



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)

- (1) ADDITIONAL RESOLUTIONS SUBMITTED
BY A SHAREHOLDER**
- (2) PROPOSED NON-PUBLIC ISSUANCE OF
A SHARES (REVISED)**
- (3) FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM
THE NON-PUBLIC ISSUANCE OF A SHARES (REVISED)**
- (4) REPORT ON THE USE OF PROCEEDS FROM PREVIOUS
FUND RAISING EXERCISE (AS AT 30 JUNE 2015)**
- (5) PROPOSED CAPITALISATION ISSUE**
- (6) PROPOSED DISTRIBUTION OF CASH DIVIDENDS**
- (7) PROPOSED ABSORPTION AND MERGER OF WHOLLY-
OWNED SUBSIDIARIES**
- (8) PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION**
- (9) BOOK CLOSURE PERIOD**
- (10) THE EXTRAORDINARY GENERAL MEETING**

ADDITIONAL RESOLUTIONS SUBMITTED BY A SHAREHOLDER

On 27 August 2015, the Company received “Letter regarding additional resolutions to be submitted at the First Extraordinary General Meeting of Great Wall Motor Company Limited for 2015” (關於提請增加長城汽車股份有限公司 2015 年第一次臨時股東大會臨時提案的函) from Innovation GW, our controlling shareholder who holds 1,705,000,000 A Shares, representing 56.04% of the total issued share capital of the Company as at the Latest Practicable Date.

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES (REVISED)

The Company proposes to issue not more than 276,434,000 A Shares, representing approximately 13.76% of the A Shares in issue and approximately 9.09% of the total shares of the Company in issue as at the Latest Practicable Date. The aggregate proceeds amount of the Non-Public Issuance is expected to be not more than RMB12.0 billion and the issue price shall be not less than RMB43.41 per Share.

PROPOSED CAPITALISATION ISSUE AND DISTRIBUTION OF CASH DIVIDENDS

The Company proposes to issue share dividend by way of capitalisation of the undistributed profits on the basis of 10 new Shares for every 10 Shares in issue and distribute cash dividend of RMB2.50 per 10 Shares (tax inclusive) out of the undistributed profits to all Shareholders, aggregating to 3,042,423,000 Shares and RMB760,605,750 (tax inclusive) based on the total of 3,042,423,000 share capital as of 30 June 2015. The Board also proposes to issue Shares to all Shareholders by way of capitalisation of capital reserve (share premium) on the basis of 10 new Shares for every 10 Shares in issue, aggregating to 3,042,423,000 Shares.

PROPOSED ABSORPTION AND MERGER OF WHOLLY-OWNED SUBSIDIARIES

A proposal on the absorption and merger of Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry, wholly-owned subsidiaries of the Company, is received from Innovation GW, the controlling shareholder of the Company.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company proposes to capitalise part of its capital reserve and undistributed profit. The shareholding structure of the Company will change and after the completion of absorption and merger with its wholly-owned subsidiaries, the additional scope of business of the Company will be the design, production and sale of cast iron and steel components and provision of related after-sales services. The Articles of Association shall be amended accordingly.

BOOK CLOSURE PERIOD

In order to determine the Shareholders who will be entitled to attend and vote at the EGM, the original period of closure of the H Share register of members of the Company (i.e Saturday, 1 August 2015 to Wednesday, 2 September 2015 (both days inclusive)) will be changed to Saturday, 1 August 2015 to Tuesday, 22 September 2015 (both days inclusive), during which no transfer of H Shares will be effected.

In order to determine the H Shareholders who will be entitled to the proposed Capitalisation Issue and cash dividends, the H Share register of members of the Company will be closed from Saturday, 3 October 2015 to Monday, 12 October 2015 (both days inclusive), during which no transfer of H Shares will be effected.

THE EXTRAORDINARY GENERAL MEETING

Due to the reasons set out in the Announcement of Postponement of the Original EGM, the postponed EGM will convene on Tuesday, 22 September 2015 at 2:00 p.m. at the Company's Conference Room, No.2266 Chaoyang Road South, Baoding, Hebei Province, the PRC.

SUPPLEMENTAL CIRCULAR

A supplemental circular containing, among other things, details of the additional resolutions submitted by Innovation GW, the revised proposal of Non-Public Issuance of A Shares, the proposed Capitalisation Issue and distribution of Cash Dividends, the proposed absorption and merger of wholly-owned subsidiaries and the proposed amendments to the Articles of Association and supplemental notice of EGM will be despatched to the Shareholders as soon as practicable.

Reference is made to the Last Circular, the Original EGM Notice, and the Announcement of Postponement of the Original EGM. Unless otherwise stated, capitalised terms used in this announcement should have the same meaning as those defined in the Last Circular.

This announcement should be read together with the Last Circular and the Announcement of Postponement of the Original EGM.

ADDITIONAL RESOLUTIONS SUBMITTED BY A SHAREHOLDER

On 27 August 2015, the Company received “Letter regarding additional resolutions to be submitted at the First Extraordinary General Meeting of Great Wall Motor Company Limited for 2015” (關於提請增加長城汽車股份有限公司 2015 年第一次臨時股東大會臨時提案的函) from Innovation GW, our controlling shareholder who holds 1,705,000,000 A Shares, representing 56.04% of the total issued share capital of the Company as at the Latest Practicable Date. Details of such letter are as follows:

1. Innovation GW stated that, based on recent changes in securities market and the situation of the Company, it proposes to adjust the proposal on the non-public issuance of A Shares. Innovation GW proposes to adjust the use of proceeds in research and development of new energy vehicles from RMB5.08 billion to RMB2.8 billion and adjust the use of proceeds in research and development of smart vehicles from RMB5.02 billion to RMB2.5 billion and adjust the total proceeds from RMB16.8 billion to RMB12.0 billion. The issue number shall be adjusted not more than 276,434,000. Other details of the proposal will remain unchanged. Innovation GW also proposes to amend the “Proposal on Feasibility Report on the Use of Proceeds from the Non-public Issuance of A Shares of Great Wall Motor Company Limited”, “Proposed Non-Public Issuance of A shares of the Company”, “Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited” and “Proposal on the Authorisation to the Board, the Chairman of the Board and the Relevant Authorized Persons to Deal with Matters in connection with the Non-Public Issuance of A Shares of the Company”. Such proposals were considered and passed at the tenth meeting of the fifth session of the Board of the Company. In addition, Innovation GW proposes that the Company shall prepare “Report on the Use of Proceeds from Previous Fund Raising Exercise of Great Wall Motor Company Limited as of 30 June 2015”, in order to illustrate the use of proceeds from the previous fund raising exercise as of 30 June 2015;
2. In order to repay the supports of all Shareholders, Innovation GW proposes to distribute interim profit for 2015 and capitalise the capital reserve of the Company. It is proposed to issue share dividend by way of capitalisation of the undistributed profits on the basis of 10 new Shares for every 10 Shares in issue and distribute cash dividend of RMB2.50 per 10 Shares (tax inclusive) out of the undistributed profits to all Shareholders, aggregating to 3,042,423,000 shares and RMB760,605,750 (tax inclusive) based on the total of 3,042,423,000 share capital as of 30 June 2015. It is also proposed that to issue Shares to all Shareholders by way of capitalisation of capital reserve (share premium) on the basis of 10 new Shares for every 10 Shares in issue, aggregating to 3,042,423,000 Shares. The Articles of Association of the Company will be amended accordingly;
3. In order to optimize the internal management structure, to reduce management hierarchy, to reduce the operation cost and to enhance the operation efficiency, Innovation GW proposes to merger Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry. The Articles of Association of the Company will be amended accordingly.

PROPOSED NON-PUBLIC ISSUANCE OF A SHARES (REVISED)

1. Terms of the Non-Public Issuance of A Shares of the Company

A proposal is received from Innovation GW, the controlling shareholder of the Company. It is proposed to adjust the terms of the Original Non-Public Issuance (details of which were set out in the Last Circular) to the effect that the proceeds to be used for the development of new energy vehicle shall be reduced from RMB5.08 billion to RMB2.80 billion; the proceeds to be used for the development of smart cars shall be reduced from RMB5.02 billion to RMB2.50 billion; and the total proceeds shall be reduced from RMB16.80 billion to RMB12.00 billion. The issue number shall be adjusted not more than 276,434,000. The rest of the terms shall remain unchanged.

Having considered the operation of the Company and to ensure the success of Non-Public Issuance, the Board has decided to adopt the proposal after careful consideration and discussion and revise the terms of the Original Non-Public Issuance.

The Company proposes to issue not more than 276,434,000 A Shares, representing approximately 13.76% of the A Shares in issue and approximately 9.09% of the total shares of the Company in issue as at the Latest Practicable Date. The A Shares will be issued under the General Mandate to allot, issue and deal with A Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 12 May 2015 subject to the limit up to 20% of the number of A Shares in issue as at the date of the annual general meeting. Accordingly, the Company is authorized to issue up to 401,848,600 A Shares under the General Mandate. Up to the date of this announcement, no A Share has been issued under the General Mandate. The Company will seek the Shareholders' approval in respect of the Non-Public Issuance of A Shares which will be valid for a period of 12 months from the passing date of the relevant resolutions at the EGM. The Non-Public Issuance of A Shares is subject to, among other things, the approval from the CSRC. As at the date of this announcement, the Company has not applied to the CSRC and application to the CSRC may only be made after the approvals from the Shareholders at the EGM.

The revised terms of Non-Public Issuance is as follows:

(1) Class and nominal value of the Shares to be issued

The Shares to be issued under the Non-Public Issuance are RMB denominated ordinary Shares (A Shares) of the Company of RMB1.00 each, which will be listed in China.

(2) Method of issuance

The A Shares will be issued by way of Non-Public Issuance to target investors within six months following the approval of the CSRC.

(3) Target investors and method of subscription

The target investors of the Non-Public Issuance shall be not more than ten and shall be securities investment fund management companies, securities companies, trust investment companies, financial companies, insurance institutional investors, qualified foreign institutional investors, other domestic corporate investors approved by the CSRC and natural persons. A securities investment fund management company subscribes for the A Shares through two or more funds under its management will be regarded as one subscriber. Trust investment companies may only subscribe with their own funds. Subscription by all target investors shall only be settled in cash.

Subject to the obtaining of approval for the issuance from the CSRC by the Company, the chairman of the Board, persons authorized by the chairman of the Board and the lead underwriter will determine the target investors according to the laws, regulations and requirement of the relevant regulatory authorities, prices quoted by the target investors and principle of price priority.

If the number of investors is less than six, the Company will disclose the names of the investors in accordance with the applicable requirements of the Hong Kong Listing Rules.

(4) Number of shares to be issued

Not more than 276,434,000 A Shares will be issued under the Non-Public Issuance (representing approximately 13.76% of the A Shares in issue and approximately 9.09% of the total issued Shares of the Company as at the Latest Practicable Date) and the aggregate proceeds amount of the Non-Public Issuance is expected to be not more than RMB12.0 billion. The actual number of A Shares to be issued under the Non-Public Issuance will be determined according to the issue price of the A Shares under the Non-Public Issuance. Subject to such maximum number (which may be adjusted for ex-dividend or ex-right), the number of A Shares to be issued under the Non-Public Issuance will be determined by the chairman of the Board and the persons authorised by the chairman of the Board pursuant to the authorization given by the Shareholders at the EGM after the negotiation with the lead underwriter of the Non-Public Issuance with reference to market conditions.

(5) Price determination date and pricing principles

The Price Determination Date of A Shares to be issued under the Non-Public Issuance shall be the date of announcement of the resolutions passed at the tenth meeting of the fifth session of the Board (i.e. the publication date of such announcement on the newspaper in the PRC), being 11 July 2015. The issue price shall be not less than RMB43.41 per Share, being not less than 90% of the average trading price of A Shares of the Company over the 20 trading days immediately before the Price Determination Date (being the total turnover of A Shares over the 20 trading days before the Price Determination Date divided by the total trading volume of A Shares over the 20 trading days before the Price Determination Date). The indicative minimum issue price of RMB43.41 per Share under the Non-Public Issuance represents a discount of less than 20% to the higher of the closing price of the A Shares on 18 June 2015 (ie RMB42.76) and the average closing price of the A Shares

in the 5 trading days immediately before the suspension of trading of the A Shares on 19 June 2015 (ie RMB45.874). In the event that there is any ex-dividend or exright adjustment on A Shares during the period from the Price Determination Date to the date of issue of A Shares under the Non-Public Issuance as a result of distribution of dividends, issue of bonus shares, capitalisation issue, issue of new shares or rights issue, the minimum issue price under the Non-Public Issuance shall be adjusted accordingly.

Subject to the above minimum issue price, chairman of the Board and persons authorized by the chairman of the Board shall determine the final issue price in accordance with the authorization given by the Shareholders at the EGM, the Measures for the Administration of Issuance of Securities by Listed Companies (《上市公司證券發行管理辦法》), the Implementation Rules for the Non-Public Issuance of Shares by Listed Companies (《上市公司非公開發行股票實施細則》) and the relevant requirements of the CSRC after negotiation with the lead underwriter with reference to the prices quoted by the target investors and principle of price priority.

(6) Validity of the resolutions regarding the Non-Public Issuance

The resolutions regarding the Non-Public Issuance shall remain effective for a period of 12 months from the date of approval at the EGM.

(7) Lock-up arrangement

The investors shall not transfer the A Shares subscribed for under the Non-Public Issuance within 12 months from the date of completion of the Non-Public Issuance. Trading of the Shares after the lock-up period shall be dealt with in accordance with the relevant regulations of the CSRC and Shanghai Stock Exchange.

(8) Amount and use of proceeds

The total proceeds from the Non-Public Issuance of A Share is expected to be not more than RMB12.0 billion. The net proceeds after deducting fees will be used as follows:

		Unit: RMB10,000		
No.	Project	Proposed amount of Total proceeds to investment be applied		Entity involved
1	Research and development of new energy vehicles	508,000	280,000	The Company
2	Smart transmission system for new energy vehicle with annual production capacity of 500,000 units	414,233	400,000	The Company
3	New energy vehicle motor and management device with annual production capacity of 500,000 sets	176,159	170,000	The Company
4	Driving battery system for new energy vehicle with annual production capacity of 1 million packs	104,405	100,000	The Company
5	Research and development of smart vehicles	503,260	250,000	The Company
Total		<u>1,706,057</u>	<u>1,200,000</u>	—

In the event that the amount of net proceeds from the Non-Public Issuance is less than the amount proposed to be used for the projects above, the Company will, based on the actual fund raised, adjust and decide the allocation of proceeds to particular projects, priority of the projects and the investment amount in accordance with the priority and importance of the projects. Any shortfall will be made up by the Company with its own fund or through other financing means.

Before the receipt of the proceeds from the Non-Public Issuance, the Company will use its funds so required based on the progress of the projects. When the proceeds is available, such funds used will be replenished by the proceeds so raised in accordance with the procedures required by the relevant regulations.

(9) Retained profits prior to the Non-Public Issuance

In order to align the interests of the new and existing Shareholders, upon the completion of the Non-Public Issuance, the retained unallocated profits of the Company prior to the Non-Public Issuance will be shared amongst the new and existing Shareholders.

(10)Place of listing

The Company will apply to Shanghai Stock Exchange for the listing of, and permission to deal in, the A Shares to be issued under the Non-Public Issuance. Dealing in the A Shares to be issued under the Non-Public Issuance on Shanghai Stock Exchange will commence upon expiration of the lock-up period.

2. Shareholding structure of the Company

The following table sets out the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Non-Public Issuance, assuming that 276,434,000 A Shares will be issued under the Non-Public Issuance and no other changes to the shareholding structure:

	As at the Latest Practicable Date			Immediately after completion of the Non-Public Issuance of A Shares (without taking into account the Capitalisation Shares)		
	Number of Shares in issue	Approximate percentage of shareholding in the Company's total issued A Shares (%)	Approximate percentage of shareholding in the Company's total issued share capital (%)	Number of Shares in issue	Approximate percentage of shareholding in the Company's total issued A Shares (%)	Approximate percentage of shareholding in the Company's total issued share capital (%)
A Shares						
— Existing A Shares	2,009,243,000	100.00	66.04	2,009,243,000	87.91	60.54
— New A Shares to be issued	—	—	—	276,434,000	12.09	8.33
H Shares	1,033,180,000	—	33.96	1,033,180,000	—	31.13
Total	3,042,423,000	—	100.00	3,318,857,000	—	100.00

Note: To the best of information and knowledge of the Company, as at the Latest Practicable Date, (i) Innovation GW held 1,705,000,000 A Shares, representing approximately 56.04% of the total issued share capital of the Company, and (ii) Mr. Hu Ke Gang, an executive Director, held 30,511 A Shares, representing approximately 0.0015 % of the total number of A Shares in issue. The remaining A Shareholders and all the H Shareholders are public Shareholders.

The total share capital of the Company immediately before the Non-Public Issuance was 3,042,423,000 Shares. Innovation GW is interested in 1,705,000,000 A Shares, representing 56.04% of the total issued share capital of the Company, and is the controlling shareholder of the Company. Mr. Wei Jian Jun is the de facto controller of the Company.

The number of A Shares to be issued shall be not more than 276,434,000. After completion of the Non-Public Issuance, Innovation GW is still the controlling shareholder of the Company and Mr. Wei Jian Jun will still be de facto controller of the Company. The control of the Company will remain unchanged after the Non-Public Issuance.

3. Proposal on the Non-Public Issuance of A Shares

A proposal is received from Innovation GW, a controlling shareholder of the Company, to adjust the terms of Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited through amendment to the Original Non-Public Issuance.

Having considered the operation of the Company and to ensure the success of the Non-Public Issuance, the Board has decided to adopt the proposal and reviewed the Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (revised). The details of such proposal are set out in the announcement of the Company dated 28 August 2015 and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company — “Proposal on the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (revised) (《長城汽車股份有限公司非公開發行 A 股股票預案》 (修訂稿))”.

FEASIBILITY REPORT ON THE USE OF PROCEEDS FROM THE NONPUBLIC ISSUANCE OF A SHARES (REVISED)

A proposal is received from Innovation GW, the controlling shareholder of the Company, to adjust the “Feasibility Report on the Use of Proceeds from the Non-Public Issuance of A Shares of Great Wall Motor Company Limited” to the effect that the proceeds to be used for the development of new energy vehicle shall be reduced from RMB5.08 billion to RMB2.8 billion; the proceeds to be used for the development of smart cars shall be reduced from RMB5.02 billion to RMB2.5 billion; and the total proceeds shall be reduced from RMB16.8 billion to RMB12.0 billion. The rest of the report shall remain unchanged.

Having considered the operation of the Company and the feasibility of the use of the proceeds from the Non-Public Issuance of A Shares, the Board has decided to adopt the proposal and have reviewed the Feasibility Report on the Use of Proceeds from the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (revised). Details of the report were contained in the overseas regulatory announcement of the Company dated 28 August 2015 and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company — “the Feasibility Report on the Use of Proceeds from the Non-Public Issuance of A Shares of Great Wall Motor Company Limited (revised) (《長城汽車股份有限公司非公開發行 A 股股票募集資金使用的可行性分析報告》 (修訂稿))”.

REPORT ON THE USE OF PROCEEDS FROM PREVIOUS FUND RAISING EXERCISE (AS AT 30 JUNE 2015)

A proposal is received from Innovation GW, the controlling shareholder of the Company, for the preparation of the Report on the Use of Proceeds from Previous Fund Raising Exercise of Great Wall Motor Company Limited as at 30 June 2015.

The Board of the Company has decided to adopt the Report on the Use of Proceeds from Previous Fund Raising Exercise of Great Wall Motor Company Limited (as at 30 June 2015). Details of the report were contained in the overseas regulatory announcement of the Company dated 28 August 2015 and published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and the Company — “the Report on the Use of Proceeds from Previous Fund Raising Exercise of Great Wall Motor Company Limited (As at 30 June 2015) (《長城汽車股份有限公司前次募集資金使用情況的專項報告》 (截至2015年6月30日))”.

AUTHORISATION TO THE BOARD, THE CHAIRMAN OF THE BOARD AND THE RELEVANT AUTHORIZED PERSONS TO DEAL WITH MATTERS IN CONNECTION WITH THE NON-PUBLIC ISSUANCE OF A SHARES OF THE COMPANY

A proposal is received from Innovation GW, the controlling shareholder of the Company that the authorization to the Board, directors and the relevant persons for dealing with matters in relation to the Original Non-Public Issuance of A Shares of the Company shall be renewed pursuant to the revised proposal on the Non-Public Issuance of A Shares.

In accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, regulatory documents, the Articles of Association and the proposal of Innovation GW, the Board intends to propose to seek the Shareholder’s approval at the EGM to authorize the Board, the Directors and relevant persons to deal with matters in relation to the Non-Public Issuance at their discretion.

The authorization includes but not limited to:

1. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to deal with all matters in relation to the Non-Public Issuance, including but not limited to the determination of the timing of issuance, total proceeds, number of shares to be issued, commencement and completion of issuance, issue price and target investors, and the appointment of sponsor, lead underwriters, domestic and overseas legal advisers and other relevant intermediary institutions;
2. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to modify the Non-Public Issuance in accordance with the relevant laws and regulations or the requirements of the securities regulatory authority (excepts matters required to be approved by the Shareholders’ at the general meeting in accordance with the relevant laws and regulations and the Articles of Association) and to modify the Non-Public Issuance in accordance with the approval of the relevant government authority, market conditions and the use of proceeds;
3. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to open a special account for the proceeds from the Non-Public Issuance and to enter into any material contracts in relation to the investment projects to be funded by the proceeds from the Non-Public Issuance;

4. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to deal with all matters in relation to the application of approvals from the relevant domestic and overseas regulatory authorities for the Non-Public Issuance, including the production, preparation, modification, perfection and execution of all relevant documents in relation to the Non-Public Issuance, the execution of all relevant contracts, agreements and any other documents in relation to the Non-Public Issuance (including but not limited to engagement agreements with intermediary institutions), and to deal with all necessary and appropriate application, filing and registration in relation to the Non-Public Issuance;
5. to authorise the Board to make adjustments to the investment projects to be funded by the proceeds from the Non-Public Issuance in accordance with the proceeds raised and the progress of the projects subject to the authorisation of the EGM;
6. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to arrange capital verification in relation to the Non-Public Issuance;
7. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to deal with matters in relation to the registration, lock-up and listing of the Shares on Shanghai Stock Exchange and with China Securities Depository and Clearing Corporation Limited Shanghai Branch after completion of the Non-Public Issuance;
8. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to make necessary amendments to the Articles of Association in respect of shareholding structure and registered capital of the Company after completion of the Non-public Issuance and to apply approval accordingly, and to register the change of registered capital of the Company;
9. to authorise the Board to make adjustments to the terms of the Non-Public Issuance and the proposed use of proceeds from the Non-Public Issuance in accordance with relevant regulations of the PRC, the requirements of the securities regulatory authorities (including their review opinions and feedback on the terms of the Non-Public Issuance), market conditions and actual operating conditions of the Company and continue to handle the matters in relation to the Non-Public Issuance, in the event there are any changes in laws, regulations, the policies in relation to the Non-Public Issuance by securities regulatory authorities and market conditions (unless such matters are required to be approved by Shareholders in general meeting pursuant to the relevant laws and regulations and the Articles of Association);
10. to authorise the chairman of the Board and the persons authorised by the chairman of the Board to deal with any other matters in relation to the Non-Public Issuance subject to the applicable laws, regulations, regulatory documents and the Articles of Association; and
11. the above authorisations shall be valid for a term of 12 months from the date of passing the relevant resolution of authorising the Board, the chairman of the Board and the persons authorised by the chairman of the Board to deal with matters in connection with the Non-Public Issuance of A Shares of the Company at their sole discretion at the EGM.

Warning of Risks of Dealing in Shares

It should be noted that in addition to the approvals being sought from Shareholders at the EGM, the Non-Public Issuance of A Shares is also subject to the approval by the CSRC and the relevant PRC authorities. There is no assurance that the Non-Public Issuance will proceed. Investors are advised to exercise caution when dealing in the H Shares. Further details of the Non-Public Issuance of A Shares will be disclosed by the Company when the Non-Public Issuance becomes unconditional.

PROPOSED CAPITALISATION ISSUE

The Company received one ex tempore motion from Innovation GW, our controlling shareholder, pursuant to which Innovation GW proposes the interim profit distribution for 2015 and capitalisation of capital reserves.

Pursuant to the “Guideline No.3 for the Supervision of Listed Companies — Cash Dividend Distribution of Listed Companies” (《上市公司監管指引第3號 — 上市公司現金分紅》) issued by the CSRC, the “Guidelines on Distribution of Cash Dividends by Listed Companies of the Shanghai Stock Exchange” (《上海證券交易所上市公司現金分紅指引》) and the Hong Kong Listing Rules and based on the actual situation of the Company, the Company formulated the proposal in relation to interim profit distribution of 2015 and proposal in relation to the capitalisation of capital reserves.

As audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, as of 30 June 2015, the undistributed profits of the Company amounted to RMB24,763,491,457.58, the capital reserves and the share premium of the Company amounted to RMB4,506,077,023.11 and RMB4,509,010,149.89, respectively.

For details of the interim profit distribution of 2015 and capitalisation of capital reserves, please refer to the sections headed “Proposed Capitalisation Issue” and “Proposed Distribution of Cash Dividends” of this announcement.

Subject to the fulfillment of the conditions set out below, the Board recommends the Company to issue Capitalisation Shares to holders of H Shares and A Shares by way of capitalisation of the Company’s capital reserve on the basis of 10 Capitalisation H Shares for every 10 H Shares in issue on the Record Date and 10 Capitalisation A Shares for every 10 A Shares in issue on the A Shares record date to be determined after the EGM and by way of capitalisation of the Company’s undistributed profits on the basis of 10 Capitalisation H Shares for every 10 H Shares in issue on the Record Date and 10 Capitalisation A Shares for every 10 A Shares in issue on the A Shares record date to be determined after the EGM.

There were no outstanding options, warrants and convertible securities to subscribe for the Shares as at the Latest Practicable Date.

Based on the closing price of HK\$18.52 per H Share as quoted on the Hong Kong Stock Exchange as at the Latest Practicable Date, the market value of each board lot of 500 H Shares is approximately HK\$9,260. Upon completion of Capitalisation Issue (without taking into account the Cash Dividend and Non-Public Issuance), the ex-entitlement price per H Share is estimated to be approximately HK\$6.17, and the market value of each board lot of 500 H Shares is estimated to be approximately HK\$3,085.

1. Status of the Capitalisation Shares

The Capitalisation Shares to be issued pursuant to the Capitalisation Issue will be credited as fully paid at par by way of conversion of the Company's capital reserve and by way of capitalisation of the Company's undistributed profits and will rank pari passu in all respects with the existing issued H Shares or A Shares (as the case may be) from the date of issue.

2. Fractions of Capitalisation Shares

The Company will issue 10 Capitalisation H Shares for 10 H Shares on the Record Date by way of capitalisation of capital reserves and issue 10 Capitalisation H Shares for every 10 H Shares in issue on the Record Date by way of capitalisation of undistributed profits. The Company will issue 10 Capitalisation A Shares for 10 A Shares on the Record Date by way of capitalisation of capital reserves and issue 10 Capitalisation A Shares for every 10 A Shares in issue on the record date by way of capitalisation of undistributed profits. No fractions of Capitalisation Shares will be allotted. As far as practicable, the Capitalisation Shares representing fractional entitlement (if any) will be aggregated.

Arrangement will be made to sell such aggregated Capitalisation Shares in the market and the net proceeds will be retained by the Company.

3. Conditions of the Capitalisation Issue

The Capitalisation Issue is conditional upon:

- (i) approval by shareholders at the EGM;
- (ii) approval by the Department of Commerce of Hebei; and
- (iii) approval by the Listing Committee of the Hong Kong Stock Exchange for the listing of and dealing in the Capitalisation H Shares to be issued pursuant to the Capitalisation Issue.

4. Reasons for the Capitalisation Issue

In the view of the stable growth of operation results and satisfactory profitability of the Company and in order to repay the supports of shareholders and strengthen the capital of the Company, the Board proposes the Capitalisation Issue in recognition of the continual support of the Shareholders and the Capitalisation Issue will increase the total number of Shares in issue and correspondingly result in downward adjustment to the trading price of the Shares so that the market value per board lot of Shares can be reduced to appeal to more investors. Accordingly, the trading liquidity of the Shares in the market may be enhanced. The Directors are of the view that the Capitalisation Issue is in the interests of the Company and the Shareholders as a whole.

5. Effect of the Capitalisation Issue on shareholding

The table set out below is the shareholding structure of the Company as at the Latest Practicable Date and immediately after completion of the Capitalisation Issue (assuming that no new Shares are allotted or issued and no existing Shares are repurchased prior to the Record Date, and that the conditions set out in the paragraph headed “Conditions of the Capitalisation Issue” above are satisfied):

	As at the Latest Practicable Date		Immediately after completion of the Capitalisation Issue (without taking into account the A Shares to be issued under the Non-Public Issuance)	
	Number of Shares	Percentage of total issued Shares (%)	Number of Shares	Percentage of total issued Shares (%)
A Shares	2,009,243,000	66.04	6,027,729,000	66.04
H Shares	1,033,180,000	33.96	3,099,540,000	33.96
Total number of Shares	<u>3,042,423,000</u>	<u>100</u>	<u>9,127,269,000</u>	<u>100</u>

Note: To the best of information and knowledge of the Company, as at the Latest Practicable Date, (i) Innovation GW held 1,705,000,000 A Shares, representing approximately 56.04% of the total number of A Shares in issue, and (ii) Mr. Hu Ke Gang, an executive Director, held 30,511 A Shares, representing approximately 0.0015 % of the total number of A Shares in issue. The remaining A Shareholders and all the H Shareholders are public shareholders.

On the basis of a total of 6,084,846,000 Capitalisation Shares to be issued pursuant to the Capitalisation Issue (based on 3,042,423,000 Shares in issue as at the Latest Practicable Date), the Capitalisation Shares will account for approximately 200% of the existing issued share capital of the Company and approximately 67% of the issued share capital of the Company as enlarged by the Capitalisation Issue (without taking into account the A Shares to be issued under the Non-Public Issuance).

6. Overseas Shareholder(s)

As at the Latest Practicable Date, there is a Shareholder holding a total of 250 H Shares with a registered address in the Philippines. Pursuant to Rule 13.36(2)(a) of the Hong Kong Listing Rules, the Board has made enquiries regarding the legal restrictions (if any) under the laws and the requirements of the relevant regulatory bodies or stock exchange of the place of such an overseas shareholder.

The Board has been advised by its legal adviser on the laws of the Philippines that the Capitalisation H Shares can be issued and allotted to the Overseas Shareholder whose registered address is in the Philippines. Based on the legal advice, the Board has decided, subject to the approval of the Capitalisation Issue by Shareholders at the EGM, to extend the Capitalisation Issue to the Overseas Shareholder with a registered address in the Philippines.

Upon the Capitalisation Issue becoming unconditional, the Company will consider if there are any Overseas Shareholders located in areas other than Hong Kong on the Record Date. If there are such Overseas Shareholders, the Company will make enquiries regarding the legal restrictions (if any) under the laws and the requirements of the relevant regulatory bodies or stock exchanges of the relevant places for such Overseas Shareholders to be eligible to take part in the distribution of dividend pursuant to Hong Kong Listing Rules.

7. Odd Lots Arrangement

In order to facilitate the trading of odd lots of H Shares after the Capitalisation Issue, Guotai Junan Securities (Hong Kong) Limited will be appointed as an agent to arrange for matching services regarding the sale and purchase of odd lots of H Shares from Wednesday, 14 October 2015 to Wednesday, 4 November 2015 (both days inclusive). Holders of odd lots of H Shares who wish to take advantage of this trading facility should contact Mr. Zhu Xian Wen of Guotai Junan Securities (Hong Kong) Limited at 27/F, Lower Block, Grand Millennium Plaza, 181 Queen's Road Central, Hong Kong (telephone number: (852) 2509-7596) during the period from Wednesday, 14 October 2015 to Wednesday, 4 November 2015 (both days inclusive). H Shareholders should note that matching of the sale and purchase of odd lots of Shares is not guaranteed.

8. Share Certificates

Certificates of the Capitalisation H Shares will be sent to the persons entitled thereto (by post and at their own risk on or before Tuesday, 13 October 2015) to their respective addresses shown in the register of members of H Shares or, in the case of joint holders, to the address of the joint holder whose name stands first in the register of members of H Shares of the Company in respect of the joint holding.

9. Listing and Dealing

Application will be made to the Listing Committee of the Hong Kong Stock Exchange for listing of, and deal in, the Capitalisation H Shares. The Capitalisation H Shares are not a new class of securities to be listed and accordingly no arrangements are required to enable the Capitalisation H Shares to be admitted into CCASS.

The Company proposes to issue not more than 276,434,000 A Shares, representing approximately 13.76% of the A Shares in issue and approximately 9.09% of the total shares of the Company in issue as at the date of the Latest Practicable Date under the Non-Public Issuance. Save as mentioned above, no other part of the equity or debt securities of the Company is listed or dealt in on any other stock exchange and no such listing or dealing is being or is proposed to be sought.

It is expected that dealings in the Capitalisation H Shares on the Hong Kong Stock Exchange will commence on Wednesday, 14 October 2015, subject to satisfaction of the conditions of the Capitalisation Issue.

Dealings in the Capitalisation H Shares are subject to stamp duty pursuant to the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

10. Expected Timetable of the Capitalisation Issue

EGM	2:00 p.m. on Tuesday, 22 September 2015
Publication of poll results of the EGM	Tuesday, 22 September 2015
Last day of dealings in H Shares on cum-right basis	Tuesday, 29 September 2015
First day of dealings in H Shares on ex-right basis	Wednesday, 30 September 2015
Latest time for lodging forms of transfer of H Shares in order to be entitled to the Capitalisation H Shares	4:30 p.m. on Friday, 2 October 2015
Closure of register of members of the Company for the Capitalisation Issue	Saturday, 3 October 2015 to Monday, 12 October 2015 (both days inclusive)
Record date for determining entitlement to the Capitalisation Issue	Monday, 12 October 2015
Register of members of the Company reopens	Tuesday, 13 October 2015
Despatch of share certificates for Capitalisation H Shares	Tuesday, 13 October 2015
First day of dealings in Capitalisation H Shares	Wednesday, 14 October 2015

Notes: (1) This timetable is not applicable to the Capitalisation Issue to A Shareholders.

(2) The expected timetable for the Capitalisation Issue is subject to a number of conditions set out in this announcement and hence is indicative only. If there are any material changes to the expected timetable, the Company will make further announcement(s) where necessary.

(3) The time and terms of the Capitalization Issue of A Shares are not relevant to this announcement. The record date for determination of the entitlement of holders of A Shares under the Capitalization Issue as well as the time and terms of the Capitalization Issue will be determined after the EGM.

Waiver from Strict Compliance with Requirements under the Hong Kong Listing Rules

Pursuant to Rule 19A.38 of the Hong Kong Listing Rules, PRC issuers are required to obtain shareholder approval by a special resolution at a general meeting and approvals by holders of A and H Shares at separate class meetings before any allotment, issue or grant of Shares, whether the same is issued on a pro rata basis or not.

The Company is advised by its PRC legal adviser that pursuant to the Articles of Association, the Company is required to obtain shareholder approval for the Capitalisation Issue by a special resolution at a general meeting only, and the class meeting is not required for the Capitalisation Issue. Besides, no separate class meetings is required under the Mandatory Provisions for Companies Listing Overseas, the PRC laws or the Rules Governing the Listing of Stocks on Shanghai Stock Exchange for the Capitalisation Issue which did not involve fund raising.

The Company considers that the Capitalisation Shares will be issued to the A Shareholders and H Shareholders in proportion to their existing shareholdings, therefore the pro rata issue of Capitalisation Shares will not prejudice any shareholders' rights of the A Shareholders and the H Shareholders. Besides, holding of separate class meetings will unnecessarily incur additional costs in connection with preparing and despatching additional reply slips and proxy forms, and the related voting arrangements.

As such, the Company has applied for a waiver from strict compliance with Rule 19A.38 of the Hong Kong Listing Rules with respect to the requirement to convene separate class meetings for the proposed Capitalisation Issue.

Warning of Risks of Dealing in Shares

The Capitalisation Issue is subject to the conditions set out in the paragraph headed “Conditions of the Capitalisation Issue” above. Any Shareholder or other person dealing in the Shares prior to the fulfillment of all the conditions for the Capitalisation Issue will accordingly bear the risk that the Capitalisation Issue cannot become unconditional and that he or she may not be able to receive Capitalisation Shares. Shareholders and potential investors should therefore exercise caution when dealing in the Shares. If they are in any doubt about their position, they should consult their professional advisors.

PROPOSED DISTRIBUTION OF CASH DIVIDENDS

The Company received one ex tempore motion from Innovation GW, our controlling shareholder, pursuant to which Innovation GW proposes the interim profit distribution for 2015. The Board proposes to distribute interim cash dividends for 2015 of RMB2.50 per 10 Shares (tax inclusive), aggregating to RMB760,605,750, to H shareholders whose names appear on the H Share register of members of the Company on the Record Date and to A Shareholders whose names appear on the A Share register of members of the Company on a A Share record date to be determined after the EGM. The Board will seek the Shareholders' approval for such profit distribution proposal at the EGM by way of a special resolution. Upon obtaining approval at the EGM, the cash dividends will be paid on or about Thursday, 29 October 2015 to shareholders whose names appear on the H Share register of members of the Company as at the close of business on Monday, 12 October 2015 (If there are any material changes to the pay time, the Company will make further announcement(s) where necessary).

The disposal of income tax of the share dividends and the Cash Dividends of H Shareholders are as follows:

According to the "Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法》) and the "Rules of the Implementation of the Enterprise Income Tax Law of the People's Republic of China" (《中華人民共和國企業所得稅法實施條例》) (collectively, "Enterprise Income Tax Law"), which took effect on 1 January 2008 and the "Notice of the State Administration of Taxation on Issues Relevant to the Withholding of Enterprise Income Tax on Dividend Paid by PRC Enterprises to Offshore Non-resident Enterprise Holders of H Shares" (Guo Shui Han [2008] No. 897) (國家稅務總局關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知) (國稅函 [2008]897 號)) promulgated on 6 November 2008, when the Company distributes the share dividends and Cash Dividends to non-resident enterprise shareholders whose names appear on the H share register of the Company, the Company is required to withhold and pay on behalf of such shareholders an enterprise income tax at the rate of 10%. Any shares registered in the name of a non-individual shareholder, including Hong Kong Securities Clearing Company Nominees Limited, other nominee or trustee, or other organisation and group, are deemed as shares held by non-resident enterprise shareholders. As such, the dividends that he or she is entitled to are subject to the enterprise income tax.

Any natural person investors whose H Shares are registered under the name of any such nonindividual shareholders and who do not wish to have the said 10% enterprise income tax to be withheld by the Company may consider transferring the legal title of the relevant H Shares into his or her name and lodge all transfer documents together with the relevant H Share certificates with the H Share registrar of the Company for registration of transfer.

For non-resident enterprise shareholders holding the Company's shares through overseas companies, please provide Computershare Hong Kong Investor Services Limited with the proof of qualification for being non-resident enterprise shareholders on or before Friday, 2 October 2015.

For any resident enterprise (as defined in the Enterprise Income Tax Law) whose name appear on the H share register of the Company and which is duly incorporated in the PRC or under the laws of a foreign country (or a region) but with a de facto management body within the PRC and does not wish to have the said 10% enterprise income tax to be withheld by the Company, please provide Computershare Hong Kong Investor Services Limited with the proof of qualification for being a resident enterprise incorporated in the PRC (such term shall have the meaning as defined under the relevant tax rules and regulations of the PRC) on or before Friday, 2 October 2015.

The Company will strictly comply with the laws and the requirements of relevant government departments, and will withhold and pay the enterprise income tax on behalf of its shareholders whose names appear on the H share register of the Company on the record date. The Company will take no responsibility and will reject any requests from shareholders whose identities cannot be confirmed within the specified time or cannot be confirmed at all. Nor will the Company handle any disputes arising from the arrangement of withholding tax. However, the Company may provide assistance to the extent of its ability as appropriate.

The above requirements are not applicable to the income tax regulations on dividends received by individual investors and enterprise investors in Mainland China who invest in shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect.

According to the relevant requirements of the Notice Regarding Tax Policies Related to the Shanghai-Hong Kong Stock Connect (Finance Tax [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知（財稅[2014]81號）》) jointly published by the Ministry of Finance, State Administration of Taxation and China Securities Regulatory Commission of the PRC, the Company shall withhold an individual income tax at the rate of 20% on dividends derived from the H Shares acquired from the Hong Kong Stock Exchange through the Shanghai-Hong Kong Stock Connect by mainland individual investors. Reference shall be made to individual income tax regulations for dividends received by mainland securities investment funds from shares acquired from the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect. Dividends received by mainland enterprises investors from shares acquired from Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect shall be included in their total income and subject to enterprise income tax. The Company shall not withhold income tax on dividends to mainland enterprise investors who shall report and pay their income tax.

PROPOSED ABSORPTION AND MERGER OF WHOLLY-OWNED SUBSIDIARIES

A proposal on the absorption and merger of Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry, wholly-owned subsidiaries of the Company, is received from Innovation GW, the controlling shareholder of the Company.

To optimize the internal management structure, to reduce management hierarchy, to reduce the operation cost and to enhance the operation efficiency, the Company has decided to adopt the proposal on absorption and merger of the abovementioned wholly-owned subsidiaries of the Company raised by Innovation GW.

The absorption and merger does not constitute connected transactions. The absorption and merger is subject to approval of the EGM in accordance with the Company Law and the Articles of Association.

1. Basic information of parties involved in the merger

Merging party — the Company

Merged parties — Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry

(1) *The Company*

The Company was established on 12 June 2001 with a registered capital of RMB3,042,423,000.

Its registered address is No. 2266 Chaoyang Road South, Baoding. Its legal representative is Wei Jian Jun. It engages in the production, development, design, research and development as well as technology services, processing agency and sales of vehicles, parts and components and accessories, and provision of related after-sales services and consultation services, information technology services; the manufacturing of electronic and mechanical equipments (except for those restricted or prohibited by the PRC government from foreign investment and those with special limitations), the processing and manufacturing of moulds; repair and maintenance of automobiles, general cargo transportation and special transportation (compartment) with its license for road transportation business expiring on 4 August 2018, storage and logistics (a license is required for operation in the event of an administrative permit involved), the export of parts and components and accessories of automobiles manufactured and purchased by the Company, the import and export of goods and technology (excluding those distributed and operated exclusively by the PRC government and except for those restricted by the PRC government) and the leasing of self-owned properties and equipment.

As at 31 December 2014, the total assets and net assets of the Company amounted to RMB54,944.00 million and RMB31,004.00 million, respectively. The operating income and net profit for 2014 were RMB60,345.00 million and RMB7,799.00 million, respectively. All the figures have been audited.

(2) *Baoding Xinyuan*

Baoding Xinyuan, a direct wholly-owned subsidiary of Great Wall Motor, was established on 30 April 2004 with a registered capital of RMB36.227 million. Its registered address is No. 2288-5 Chaoyang Road South, Baoding. Its legal representative is Wei Jian Jun. It engages in the manufacturing of automotive interior decoration parts, fabrication of dashboard, injection molding and automotive accessories and sales of the products of the Company.

As at 31 December 2014, the total assets and net assets of Baoding Xinyuan amounted to RMB191,702.10 million and RMB75,265.60 million, respectively. The operating income and net profit for 2014 were RMB233,360.80 million and RMB18,287.70 million, respectively. All the figures are unaudited.

(3) *Baoding Boxiang*

Baoding Xinyuan, a wholly-owned subsidiary of Great Wall Motor, was established on 18 December 2007 with a registered capital of RMB39.50 million. Its registered address is No.2288 Chaoyang Road South, Baoding, Hebei Province, the PRC. Its legal representative is Wei Jian Jun.

It engages in the production, development, design, processing and sales of automotive parts and components, including radiator, intercooler, heaters, evaporators, condensers and oil coolers, and provision of related after-sales services and consultation; storage; import and export of goods and technology (with license, if so required by the regulatory authorities) (excluding those distributed and operated exclusively by the PRC government and those restricted by the PRC government).

As at 31 December 2014, the total assets and net assets of Baoding Boxiang amounted to RMB213,355.40 million and RMB65,284.70 million, respectively. The operating income and net profit for 2014 were RMB230,096.70 million and RMB17,130.60 million, respectively. All the figures are unaudited.

(4) *Macs*

Macs, a direct wholly-owned subsidiary of Great Wall Motor, was established on 18 January 2004 with a registered capital of RMB20.339 million. Its registered address is Chaoyang Road South, Baoding, Hebei. Its legal representative is Wei Jian Jun. It engages in the manufacturing of automotive air conditioners and automotive parts, processing and manufacturing of molds, sales of products of the Company and provision of related after-sales services, storage (excluding dangerous items and contrabands) and technology; the import and export of goods and technology; self-operated and commissioned import and export of various goods, other than the exports centrally operated by the PRC government and the imports operated by companies approved by the PRC government.

As at 31 December 2014, the total assets and net assets of Macs amounted to RMB160,693.10 million and RMB47,416.80 million, respectively. The operating income and net profit for 2014 were RMB196,216.50 million and RMB16,250.10 million, respectively. All the figures are unaudited.

(5) *Internal Combustion Engine*

Internal Combustion Engine, a wholly-owned subsidiary of Great Wall Motor, was established on 25 May 2000 with a registered capital of RMB452,716.30 million. Its registered address is the Development Area of Dingxing County. Its legal representative is Wei Jian Jun. It engages in the production, sales, replacement, repair and maintenance of engines and related parts and components, leasing of self-owned properties and facilities, storage (except dangerous items and chemicals), development and consultation of engine technology, export of self-developed products and technology, import of raw materials, accessories, machines, parts and components and technology required for operation, except products and technology prohibited by the government.

As at 31 December 2014, the total assets and net assets of Internal Combustion Engine amounted to RMB1,291,560.60 million and RMB689,832.00 million, respectively. The operating income and net profit for 2014 were RMB1,867,239.40 million and RMB154,493.70 million respectively. All the figures are unaudited.

(6) *Exquisite Foundry*

Exquisite Foundry, a wholly-owned subsidiary of Great Wall Motor, was established on 28 November 2007 with a registered capital of RMB850 million. Its registered address is Nanpu Village, Pushangxiang East, Shunping County. Its legal representative is Wei Jian Jun. It engages in the production of cast iron/steel components (excluding those prohibited or limited by the PRC), design of cast iron/steel components; sales of products of the Company and provision of related after-sales services; self-operated and commissioned import, export and wholesale of various goods, other than the exports centrally operated by the PRC government and the imports operated by companies approved by the PRC government and items subject to approval as required by laws, administrative regulations and the State Council.

As at 31 December 2014, the total assets and net assets of Exquisite Foundry amounted to RMB236,650.10 million and RMB131,266.00 million, respectively. The operating income and net profit for 2014 were RMB228,894.20 million and RMB38,396.20 million, respectively. All the figures are unaudited.

2. Method, scope and related arrangements of the absorption and merger

- (1) The Company intends to acquire all the assets and liabilities of Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry by way of full absorption and merger. Upon completion of the merger, the Company shall be the continuing entity, and the registration of Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry as independent legal persons shall be withdrawn.
- (2) The date of merger will be 31 August 2015.
- (3) The profit or loss incurred during the period from the date of merger to the completion date of the merger shall be assumed by the Company.
- (4) Upon completion of the merger, all the assets (including but not limited to fixed assets and current assets) of the merged parties shall be merged into the Company, and their liabilities and other obligations shall be assumed by the Company.
- (5) Balance sheets and inventory of assets of all parties shall be prepared and the creditors shall be informed and announcement shall be published.
- (6) The Parties shall fully co-operate to complete the transfer of all assets of the merged parties to the Company and the formalities relating to assets transfer and registration of changes in asset ownership.
- (7) Upon completion of the merger, the deployment of the staff of the merged parties shall be arranged in accordance with the regulations of staff management of the Company.
- (8) The merged parties shall complete their approval procedures and the Company shall seek approval for the merger from the general meeting after consideration and approval by the Board.

The Parties involved in the merger shall enter into an Agreement of Absorption and Merger after the merger is considered and passed at the general meeting.

- (9) Upon approval, the Parties shall complete the formalities relating to the absorption and merger.
- (10) The Parties shall perform other procedures as required by laws, administrative regulations and the State Council of the PRC.

3. Objectives of absorption and merger and its effects on the Company

Upon completion of the absorption and merger, the existing assets and liabilities of Baoding Xinyuan, Baoding Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry will be merged into the Company and the effects on the Company will be as follows:

- (1) The effective control of the Company will remain unchanged before and after the absorption and merger.
- (2) The absorption and merger will enable the Company to centralize and optimize its production resources for better operating efficiency and profitability of the Company and is in line with the development strategies of the Company.
- (3) The absorption and merger will enable the Company to streamline its management structure by reducing management hierarchy, reducing operating costs, which all positive effects on the Company.

PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION

1. Amendments to the Articles of Association due to the capitalisation issue

According to the relevant requirements of the Guidance for the Articles of Association of Listed Companies (Revised in 2014) (《上市公司章程指引(2014年修订版)》) promulgated by the China Securities Regulatory Commission and Articles of Association, the Company shall amend its Articles of Association accordingly after the approval of resolution on the capitalisation of capital reserves and undistributed profit at the EGM:

- (1) Article 18 of the Articles of Association which reads as follows:

“Upon corporation, the Company issued to its promoters 170,500,000 shares at the initial public offering, of which, 75,020,000 domestic shares were held by the Management Center of Collective Assets of Nandayuan Town, Nanshi District, Baoding, 78,430,000 domestic shares by Wei Jian Jun, 15,345,000 domestic shares by Wei De Yi, 852,500 domestic shares by Chen Yu Zhi and 852,500 domestic shares by Han Xue Juan, representing 100% of the total ordinary shares then issued by the Company.

On 3 September 2003, the Company issued 170,500,000 capitalization shares of RMB1 each. The then registered capital of the Company was increased to RMB341,000,000.

With the approval of the approval authorities under the State Council, the Company issued 131,100,000 H Shares.

After the listing of H shares, the Company converted its capital reserve by way of capitalisation and increased its share capital by 472,100,000 shares. It also further issued 151,072,000 H shares. With the conversion of capital reserve into share capital, the share capital of the Company was further increased by 1,642,908,000 shares.

Currently, the Company's share capital comprises 1,705,000,000 domestic shares and 1,033,180,000 H shares.

Subsequent to completion of the H Share issuance mentioned in the preceding paragraph, with the approvals by special resolution of the general meeting and the review department authorised by the State Council, the Company issued 304,243,000 A Shares to the public. Subsequent to the aforesaid capital increase by the A Share issuance, the share capital structure of the Company is as follows:

The Company issued a total of 3,042,423,000 ordinary shares, of which, 2,009,243,000 shares were held by holders of Domestic Shares, representing approximately 66.04% of the total share capital, and 1,033,180,000 shares were held by holders of H Shares, representing approximately 33.96% of the total share capital.”

is proposed to be amended to read as follows:

“Upon corporation, the Company issued to its promoters 170,500,000 shares at the initial public offering, of which, 75,020,000 domestic shares were held by the Management Center of Collective Assets of Nandayuan Town, Nanshi District, Baoding, 78,430,000 domestic shares by Wei Jian Jun, 15,345,000 domestic shares by Wei De Yi, 852,500 domestic shares by Chen Yu Zhi and 852,500 domestic shares by Han Xue Juan, representing 100% of the total ordinary shares then issued by the Company.

The changes in share capital of the Company since its inception:

Date	Event	Change in share capital	Shareholding after the change
3 September 2003	The Company issued share dividend by way of capitalisation of the undistributed profits	The domestic shares increased by 170,500,000 shares	Total share capital of the Company was 341,000,000 shares including 341,000,000 domestic shares
5 July 2004	The initial public offering of foreign shares (H Shares) of the Company was approved by approving authority under the State Council	The foreign shares (H Shares) increased by 131,100,000 shares	Total share capital of the Company was 472,100,000 shares, including 341,000,000 domestic shares and; 131,100,000 foreign shares (H Shares)
24 January 2005	The Company capitalised its capital reserve	The domestic shares increased by 341,000,000 shares and foreign shares (H Shares) increased by 131,100,000 shares	Total share capital of the Company was 944,200,000 shares, including 682,000,000 domestic shares and 262,200,000 foreign shares (H Shares)
21 December 2007	The secondary public offering of foreign shares (H Shares) of the Company was approved by approving authority under the State Council	The foreign shares (H Shares) increased by 151,072,000 shares	Total share capital of the Company was 1,095,272,000 shares, including 682,000,000 domestic shares and 413,272,000 foreign shares (H Shares)
1 March 2011	The Company capitalised its capital reserve	The domestic shares increased by 1,023,000,000 shares and foreign shares (H Shares) increased by 619,908,000 shares	Total share capital of the Company was 2,738,180,000 shares, including 1,705,000,000 domestic shares and 1,033,180,000 foreign shares (H Shares)
12 October 2011	The initial public offering of domestic shares (A Shares) of the Company was approved by approving authority under the State Council	The domestic shares (A Shares) increased by 304,243,000 shares	Total share capital of the Company was 3,042,423,000 shares, including 2,009,243,000 domestic shares (A Shares) and 1,033,180,000 foreign shares (H Shares)
[•] 2015 <i>(to be updated after the issuance of new shares)</i>	The Company capitalised its capital reserve and issued share dividend by way of capitalisation of the undistributed profits	The domestic shares (A Shares) increased by 4,018,486,000 shares and foreign shares (H Shares) increased by 2,066,360,000 shares	Total share capital of the Company was 9,127,269,000 shares, including 6,027,729,000 domestic shares (A Shares) and 3,099,540,000 foreign shares (H Shares)

(2) Article 21 of the Articles of Association which reads as follows:

“The registered capital of the Company is RMB3,042,423,000.”

is proposed to be amended to read as follows:

“The registered capital of the Company is RMB9,127,269,000.”

2. Amendments to the Articles of Association due to the absorption and merger with wholly-owned subsidiaries

According to the relevant requirements of the Guidance for the Articles of Association of Listed Companies (Revised in 2014) (《上市公司章程指引(2014年修訂版)》) promulgated by the CSRC and Articles of Association, the Company shall amend its Articles of Association accordingly after the approval of resolution on the absorption and merger with Baoding Xinyuan, Boading Boxiang, Macs, Internal Combustion Engine and Exquisite Foundry, each a wholly-owned subsidiary of the Company, at the EGM:

Article 12 of the Articles of Association which reads as follows:

“The Company’s scope of business shall be consistent with and subject to that approved by the authority responsible for company registrations.

The Company’s scope of business is as follows: manufacturing of automobiles and components thereof; production, development, design, research and development and technical services, processing agency and sale of accessories and provision of after-sale services and consultation services thereof; information technology services; manufacturing of electronic and mechanical equipments (except for those restricted or prohibited by the State from foreign investment

and those with special limitations); processing and manufacturing of moulds; repair and maintenance of automobiles; general cargo freight transportation and special transportation; storage and logistics (a licence is required for operation in the event of an administrative permit involved); export of components and accessories of automobiles manufactured and purchased by the Company; import and export of goods and techniques (excluding those distributed and operated exclusively by the State and except for those restricted by the State); leasing out self-owned buildings and equipment.”

is proposed to be amended to read as follows:

“The Company’s scope of business shall be consistent with and subject to that approved by the authority responsible for company registrations.

The Company’s scope of business is as follows: manufacturing of automobiles and components thereof; production, development, design, research and development and technical services, processing agency and sale of accessories and provision of after-sale services and consultation services thereof; information technology services; manufacturing of electronic and mechanical equipments (except for those restricted or prohibited by the State from foreign investment and those with special limitations); processing and manufacturing of moulds; design, production and sale of cast iron and steel components and provision of related after-sales services; repair and maintenance of automobiles; general cargo freight transportation and special transportation; storage and logistics (a licence is required for operation in the event of an administrative permit involved); export of components and accessories of automobiles manufactured and purchased by the Company; import and export of goods and techniques (excluding those distributed and operated exclusively by the State and except for those restricted by the State); leasing out self-owned buildings and equipment.”

BOOK CLOSURE PERIOD

Due to the postponement of the Original EGM in order to determine the Shareholders who will be entitled to attend and vote at the EGM, the original period of closure of the H Share register of members of the Company (i.e Saturday, 1 August 2015 to Wednesday, 2 September 2015 (both days inclusive)) will be changed to Saturday, 1 August 2015 to Tuesday, 22 September 2015 (both days inclusive), during which no transfer of H Shares will be effected. H Shareholders whose names appear on the H Share register of members of the Company at 4:30 p.m. on Friday, 31 July 2015 shall be entitled to attend and vote at the EGM.

In order to determine the H Shareholders who will be entitled to the proposed Capitalisation Issue and Cash Dividends, the H Share register of members of the Company will be closed from Saturday, 3 October 2015 to Monday, 12 October 2015 (both days inclusive), during which no transfer of H Shares will be effected. Shareholders whose names appear on the H Share register of members of the Company on Monday, 12 October 2015 will be entitled to the proposed Capitalisation Issue. In order for the H Shareholders to qualify for the proposed Capitalisation Issue, all completed share transfer documents accompanied by the relevant H Share certificates must be lodged with the Company’s H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 2 October 2015.

THE EXTRAORDINARY GENERAL MEETING

Due to the reasons set out in the Announcement of Postponement of the Original EGM, the postponed EGM will convene on Tuesday, 22 September 2015 at 2:00 p.m. at the Company's Conference Room, No.2266 Chaoyang Road South, Baoding, Hebei Province, the PRC.

SUPPLEMENTAL CIRCULAR

A supplemental circular containing, among other things, details of the additional resolutions submitted by Innovation GW, the revised proposal of Non-Public Issuance of A Shares, the proposed Capitalisation Issue and distribution of cash dividends, the proposed absorption and merger of wholly-owned subsidiaries and the proposed amendments to the Articles of Association and supplemental notice of EGM will be despatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“A Shares”	Domestic Share(s) of RMB1.00 each in the share capital of the Company which are listed on Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
“A Shareholder(s)”	holders of A Share(s);
“Announcement of Postponement of the Original EGM”	the Company's announcement dated 25 August 2015 in respect of the postponement of the Original EGM;
“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;
“Baoding Xinyuan”	Baoding Xinyuan Automobile Inner Decoration Co., Ltd. (保定信遠汽車內飾件有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Baoding Boxiang”	Baoding Great Wall Boxiang Automotive Parts Manufacturing Co., Ltd. (保定長城博翔汽車零部件製造有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Capitalisation A Shares”	A Shares to be allotted and issued by way of the Capitalisation Issue by the Company;

“Capitalisation H Shares”	H Shares to be allotted and issued by way of the Capitalisation Issue by the Company;
“Capitalisation Issue”	the issue of Shares to Shareholders by way of capitalisation of the Company’s capital reserve on the basis of 10 H Shares for every 10 H Shares in issue on the Record Date and 10 A Shares for every 10 A Shares in issue on the A Share record date to be determined after the EGM and the issue of share dividend to the Shareholders by way of capitalisation of the Company’s undistributed profits on the basis of 10 H Shares for every 10 H Shares in issue on the Record Date and 10 A Shares for every 10 A Shares in issue on the A Share record date to be determined after the EGM;
“Capitalisation Shares”	A Shares and H Shares to be allotted and issued by way of the Capitalisation Issue by the Company;
“Cash Dividends”	with the meaning ascribed thereto under the section headed “Proposed Distribution of Cash Dividends” in this announcement;
“CCASS”	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited;
“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 Shanghai Stock Exchange, respectively;
“Company Law”	the Company Law of the PRC, as amended from time to time;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	director(s) of the Company;
“EGM”	extraordinary general meeting of the Company to be held at 2:00 p.m. on Tuesday, 22 September 2015 at the Company’s Conference Room, No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC;
“Exquisite Foundry”	Baoding Great Wall Exquisite Foundry Company Limited (保定長城精工鑄造有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;

“H Shares”	the overseas-listed foreign share(s) 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);
“H Shareholder(s)”	holders of H Share(s);
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong Listing Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Innovation GW”	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), a company incorporated in the PRC, which is the controlling shareholder of the Company;
“Internal Combustion Engine”	Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Last Circular”	circular of the Company dated 27 July 2015 in respect of, among other things, the Original Non-Public Issuance of A Shares;
“Latest Practicable Date”	26 August 2015, being the latest practicable date prior to the issuance of this announcement for ascertaining certain information contained herein;
“Macs”	Macs (Baoding) Auto A/C Systems Co.,Ltd. (麥克斯 (保定) 汽車空調系統有限公司), a company incorporated in the PRC with limited liability and is a wholly-owned subsidiary of the Company;
“Non-Public Issuance”	the proposed issuance of not more than 276,434,000 A Shares by the Company to not more than ten target investors and the proceeds from the issuance of A Share is expected to be not more than RMB12.0 billion;
“Original EGM”	the extraordinary general meeting originally scheduled to be held on 2 September 2015;

“Original EGM Notice”	the notice of extraordinary general meeting issued by the Company on 10 July 2015;
“Original Non-Public Issuance”	The original proposal to issue not more than 387,007,600 A Shares by the Company to not more than ten target investors and the proceeds from the issuance of A Share is expected to be not more than RMB16.8 billion;
“Overseas Shareholder(s)”	the holder(s) of H Share(s) whose address(es) as stated in the register of H Shares of the Company on the Latest Practicable Date is/are outside Hong Kong, if any;
“Price Determination Date”	11 July 2015, being the date of the announcement regarding the resolution passed at the tenth meeting of the fifth session of the Board (i.e. the publication date of such announcement on the newspaper in the PRC);
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region and Taiwan;
“Parties”	Merging party and merged parties of the absorption and merger as stated in the section headed “Proposed Absorption and Merger of Wholly-owned Subsidiaries” of this announcement;
“Record Date”	12 October 2015, being the date for determining H Shareholders who qualify for the Capitalisation Issue;
“RMB”	Renminbi, the lawful currency of the PRC;
“Share(s)”	A Share(s) and H Share(s);
“Shareholder(s)”	holder(s) of the Share(s) in the Company, including A Share(s) and H Share(s); and
“subsidiary(ies)”	unless the context requires otherwise, has the meaning ascribed thereto under the Hong Kong Listing Rules.

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

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

Baoding, Hebei Province, the PRC, 28 August 2015

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

Executive Directors: Mr. Wei Jian Jun, Mr. Liu Ping Fu, Ms. Wang Feng Ying, Mr. Hu Ke Gang and Ms. Yang Zhi Juan.

Non-executive Directors: Mr. He Ping and Mr. Niu Jun.

Independent Non-executive Directors: Mr. Wong Chi Hung, Stanley, Mr. Lu Chuang, Mr. Liang Shang Shang and Mr. Ma Li Hui.

** For identification purpose only*