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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)

**CONNECTED TRANSACTION**  
**PRELIMINARY COMMODITY HOUSING PURCHASE AGREEMENT**

The Board announces that on 16 May, 2008, the Company entered into the Preliminary Commodity Housing Purchase Agreement with the Developer pursuant to which the Company will conditionally purchase the Housing Units from the Developer.

The Developer is owned by companies controlled by Mr. Wei Jian Jun, a Director and substantial shareholder of the Company. The Developer is therefore a connected person of the Company under the Listing Rules.

Since each of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) for the purchase of the Housing Units is less than 2.5%, the transaction is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under the Listing Rules.

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\* *for identification only*

# **THE PRELIMINARY COMMODITY HOUSING PURCHASE AGREEMENT**

## **Date**

16 May, 2008

## **Parties**

1. the Company
2. The Developer, a connected person of the Company

## **The Development Project**

Pursuant to the Preliminary Commodity Housing Purchase Agreement, the Company will conditionally purchase 815 sets of commodity housing from the Developer. The 815 sets of commodity housing form parts of the Development Project, the specifications of which are set out as follows:–

- (i) Site location: west of Chaoyang South Street; the south of Liugezhuang; east of Guihua Road; both south and north side of Taihang Road., Baoding, Hebei Province;
- (ii) Proposed gross floor area of the Development Project: 249,000 sq.m.; Proposed total site area of the Site: 181,000 sq.m.;
- (iii) Proposed planned plot ratio: approximately 3.3%; and
- (iv) Proposed green coverage rate: not less than 30%.

The aforesaid Site location will be acquired by the Developer, the proposed gross floor area of the Development Project; proposed gross floor area of the Site; proposed planned plot ratio and the proposed green coverage rate may be revised subject to the final approval by the relevant government authorities.

- (v) Construction Cycle for Large Ancillary Facilities (including the public facilities) in the neighborhood: three to five years from the date of commencement of the construction.

## **The Housing Units**

The Housing Units will be located within the Site. Major specifications of the Housing Units are set out as follows:–

- (i) Construction type: high-rise residential blocks;

- (ii) Number and gross floor area of residential units: 815 sets of housing unit with an aggregate gross floor area of 56,822.9 sq.m.; comprising 332 sets of gross floor area of approximately 60.5 sq.m. each, 217 sets of gross floor area of approximately 69.1 sq.m. each, 96 sets of gross floor area of approximately 75.3 sq.m. each, 80 sets of gross floor area of approximately 78.9 sq.m. each, 48 sets of gross floor area of approximately 88.7 sq.m. each, and 42 sets of gross floor area of approximately 93.9 sq.m. each;
- (iii) Total gross floor area: 48,299.5 sq.m.; and
- (iv) Total common area: 8,523.4 sq.m.

### **Rights and obligations of the parties**

The Preliminary Commodity Housing Purchase Agreement sets out the rights and obligations of the parties, major items include:—

- (i) the Company shall pay the Consideration in full within thirty days from the date of signing of the Preliminary Commodity Housing Purchase Agreement;
- (ii) the Developer shall be responsible for obtaining all land use rights and relevant permits and approvals within the prescribed time limits (as set out in the paragraph “Conditions” herein); the Developer shall pay a daily penalty (which is agreed to be 0.01% of the Consideration) to the Company if there is any delay of fulfillment of the conditions numbered 1 to 4; and in any of such events, the Company shall have the right to rescind the Preliminary Commodity Housing Purchase Agreement;
- (iii) at the request of the Developer, the Company shall enter into the 《商品房買賣合同》 (formal commodity housing sale and purchase agreement) with the Developer upon issuance of the 《商品房預售許可證》 (Permit for pre-sale of the commodity housing) or when the conditions for execution of the 《商品房買賣合同》 (formal commodity housing sale and purchase agreement) are fulfilled;
- (iv) the parties to the Preliminary Commodity Housing Purchase Agreement shall negotiate in good faith to agree on matters which have not been covered thereunder and shall enter into supplemental agreement(s) if the need arise in the future.

### **Conditions**

The Company shall have the right to rescind the Preliminary Commodity Housing Purchase Agreement if one of more of the following conditions is/are not fulfilled:—

- (i) the Developer having acquired the Site and obtained the 《土地使用權證書》 (land use certificate) in respect of the Site within three months of receipt of the Consideration from the Company;

- (ii) the Developer having obtained the 《建設用地規劃許可證》 (Planning Permit for Construction Land) within four months of receipt of the Consideration from the Company;
- (iii) the Developer having obtained the 《建設規劃許可證》 (Planning Permit for Construction Works) and 《開工許可證》 (Permit for Commencement of Construction Works) within thirty days from the date of issue of the 《建設用地規劃許可證》 (Planning Permit for Construction Land) and other government approvals relating to the Development Project and the Housing Units; and
- (iv) the Developer having commenced the construction of the Housing Units within six months of receipt of the Consideration from the Company and having completed the Housing Units by 30 June 2010.

In the event that the Company exercises its rights to rescind the Preliminary Commodity Housing Purchase Agreement, the Developer shall forthwith return the Consideration received from the Company and an interest thereon (which is agreed to be charged at 4.14% per annum) to the Company.

In the event that the Company fails to pay the Consideration within thirty days from the date of the signing of the Preliminary Commodity Housing Purchase Agreement, the Developer shall have the right to rescind the Preliminary Commodity Housing Purchase Agreement and is entitled to sell the Housing Units to any third party.

### **Consideration**

The aggregate consideration for the purchase of the Housing Units is RMB175,000,000, which will be paid in cash by the Company to the Developer within thirty days of signing of the Commodity Housing Purchase Agreement. The Company will pay the Consideration from its own cash reserve.

The Consideration at an average selling price of approximately RMB3,080 per sq.m. for a total gross floor area of 56,822.9 sq.m. is determined with reference to the prevailing market price of residential housing units of comparable standards in the locality; and the preferential discount offered by the Developer to the Company.

### **MORTGAGE OF LAND USE RIGHTS**

Upon acquisition of the land use rights in respect of the Site, the Developer shall execute a mortgage over the land use rights in respect of the Site in favour of the Company as a security for due performance of the Developer's obligations under the Preliminary Commodity Housing Purchase Agreement. In the event that the Developer can provide other forms of security or guarantees in lieu of the mortgage over the land use rights to the satisfaction of the Company, the Company shall release the mortgage.

## **REASONS AND BENEFIT**

It is the intention of the Company to provide housing to the employees of the Group at an affordable price as an employee benefit and incentive to attract and retain employees, and to enhance their level of belonging and loyalty. The Company has a plan that upon completion of the Housing Units in 2010, around 80% of the Housing Units will be sold to the employees of the Group at a preferential price and the remaining 20% will be retained by the Company and leased out to the employees at a preferential rent.

Based on the information published by independent third parties, the Directors are of the view that the average price of the Housing Units at around RMB3,080 per sq.m. are more competitive than the prevailing market price for comparable housing units at around RMB3,400 per sq.m. and the terms of the Preliminary Commodity Housing Purchase Agreement are no less favorable than those offered by any other developers in the market.

The Directors (including the non-executive directors) consider that the purchase of the Housing Units from the Developer is not conducted in the ordinary and usual course of business of the Group but the Directors (including the non-executive directors) believe that the terms of the Preliminary Commodity Housing Purchase Agreement are better than normal commercial terms which are fair and reasonable and in the interests of the shareholders and the Company as a whole.

## **INFORMATION RELATING TO THE COMPANY**

The Company is an integrated automobile manufacturer and together with its subsidiaries, the Group also engages in the production and sales of certain automotive parts and components.

## **INFORMATION RELATING TO THE DEVELOPER**

The Developer is a company established under the laws of the PRC with limited liability. It was established on 3 April 1998 and has a registered capital of RMB22,400,000. As of the date hereof, the Developer is owned as to 86.65% by 北京市東方日瓦科貿有限公司 (Beijing Dongfang Riwa Technology Trading Company Limited), 11.15% by 保定市長城興達建材有限公司 (Baoding Great Wall Xingda Construction Material Company Limited), and 2.2% by 保定市太行制泵有限公司 (Baoding Taihang Pump Manufacturing Company Limited) respectively; all of which are companies controlled by Mr. Wei Jian Jun, a Director and substantial shareholder of the Company. Principal business of the Developer includes real estate development; sale of commodity housing and sale of construction materials.

## **CONNECTED TRANSACTION**

Since each of the applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) is less than 2.5%, the purchase of the Housing Units is only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules and is exempt from the independent shareholders' approval requirements under the Listing Rules.

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

“Board”	the board of Directors of the Company
“Company”	長城汽車股份有限公司 (Great Wall Motor Company Limited)*, a company incorporated in the PRC and the H shares of which are listed on the Stock Exchange of Hong Kong Limited
“Consideration”	the consideration for purchasing the Housing Units at RMB175,000,000 pursuant to the Preliminary Commodity Housing Purchase Agreement
“Developer”	保定市長城房地產開發建設集團有限公司 (Baoding Great Wall Real Estate Development Group Co. Ltd.), a limited liability company established under the laws of the PRC, and a connected person (as defined under the Listing Rules) of the Company
“Development Project”	means the development, planning and construction of housing units and facilities on the Site
“Directors”	the directors of the Company
“Housing Units”	means the 815 housing units which are the subject matter of the Preliminary Commodity Housing Purchase Agreement
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region, Macau Special Administrative Region, and Taiwan
“Preliminary Commodity Housing Purchase Agreement”	the 《商品房認購協議》 (Preliminary commodity housing purchase agreement) entered into by the Company and the Developer in relation to the sale and purchase of the Housing Units dated 16 May, 2008
“RMB”	Renminbi yuan, the lawful currency of the PRC

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“Site” means the site of total site area of 181,000 sq.m. located at west of Chaoyang South Street; the south of Liugezhuang; east of Guihua Road; both south and north side of Taihang Road, Baoding, Hebei Province on which the development under the Development Project will be carried out

This announcement is available for viewing on the website of the Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.gwm.com.cn](http://www.gwm.com.cn)).

By order of the Board of  
**Great Wall Motor Company Limited\***  
**Bai Xuefei**  
*Company Secretary*

Baoding, the PRC  
16 May, 2008

*As at the date of this announcement, the Directors are:—*

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

*Non-executive Directors: Mr. He Ping, Mr. Niu Jun*

*Independent non-executive Directors: Mr. Wong Chi Keung, Ms. Wei Lin, Mr. Li Ke Qiang, Mr. He Bao Yin*

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