VALIDITY PERIOD, LOCK-UP PERIOD, UNLOCKING ARRANGEMENT OF THE RESTRICTED SHARES AND THE VALIDITY PERIOD, VESTING PERIOD AND EXERCISE ARRANGEMENT OF THE SHARE OPTIONS**

### **1. Validity Period, Lock-up Period and Unlocking Arrangement of the Restricted Shares**

- (1) The validity period of the Incentive Scheme shall commence on the date on which the Restricted Shares have been granted and end on the date of unlocking all the Restricted Shares granted to the Participants or the repurchase and cancellation of such shares, which shall not exceed 48 months.
- (2) The lock-up Period for the Restricted Shares granted under the Incentive Scheme shall be 12 months, 24 months or 36 months from the first grant.

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 the Incentive Scheme and remain unlocked shall not be transferred, pledged for guarantees, charged or used for repayment of debt.

Upon unlocking, 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.

- (3) The Unlocking Period and unlocking schedule for the Restricted Shares under the first grant of the Incentive Scheme is shown in the table below:

<b>Unlocking arrangement</b>	<b>Unlocking time</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	50%
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	20%

- (4) In addition to satisfying the relevant requirements consistent with the conditions on grant, the unlocking of the Restricted Shares must also fulfill the following conditions:

1) Performance appraisal at company level

The unlocking appraisal period of the Incentive Scheme covers three accounting years from 2020 to 2022. Whether the performance appraisal indicators at company level are up to standards shall be determined according to the value of the combined performance coefficient in each performance appraisal year. The annual performance appraisal targets of the restricted shares under first grant are as follows:

Selection of Performance indicators	Sales volume	Net profit	Threshold
Weights of performance indicators	40%	60%	–
Combined performance coefficient	$\Sigma (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$		
First Unlocking Period	the sales volume of automobiles of the Company shall not be less than 1.02 million units in 2020	The net profit shall not be less than RMB4.05 billion in 2020	Combined performance coefficient $\geq 1$
Second Unlocking Period	The sales volume of automobiles of the Company shall not be less than 1.21 million units in 2021	The net profit shall not be less than RMB5.0 billion in 2021	Combined performance coefficient $\geq 1$
Third Unlocking Period	The sales volume of automobiles of the Company shall not be less than 1.35 million units in 2022	The net profit shall not be less than RMB5.5 billion in 2022	Combined performance coefficient $\geq 1$

*Note:* The “net profit” mentioned above refers to the audited net profit attributable to shareholders of the listed company, and the “sales volume” mentioned above refers to the audited annual sales volume.

If the combined performance coefficient of the Company is  $\geq 1$ , the performance appraisal indicators at company level are up to standards and the number of the Restricted Shares held by the Participants that may be unlocked in each Unlocking Period will be determined according to the performance appraisal result at individual level; if the performance appraisal indicators of the Company are not up to standards, all the Restricted Shares held by the Participants that are planned to be unlocked in relevant appraisal year shall not be unlocked and shall be repurchased and cancelled by the Company.

If any condition of unlocking cannot be satisfied in any Unlocking Period within the Validity Period of the Incentive Scheme, such portion of the Restricted Shares which may be unlocked in such current Unlocking Period cannot be deferred to the next year and will be repurchased and cancelled by the Company.

## 2) Performance appraisal at individual level

The annual performance appraisal results of the Participants are classified into five grades, i.e., A, B, C, D and E. The individual performance appraisal results of the Participants are determined as per the table below:

Whether Qualified	Qualified			Unqualified	
Appraisal results	A	B	C	D	E
Exercisable proportion	100%			0%	

If the individual performance appraisal result of a Participant is qualified, the performance appraisal indicator at individual level is up to standard, and if the annual performance appraisal indicator at company level is also up to standard, the limit to be unlocked by the Participant under the Scheme in the current year may be fully unlocked. If the individual performance appraisal result of the Participant is unqualified, the Company shall cancel the limit to be unlocked by the Participant in the current period according to the provisions of the Incentive Scheme, and the Restricted Shares shall be repurchased and cancelled by the Company.

If a Participant fails to meet his/her performance target, no corresponding Restricted Shares shall be unlocked or deferred to the next year and will be repurchased and cancelled by the Company.

## 2. Validity Period, Vesting Period and Exercise Arrangement of the Share Options

- (1) The Validity Period of the Incentive Scheme shall commence from the date of the grant of the Share Options and end on the date on which all the Share Options granted to the Participants have been exercised or cancelled, and shall not exceed 48 months.
- (2) The Vesting Period shall commence from the date of registration of the grant of the Share Options and end on the Exercisable Date of the Share Options. The Share Options granted to the Participants are subject to different Vesting Periods. The Vesting Period for the first grant of Share Options shall be 12, 24 or 36 months. The Share Options which are granted to the Participants under the Incentive Scheme shall not be transferred, pledged for guarantees, charged or used for repayment of debt.

- (3) The exercise periods of the Share Options to be granted under the first grant and the schedule for each exercise period are shown in the table below:

<b>Exercise arrangement</b>	<b>Exercise time</b>	<b>Exercise proportion</b>
First exercise period for the Share Options to be granted 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 for the Share Options to be granted 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 for the Share Options to be granted 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

- (4) In addition to satisfying the relevant requirements consistent with the conditions on grant, the exercise of the Share Options must also fulfill the following conditions:

1) Performance appraisal at company level

The Share Options granted under the Incentive Scheme are subject to appraisal and shall be exercised once a year during the exercise period of three accounting years. The exercising of the Share Options is conditional on the satisfaction of performance appraisal targets.

The exercising appraisal period of the Incentive Scheme covers three accounting years from 2020 to 2022. Whether the performance appraisal indicators at company level are up to standards shall be determined according to the value of the combined performance coefficient in each performance appraisal year. The annual performance appraisal targets of the Share Options under first grant are as follows:

Selection of performance indicators	Sales volume	Net profit	Threshold
Weights of performance indicators	40%	60%	–
Combined performance coefficient	$\Sigma (\text{actual value of performance indicator} / \text{target value of performance indicator}) \times \text{weight of performance indicator}$		
First exercise period	The sales volume of automobiles of the Company shall not be less than 1.02 million units in 2020	The net profit shall not be less than RMB4.05 billion in 2020	Combined performance coefficient $\geq 1$
Second exercise period	The sales volume of automobiles of the Company shall not be less than 1.21 million units in 2021	The net profit shall not be less than RMB5.0 billion in 2021	Combined performance coefficient $\geq 1$
Third exercise period	The sales volume of automobiles of the Company shall not be less than 1.35 million units in 2022	The net profit shall not be less than RMB5.5 billion in 2022	Combined performance coefficient $\geq 1$

*Note:* The “net profit” mentioned above refers to the audited net profit attributable to Shareholders of the listed company, and the “sales volume” mentioned above refers to the audited annual sales volume.

If the combined performance coefficient of the Company is  $\geq 1$ , the performance appraisal indicators at company level are up to standards and the number of Share Options held by the Participants that may be exercised in each exercise period will be determined according to the performance appraisal result at individual level; if the performance appraisal indicators of the Company are not up to standards, all Share Options held by the Participants that are can be exercised in relevant appraisal year shall not be exercised and shall be cancelled by the Company.

If any Exercise Conditions cannot be satisfied in any exercise period within the validity period of the Incentive Scheme, such portion of the share options which may be exercisable in such current exercise period cannot be deferred to the next year to exercise. All such Share Options will be cancelled by the Company.

2) Performance appraisal at individual level

The annual performance appraisal results of the Participants are classified into five grades, i.e., A, B, C, D and E. The individual performance appraisal results of the Participants are determined as per the table below:

Whether Qualified	Qualified			Unqualified	
Appraisal results	A	B	C	D	E
Exercisable proportion	100%			0%	

If the individual performance appraisal result of a Participant is qualified, the performance appraisal indicator at individual level is up to standard, and if the annual performance appraisal indicator at company level is also up to standard, the Share Options exercisable by the Participants under the Scheme in the current year may be fully exercised. If the individual performance appraisal result of a Participant is unqualified, the Company shall cancel the Options limit exercisable by the Participant for the current period according to the provisions of the Incentive Scheme, and the Share Options shall be cancelled by the Company.

If a Participant fails to meet his/her performance target, no corresponding Share Options shall be exercisable or deferred to the next year to exercise. All such Share Options will be cancelled by the Company.

### III. CAPITAL VERIFICATION FOR SHARE SUBSCRIPTION AMOUNTS RECEIVED FOR THE FIRST GRANT OF RESTRICTED SHARES

According to the “Capital Verification Report” issued by Deloitte Touche Tohmatsu Certified Public Accountants LLP (De Shi Bao (Yan) Zi (20) No. 00224), as of 11 May 2020, the Company has received 281 Participants in monetary subscriptions of RMB215,456,295.00, of which, a total of RMB49,303,500.00 was included in the newly increased registered capital and paid-in capital (share capital) and RMB166,152,795.00 was included in capital reserve. The cumulative registered capital upon the change of registration was RMB9,176,572,500.00 and the paid-in capital (share capital) was RMB9,176,572,500.00.

#### IV. REGISTRATION OF RESTRICTED SHARES AND SHARE OPTIONS FOR THE FIRST GRANT

The 49,303,500 Restricted Shares for the First Grant under 2020 Share Option Incentive Scheme have been registered and the registration was completed at the Shanghai Branch of China Securities Depository and Clearing Corporation Limited (the “CSDCC”) on 3 June 2020. On the same day, the registration procedures for 87,065,300 Share Options granted by the Company was completed at the CSDCC, details of which were as follows:

1. Share Option Abbreviation: Great Wall Motor Options
2. Share Option Code (exercisable in three tranches): 0000000480, 0000000481, 0000000482
3. Share Option Registration Completion Date: 3 June 2020

#### V. EFFECTS ON THE CONTROLLING SHAREHOLDER OF THE COMPANY BEFORE AND AFTER THE FIRST GRANT

Upon completion of the grant of the Restricted Shares, the total number of shares capital of the Company increased from 9,127,269,000 Shares to 9,176,572,500 Shares. Before the First Grant, the controlling shareholder of the Company was Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), with a share holding of 56.04%. After the First Grant, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) remains the controlling shareholder of the Company, with a share holding of 55.74%. The grant of the Restricted Shares will not result in any changes in control over the Company.

#### VI. TABLE ON CHANGES IN SHARE HOLDING STRUCTURE

The changes in the share holding structure of the Company before and after the grant of the Restricted Shares are as follows:

Class of securities (Unit: Share(s))	Before the Change		Change	After the Change	
	Number (Share)	Proportion (%)		Number (Share)	Proportion (%)
Circulating shares subject to selling restrictions (A shares)	0	0	49,303,500	49,303,500	0.54
Circulating shares not subject to selling restrictions (A shares)	6,027,729,000	66.04	0	6,027,729,000	65.69
H shares	3,099,540,000	33.96	0	3,099,540,000	33.78
Total shares	9,127,269,000	100	49,303,500	9,176,572,500	100.00

After the completion of registration of the Restricted Shares, the share holding structure of the Company will remain eligible for listing.

## VII. USE OF FUNDS RAISED BY THE COMPANY'S FIRST GRANT OF RESTRICTED SHARES

The funds raised by the Company's first grant of Restricted Shares in 2020 have been used to replenish working capital.

## VIII. EFFECTS OF THE NEWLY INCREASED SHARES AFTER THE GRANT ON THE FINANCIAL REPORT

### 1. Restricted Shares

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share-based Payments (《企業會計準則第11號 – 股份支付》) and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (《企業會計準則第22號 – 金融工具確認和計量》), 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.

The Company shall measure the fair value of the Restricted Shares based on the closing price of A shares at the Grant Date, and the fair value of share-based payment for each Restricted Share = market price of the shares of the Company – the grant price.

Based on the above calculation, the expected amortization of costs from 2020 to 2023 due to the Restricted Shares granted under the First Grant is shown in the table below:

*Currency: RMB*

<b>Number of Restricted Shares under the First Grant</b> (0'000 shares)	<b>Total cost to be amortized</b> (RMB0'000)	<b>2020</b> (RMB0'000)	<b>2021</b> (RMB0'000)	<b>2022</b> (RMB0'000)	<b>2023</b> (RMB0'000)
4,930.35	17,256.23	8,244.64	6,614.89	2,013.23	383.47

*Notes:*

- (1) The results above do not represent the final accounting costs. The actual accounting costs are related to the actual grant date, the grant price and the amount granted, as well as the actual effective and lapsed quantities. Shareholders are also advised to note that dilutive effects are possible.

- (2) The final result of the impact on the Company's operating results mentioned above is subject to the annual audit report issued by the accounting firm.

## 2. Share Options

In accordance with the relevant requirements of the Accounting Standards for Business Enterprises No. 11-Share-based Payments (《企業會計準則第11號 – 股份支付》) and the Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments (《企業會計準則第22號 – 金融工具確認和計量》), the Company shall adopt the “Black-Scholes” option pricing model to determine the fair value of Share Options.

The Company shall, at each balance sheet date within the Vesting Period, revise the number of the Share Options which are expected to be exercisable according to the change in the latest available number of persons eligible to exercise the Share Options, 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 Share Options on the Grant Date.

The expected amortization of costs from 2020 to 2023 due to the Share Options granted under the First Grant is shown in the table below:

*Currency: RMB Unit: RMB0'000*

<b>Amortized cost of the Share Options under the First Grant</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
9,457.13	3,418.41	3,765.69	1,858.10	414.93

*Notes:*

- (1) The results above do not represent the final accounting costs. The actual accounting costs are related to the actual grant date, the grant price and the amount granted, as well as the actual effective and lapsed quantities. Shareholders are also advised to note that dilutive effects are possible.
- (2) The final result of the impact on the Company's operating results mentioned above is subject to the annual audit report issued by the accounting firm.
- (3) The estimate is calculated based on certain parameters. The Company will disclose specific accounting methods and their impact on the financial data of the Company in the regular reports.

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

By order of the Board  
**Great Wall Motor Company Limited**  
**Xu Hui**  
*Company Secretary*

Baoding, Hebei Province, the PRC, 4 June 2020

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

*Executive Directors: Mr. Wei Jian Jun, Ms. Wang Feng Ying and Ms. Yang Zhi Juan.*

*Non-executive Director: Mr. He Ping.*

*Independent Non-executive Directors: Mr. Ma Li Hui, Mr. Li Wan Jun and Mr. Ng Chi Kit.*

*\* For identification purpose only*