



# Chairman's Statement

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To all shareholders

I am pleased to present the audited consolidated results of Great Wall Motor Company Limited (the "Company" or "Great Wall Motor") and its subsidiaries (the "Group") for the year ended 31 December 2006 (the "Year").

The Group's operating results continued to have a satisfactory growth, with revenue and profit after tax attributable to equity holders of the parent for the year ended 31 December 2006 amounting to RMB4,919 million and RMB703 million respectively, representing increases of 29.1% and 59.4% respectively.

During the Year, the continued rapid economic growth of the People's Republic of China ("PRC") and strong domestic consumer sentiment led to robust demand for automobiles, fuelling the upbeat development of the automobile industry. The production and sales volume of domestic automobiles sustained relatively substantial growth, with supply and demand basically balanced. In addition, the export volume of automobiles from the PRC also witnessed considerable growth as compared to that of the previous year. During the Year, the Group continued to develop new products, expand product sales, consolidate and intensify overseas markets expansion as well as strengthen its technology research and development capability, thereby taking full advantage of the market opportunities to achieve satisfactory results.

In 2006, the Group had been proactive in improving its sales of automobiles. With a successful brand effect and continued improvement in product mix, the Group saw stable growth in the sales volume of its pick-up trucks and SUVs, and maintained leadership in the fragmented, domestic market. The Group also realised substantial growth in its export volume by pushing ahead with the expansion of overseas markets and strengthening of its after-sales service. The Group thus consolidated its leading position as the PRC's largest automobile export

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enterprise with self-owned brands. In 2006, the Group exported an aggregate of 27,505 units, representing an increase of 92%, with total export amounted to RMB1,708.15 million, accounting for approximately 34.7% of the total sales for the Year.

The Group's strong technology research and development capability has contributed to the production of excellent products: Hover CUV earned a 4-star rating from EuroNCAP (European New Car Assessment Programme), thereby becoming one of the safest SUV products in the PRC. The Group had also developed and launched an energy-saving and environmentally friendly diesel engine with an electronically controlled high pressure common rail system, employing the world's latest high pressure common rail fuel injection technology and meeting Euro





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III emission standards. This is a technological breakthrough in diesel engine with a self-owned brand name in the PRC. The high-end pick-up trucks – Wingle – installed with a diesel engine with an electronically controlled high pressure common rail system and launched to the market at the end of the Year is the product of innovation and transcendence of the Group. During the Year, the Group successfully launched its three new self-owned brand sedans at the Beijing International Automotive Exhibition, signifying Great Wall Motor's expansion of its production beyond pick-up trucks and SUVs (Sport Utility Vehicle) manufacturing.

With a strong independent research and development capability, acute market sense, as well as continued pursuit of excellent quality of automobiles, the Group continued to enhance the safety and emission standards of all of its automobile models, as well as to launch new products and to optimise product mix in order to satisfy market demand and to increase its market share.

The "11th Five-Year Plan" ("the Plan") of the PRC puts emphasis on: strengthening the independent innovation ability of the automobile industry, enterprises' playing a key role, increasing the market share of enterprises with self-owned brands in the PRC. As one of the largest automobile enterprises with self-owned brands in the PRC, the Group will meet and benefit from the State's long-term planning for the automobile market.

The year 2007 is the first year where Great Wall Motor has moved beyond the production of pick-up trucks and SUVs into sedan manufacturing. It is a year full of challenges and opportunities, as well as a year for the Group to continue to make advancement.

On behalf of Great Wall Motor, the management would like to thank the staff, shareholders, investors and customers for their continuous support to the Group in the past. With the motto of "improving little by little every day", we will strive to bring the highest returns to our shareholders.

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**Wei Jian Jun**

*Chairman*

Baoding, Hebei Province, the PRC

27 March 2007