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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
ENTERING INTO THE JOINT VENTURE
CONTRACT WITH BMW HOLDING B.V.
AND
MAJOR TRANSACTION IN RELATION TO
GRANT OF CALL OPTION AND PUT OPTION**

ENTERING INTO THE JOINT VENTURE CONTRACT

Name of JV Company: Chinese name “光東汽車有限公司”, English name “Spotlight Automotive Ltd.”.

Investors: Held as to 50% by Great Wall Motor Company Limited and 50% by BMW Holding B.V..

Investment Amount: Total investment amount of RMB5,100,000,000, with a registered capital of RMB1,700,000,000. The capital contribution to the registered capital of the JV Company to be made by the Company and BMW Holding is RMB850,000,000 and RMB850,000,000, respectively. The remaining amount of the total investment amount shall be covered by the JV Company itself through other channels.

The establishment of the JV Company does not constitute a notifiable transaction or connected transaction under Chapter 14 and 14A of the Listing Rules.

GRANT OF CALL OPTION AND PUT OPTION

In accordance with the JV Contract, the Call Option and Put Option were granted to BMW Holding in relation to the fault based termination of the JV Contract. The relevant exercise prices for the Call option and Put Option granted to BMW Holding (and their exercise will be at the discretion of BMW Holding) were yet to be confirmed at the time of entering into the JV Contract. Therefore, pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Call Option and Put Option to the BMW Holding will constitute a major transaction of the Company. In accordance with Rule 14.44 of the Listing Rules, a written Shareholders' approval may be accepted in lieu of holding a general meeting. So far as the Company is aware, none of the Shareholders of the Company has any material interests in the aforesaid granting of the Call Option and Put Option. Therefore, if a general meeting is to be convened to approve the arrangement on Call Option and Put Option in the JV Contract, none of the Shareholders of the Company is required to abstain from voting. As at the date of this announcement, Innovation GW, the controlling shareholder of the Company, holds 5,115,000,000 shares of the Company, which accounts for approximately 56.04% of the total number of issued shares of the Company. As the Company will obtain a written approval from Innovation GW, pursuant to Rule 14.44 of the Listing Rules, upon obtaining such written approval, the Company will not convene a general meeting to approve the aforesaid arrangement on Call Option and Put Option in the JV Contract.

A circular containing, among other things, further details on the aforesaid granting of the Call Option and Put Option will be dispatched to the Shareholders on or before 31 July 2018 in accordance with the Listing Rules for information purpose only.

This announcement is made by Great Wall Motor Company Limited (the "**Company**") pursuant to the Inside Information Provisions (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and Rules 13.09(2)(a), 13.10B of the Listing Rules and Chapter 14 of the Listing Rules.

I. OVERVIEW OF THE JV CONTRACT

On 23 February 2018, the Company entered into the letter of intent with Bayerische Motoren Werke Aktiengesellschaft ("**BMW AG**") and issued the announcement of "Entering Into the Letter of Intent with BMW".

On 10 July 2018, the Company and BMW Holding B.V. ("**BMW Holding**"), a wholly-owned subsidiary of BMW AG, entered into the joint venture contract in relation to the establishment of Spotlight Automotive Ltd. (the "**JV Contract**") in Berlin of Germany, pursuant to which both parties proposed to make capital contributions to jointly establish the sino-foreign equity joint venture company, Spotlight Automotive Ltd. (the "**JV Company**").

Pursuant to Chapter 14 of the Listing Rules, as all the applicable percentage ratios calculated are less than 5%, the establishment of the JV Company does not constitute a notifiable transaction of the Company. In addition, to the best knowledge and belief of the directors of the Company having made all reasonable enquiries, BMW Holding and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company, therefore the establishment of the JV Company does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

II. BASIC INFORMATION ON THE COOPERATING PARTIES

BMW Holding

1. Company name: BMW Holding B.V.
2. Legal address: Einsteinlaan 5, 2289 CC Rijwijk, The Netherlands
3. Business Scope: Participate in and the management of enterprises, as well as the technical and financial control of such enterprises.

Company

1. Company name: Great Wall Motor Company Limited
2. Legal address: No. 2266 Chao Yang South Street, Baoding, Hebei Province, the PRC.
3. Business Scope: 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.

III. PRINCIPAL TERMS OF THE JV CONTRACT

(I) Basic information on the JV Company

1. Name of JV Company: Spotlight Automotive Ltd. (光東汽車有限公司) (subject to approval from the administration for industrial and commercial registration)
2. Company type: Limited liability company
3. Total investment amount: RMB5,100,000,000
4. Registered capital: RMB1,700,000,000
5. Legal address: Zhangjiagang Economic & Technological Development Zone, Zhangjiagang City, Jiangsu Province, PRC
6. Date of establishment: The date of the establishment of the JV Company shall be the date on which the JV Company is issued its business license.
7. Shareholding proportion: Held as to 50% by the Company and 50% by BMW Holding.
8. Capital contribution: The capital contribution to the registered capital of the JV Company to be made by the Company and BMW Holding is RMB850,000,000 and RMB850,000,000, respectively. The remaining amount of the total investment amount shall be covered by the JV Company itself through other channels (pursuant to the JV Contract, the parties thereto do not undertake any obligation of providing financing, guarantees or pledging of assets for the aforesaid financing by the JV Company).

9. Contribution method: Capital contribution shall be made by both parties by way of cash in RMB.
10. Upon its establishment, the JV Company will become an associated company of the Company, and its financial results will not be consolidated into the consolidated financial statement of the Company, and the JV Company will not become a subsidiary of the Company upon its establishment.

(II) Business Purpose, Scope, Term, Production Scale and Distribution of Profits of the JV Company

1. Purpose

The purpose of the JV Company is to use efficient and advanced technology and production techniques to manufacture and sell the JV Company's products, to secure the quality, the value and competitiveness of such products, and to obtain satisfactory economic benefits for the Parties;

2. Business Scope

- (1) research, development and manufacture of new energy vehicles (including Battery Electric Vehicles);
- (2) research, development and manufacture of ICE (Internal Combustion Engines) vehicles;
- (3) research, development, manufacture and sale of related components of new energy vehicles (such as power system of electric vehicles) and ICE vehicles;
- (4) sale of whole vehicles and their spare parts, components and accessories;
- (5) import and domestic procurement of goods and services required to carry out business activities of the JV Company;
- (6) export of whole vehicles and their spare parts, components and accessories;
- (7) after-sales services;
- (8) warehousing and transportation services;
- (9) training, consulting, experiment and technical services; and
- (10) other business activities in relation to and/or supporting the purpose and scope of business described above, subject to approval and permit by the examination and approval authority (if applicable).

3. Term and Extension of JV Company

The initial duration of the JV Company shall commence on the date of its establishment and continue for a period of fifteen (15) years.

The term of the JV Company may be extended upon mutual consent of the parties. The Parties shall commence negotiations on whether and for how long to extend the joint venture term no less than one (1) year prior to the expiration of the term of the JV Company (or any extension thereof). A written application for the extension of duration as agreed to by both Parties, shall be filed with the examination and approval authority six (6) months prior to the expiration date of the term of the JV Company (or any extension thereof).

4. Production Scale

The standard annual production capacity of the JV Company is estimated to be 160,000 vehicles. To the extent permitted by PRC Laws, the annual production scale may be increased depending on the JV Company's production planning.

5. Distribution of Profits

After paying taxes in accordance with the relevant PRC Laws and making allocations to the reserve funds, expansion funds, bonuses and welfare funds for staff workers, the JV Company's remaining profits either shall be distributed between the Parties according to the Parties' ratio of contribution to the JV Company's registered capital or shall be retained or reinvested as decided by the its board of directors.

(III) Corporate Governance of the JV Company

1. Board of Directors

- (1) The Parties agree that the board shall comprise a total of six (6) directors, of which three (3) directors shall be appointed by the Company, and three (3) directors shall be appointed by BMW Holding; and
- (2) The Chairman of the board shall be appointed by the Company. The Vice-Chairman shall be appointed by BMW Holding. The directors (including the Chairman and Vice-Chairman) each shall have a term of office of four (4) years, and each shall be eligible for consecutive terms of office upon reappointment by the original appointing Party.

2. Supervisors

The JV Company shall have two (2) supervisors, of whom one (1) supervisor shall be appointed by BMW Holding and the other (1) supervisor shall be appointed by the Company. The directors and the senior corporate officers shall not concurrently act as the supervisors of the JV Company.

3. Management Organization

The board of directors shall establish a management organization, which shall be responsible for and in charge of the day-to-day operation and management of the JV Company.

(IV) Responsibilities of the Parties

1. Responsibilities of the Company

- (1) paying in full on time its share of capital contribution to the JV Company pursuant to the JV Contract;
- (2) recommending to the JV Company, as its capacity allows, experienced and competent personnel required by the JV Company on terms to be agreed upon in employment contracts to be signed separately;
- (3) assisting in handling: (i) applications for the registration of the JV Company and for the issuance of the business license; and (ii) other actions with any government authorities in the PRC which may be required in connection with the establishment, operation and development of the JV Company;
- (4) assisting the JV Company in providing all necessary assistance to expatriate personnel of BMW Holding in obtaining all official documentation required for the discharge of their functions related to the JV Company, including, entry visas, work permits and all other travel authorizations;
- (5) providing administrative and managerial assistance to the JV Company in connection with its day-to-day operations in accordance with and subject to the JV Company's reasonable request; and
- (6) handling other matters reasonably entrusted by the JV Company to the Company from time to time.

2. Responsibilities of BMW Holding

- (1) paying in full on time its share of capital contribution to the JV Company pursuant to the JV Contract;
- (2) recommending to the JV Company, as its capacity allows, experienced and competent personnel required by the JV Company on terms to be agreed upon in employment contracts to be signed separately;
- (3) providing administrative and managerial assistance to the JV Company in connection with its day-to-day operations in accordance with and subject to the JV Company's reasonable request; and
- (4) handling other matters reasonably entrusted by the JV Company to BMW Holding from time to time.

(V) Consequences of Termination

1. No Fault Termination

Discussion for Solution and Buyout

- (1) If the termination notice is served by a Party in accordance with the JV Contract, then the Parties shall discuss in good faith with the aim of finding a solution acceptable to both Parties to continue the JV Contract;
- (2) If, within sixty (60) days of receipt of the termination notice served, the Parties have not agreed in writing to continue the JV Contract, then the Parties shall agree to discuss one Party's purchase of all of the other Party's interest in the registered capital of the JV Company (the "Buyout"), provided that it is in compliance with PRC Laws. The purchase price for the Buyout shall equal to the fair value multiplied by the percentage of registered capital held by the selling Party in the JV Company. If, within thirty (30) days after the qualified appraiser has determined the fair value of the JV Company, the Parties reach an agreement on the Buyout, then the Parties will proceed in accordance with the terms of that agreement, and use their best efforts to complete the Buyout transaction as soon as possible; and
- (3) If, within thirty (30) days after the qualified appraiser has determined the fair value of the JV Company, the Parties have not agreed in writing to the Buyout, then the JV Company shall be liquidated in accordance with the JV Contract.

2. Fault Based Termination

Discussion for Solution and Call and Put Options of Non-Breaching Party

- (1) If the termination notice is served by a Party in accordance with the JV Contract, then the Parties shall discuss in good faith with the aim of finding a solution acceptable to both Parties to continue the JV Contract;
- (2) If, within sixty (60) days of receipt of the termination notice served, the Parties have not agreed in writing to continue the JV Contract, then, provided that it is in compliance with PRC Laws:
 - (A) The non-breaching Party that serves the termination notice ("Terminating Party") shall have the option to either: (a) purchase all of the equity interest of the other Party in the registered capital of the JV Company at the price to be determined (the "Call Option"); or (b) sell all of its equity interest in the registered capital of the JV Company to the other Party at the price to be determined (the "Put Option");
 - (B) The Terminating Party may exercise either the Call Option or Put Option by providing a written notice to the other Party at any time within the thirty (30) days' period after the qualified appraiser has determined the fair value of the JV Company;
 - (C) If the Terminating Party elects to exercise either the Call Option or the Put Option, both Parties shall take all actions and sign all documents necessary to complete the relevant transaction as soon as possible; and

- (D) If the Terminating Party fails to exercise both the Call Option and the Put Option within the thirty (30) days' period after the qualified appraiser has determined the fair value of the JV Company, the JV Company shall be liquidated in accordance with the JV Contract.

Exercise Price for Call Option and Put Option

- (1) The exercise price in respect of a Call Option shall be:

90% multiplied by the fair value of the JV Company (such fair value of the JV Company to be reduced by the Terminating Party's contribution to the increase in value of the new brand trademark) and multiplied by the percentage of the selling Party's share of the registered capital at the time of exercise of the Call Option;

- (2) The exercise price in respect of a Put Option shall be:

110% multiplied by the fair value of the JV Company (such fair value of the JV Company to be reduced by the other Party's contribution to the increase in value of the new brand trademark) multiplied by the percentage of the selling Party's share of the registered capital at the time of exercise of the Put Option.

Reasons for and Benefits of Granting the Call Option and Put Option

Pursuant to the interests of the parties to the JV Contract, granting of the Call Option and Put Option is beneficial to the reasonable solution of the potential conflicts between the parties in relation to the termination of the JV Contract, is in line with the interests of the parties, and is beneficial to the signing and performance of the JV Contract.

The Directors (including independent non-executive Directors) consider that the JV Contract and the granting of the Call Option and Put Option was entered into after arm's length negotiations and is on normal commercial terms. The relevant requirements of the JV Contract in relation to the granting of the Call Option and Put Option are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Listing Rules Implications

In accordance with the JV Contract, the premium in relation to the grant of the Call Option and Put Option to the Company (and their exercise will be at the discretion of the Company) is zero. Therefore, pursuant to Rule 14.75 of the Listing Rules, as all the applicable percentage ratios calculated are less than 5%, the grant of the Call Option and Put Option to the Company does not constitute a discloseable transaction of the Company and are exempt from the reporting, announcement and Shareholders' approval requirements.

In accordance with the JV Contract, the premium in relation to the grant of the Call Option and Put Option to the BMW Holding (and their exercise will be at the discretion of the BMW Holding) is zero, but the exercise prices were yet to be confirmed at the time of entering into the JV Contract. Therefore, pursuant to Rule 14.76(1) of the Listing Rules, the grant of the Call Option and Put Option to the BMW Holding will constitute a major transaction of the Company. In accordance with Rule 14.44 of the Listing Rules, a written Shareholders' approval may be accepted in lieu of holding a general meeting. So far as the Company is aware, none of the Shareholders of the Company has any material interests in the aforesaid granting of the Call Option and Put Option. Therefore, if a general meeting is to be convened to approve the arrangement on Call Option and Put Option in the JV Contract, none of the Shareholders of the Company is required to abstain from voting. As at the date of this announcement, Baoding Innovation Great Wall Asset Management Company Limited ("**Innovation GW**"), the controlling shareholder of the Company, holds 5,115,000,000 shares of the Company, which accounts for 56.04% of the total number of issued shares of the Company. As the Company will obtain a written approval from Innovation GW, pursuant to Rule 14.44 of the Listing Rules, upon obtaining such written approval, the Company will not convene a general meeting to approve the arrangement on Call Option and Put Option in the JV Contract.

A circular containing, among other things, further details on the granting of the above Call Option and Put Option will be dispatched to the Shareholders on or before 31 July 2018 in accordance with the Listing Rules for information purpose only.

(VI) Applicable Law

The JV Contract shall be governed by the officially promulgated laws of the PRC. In the event there is no published law in the PRC governing a particular aspect of the JV Contract, reference shall be made to general international practices.

IV. IMPACT ON THE LISTED COMPANY

1. Impact on the performance of the listed company: It is expected that entering into the JV Contract will not affect the operating results and financial position of the Company in 2018.
2. Impact on the operation of the listed company: It is expected that the successful cooperation between the Parties will greatly improve the technology level and brand premium of the Company, better meet the needs of consumers and further tap on the new energy vehicle market at home and abroad.

V. SIGNIFICANT RISK WARNING

1. The establishment of a joint venture company with BMW Holding is subject to approval from the National Development and Reform Commission, relevant sino-foreign investment competent authorities and business registration procedures according to applicable laws, therefore it is uncertain as to whether the establishment will proceed to completion;
2. It is expected that the JV Contract will not have impact on the operating results and financial position of the Company in 2018.

The Company will announce the relevant progress, and investors shall pay attention to the risk of investment.

The shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.

This announcement will be published on the websites of the Hong Kong Stock Exchange (www.hkexnews.hk) and 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, 10 July 2018

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*