

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

2007 Interim Report

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CORPORATE INFORMATION

Stock code: 2333

Executive directors

Mr. Wei Jian Jun (*Chairman*)

Mr. Liu Ping Fu

Ms. Wang Feng Ying

Mr. Liang He Nian

(Resignation effective on 28 June 2007)

Mr. Hu Ke Gang

(Appointed as executive director on 28 June 2007)

Ms. Yang Zhi Juan

Non-executive directors

Mr. He Ping

Mr. Niu Jun

Independent non-executive directors

Mr. Han Chuan Mo

Mr. Zhang Ming Yu

Mr. Zhao Yu Dong

Mr. Wong Chi Keung

Supervisors

Mr. Zhu En Ze

Independent supervisors

Ms. Yuan Hong Li

Ms. Luo Jin Li

Company secretary

Mr. Bai Xue Fei

Audit committee

Mr. Han Chuan Mo

Mr. Zhao Yu Dong

Mr. Zhang Ming Yu

Mr. Wong Chi Keung

Remuneration Committee

Mr. Zhang Ming Yu

Mr. Zhao Yu Dong

Mr. Liang He Nian (*Resigned on 19 January 2007*)

Mr. Wei Jian Jun (*Appointed on 27 March 2007*)

Authorised representatives

Ms. Wang Feng Ying

Mr. Bai Xue Fei

Registered office

No. 2266 Chao Yang Road South,
Baoding, Hebei Province,
the PRC

Principal place of business in Hong Kong

9th Floor, Gloucester Tower,
The Landmark,
15 Queen's Road Central
Hong Kong

Legal adviser to the Company

(as to Hong Kong law)

Huen Wong & Co. in association with
Fried, Frank, Harris, Shriver & Jacobson LLP

Legal adviser to the Company

(as to PRC law)

King and Wood

Auditors

Ernst & Young

Ernst & Young Hua Ming

Hong Kong share registrar and transfer office

Computershare Hong Kong Investor Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Investors and media relations consultant

CorporateLink Limited

17th Floor, Winsome House

73 Wyndham Street

Central, Hong Kong

Principal bankers

Agriculture Bank of China, Baoding Xinbei sub-branch

Bank of China, Baoding Yuehua sub-branch

The Industrial and Commercial Bank of China,

Baoding Yonghua Road sub-branch

China Construction Bank

Baoding Yuedong office

Telephone

86(312)-2197812

Facsimile

86(312)-2197812

Website

www.gwm.com.cn



Share Information

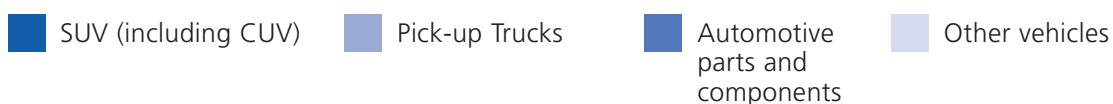
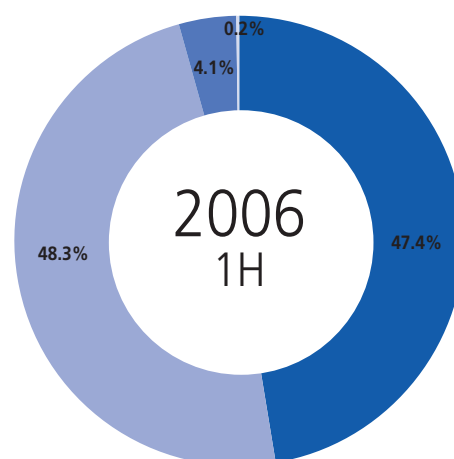
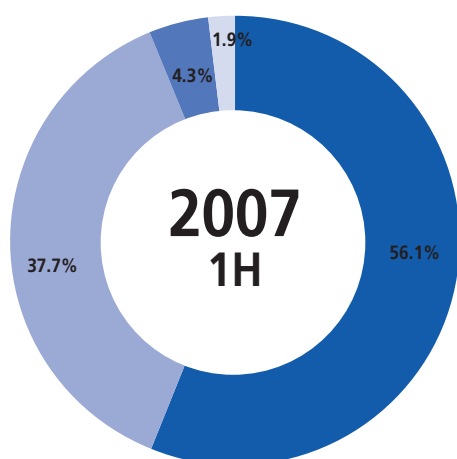
Place of listing	Main Board of The Stock Exchange of Hong Kong Limited
Listing date	15 December 2003
Number of issued shares	As at 30 June 2007 1,095,272,000 shares (682,000,000 domestic shares and 413,272,000 H shares)
Board lot	500 shares
Stock code	2333
Financial year-end date	31 December

The board of directors (the "Board") of Great Wall Motor Company Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 (the "period"). The unaudited interim results have been reviewed by the Company's auditor, Ernst & Young.

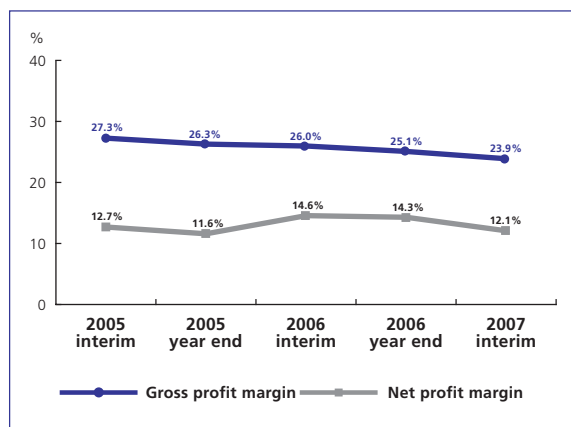
FINANCIAL HIGHLIGHTS

Financial Highlights — Financial Indicators			
	For the six months ended 30 June 2007	For the six months ended 30 June 2006	Changes (%)
Revenue (RMB million)	3,345	2,519	32.8
Gross profit (RMB million)	800	655	22.1
Profit Before Tax (RMB million)	478	417	14.6
Profit after tax attributable to equity holders of the parent (RMB million)	406	367	10.6
Basic earnings per share (RMB)	0.42	0.39	7.7

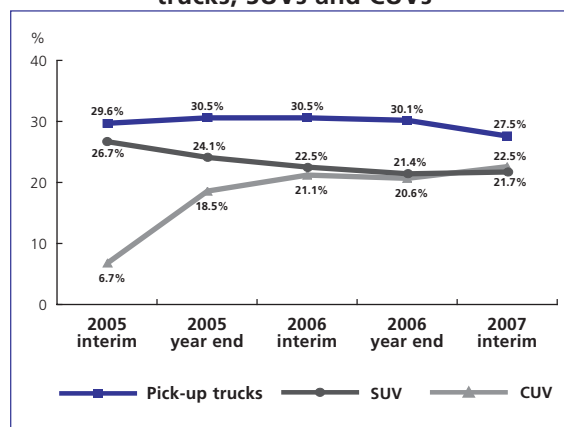
Revenue Breakdown By Major Products



Overall gross and net profit margins



Gross profit margin of pick-up trucks, SUVs and CUVs



Financial Highlights — Assets structure

	For the six months ended 30 June 2007	For the six months ended 30 June 2006
Equity attributable to equity holders of the parent (RMB million)	5,911	3,778
Total assets (RMB million)	9,175	6,198
Bank loans (RMB million)	0	0
Return on equity (%) Note 1	6.9	9.7
Return on asset (%)	4.4	5.9
Gearing ratio (%) Note 2	0	0
Accounts receivable turnover (Day) (including bills receivable)	46	41
Inventory turnover (Day)	42	49

Note 1: Profit after tax attributable to equity holders of the parent divided by equity attributable to equity holders of the parent

Note 2: Total bank loans divided by total assets

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Since the beginning of 2007, the PRC automobile industry in general has kept growing under the momentum it sustained from the previous year, with production and sales rising relatively quickly. According to the China Association of Automobile Manufacturers, the production volume and sales volume of automobiles in the PRC for the first half of 2007 reached 4,456,700 units and 4,373,800 units respectively, representing increases of 22.36% and 23.31% from those in the same period of 2006 respectively.

Between the end of 2006 and the first half of 2007, the PRC government promulgated a series of measures that had impact on the domestic automobile industry. Such measures included the "Notice Regarding Opinions on the Restructuring of the Automobile Industry" and the "Notice Regarding the Regulation on Automobile Exports", etc.

The objective of the "Notice Regarding Opinions on the Restructuring of the Automobile Industry" issued by the National Development and Reform Commission on 20 December 2006 is to optimize the structure of the automotive industry, encourage and support the rapid development of automobiles and automotive parts and components of self-owned brand names. As one of the largest self-owned brand automobile manufacturing companies in the PRC, the Group is devoted to the long-term development of energy-saving and environmentally friendly automobiles that cater for the needs of the global markets, The Group has built up a components division, which has begun to take shape, and strong research and development capability. As such, the Group will enjoy direct benefits from this notice.

In the face of the rapid increase in exports, the government began to introduce more stringent measures to speed up the change in the strategy for automobile exports. One of these measures included the "Notice Regarding the Regulation on Automobile Exports", which came into effect on 1 March 2007. According to this notice, the following aspects will be under the government's management: export license for automobiles (including passenger vehicles, commercial vehicles, the chassis and components), the export quality of automobile manufacturing enterprises, and the operations of automobile export operators authorised by the manufacturing companies. This will have enormous positive impact on the regulation of domestic automobile exports and enhancement of the overall global competitiveness of domestic automobiles. The Group was named by the State as "China's Automobiles and Automotive Parts Export Base", the title of which will facilitate the Group's expansion of its export business.

During the period, price competition in the PRC automobile industry continued to intensify. With the advancement in technology and intensifying market competition, price reduction has become one of the strategies for domestic automobile enterprises to remain competitive. In the face of intensified market competition, the Group has actively carried out responsive measures, such as effective cost control, raising sales volume and improving product quality, and expanding sales in the global market, etc.

Financial Review

Revenue

During the period, the revenue of the Group was RMB3,344,945,000, representing an increase of 32.8% compared to that of the same period of 2006. The increase was mainly resulted from the increase in the sales volume of automobiles.

Sales analysis

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	Sales volume (units)	Revenue (RMB'000)	Percentage (%)	Sales volume (units)	Revenue (RMB'000)	Percentage (%)
Pick-up truck	24,319	1,260,858	37.7	24,591	1,216,769	48.3
SUV (including CUV)	22,722	1,875,553	56.1	13,876	1,193,016	47.4
Other vehicles	624	64,068	1.9	42	5,027	0.2
Automotive parts and components	—	144,466	4.3	—	104,176	4.1
Total	47,665	3,344,945	100.0	38,509	2,518,988	100.0

Gross profit and gross profit margin

During the period, the Group's gross profit was RMB800,303,000, representing an increase of 22.2% compared to RMB654,968,000 for the same period of last year. The increase in gross profit was mainly due to the increase in the sales volume of automobiles. The gross profit margin decreased from 26.0% for the same period last year to 23.9% in the first half of 2007, which was mainly due to higher consumption tax rate on SUV since 1 April 2006.

Profit after tax attributable to equity holders of the parent and earnings per share

During the period, the Group's profit after tax attributable to equity holders of the parent was RMB406,047,000, representing an increase of 10.5% compared to that of the same period last year. The increase was mainly due to upsurges in sales volume and revenue.

For the six months ended 30 June 2007, the basic earnings per share of the Company were RMB0.42.

Selling and distribution costs and administrative expenses

For the first half year of 2007, the selling and distribution costs and administrative expenses of the Group was RMB267,784,000, representing an increase of 32.6% from RMB201,939,000 in the first half of 2006. The percentage of selling and distribution costs and administrative expenses to total revenue was 8.0%. The main reasons for the increase in the selling and distribution costs and administrative expenses included: (1) an increase in transportation expenses as a result of the increase in the sales volume of automobiles; (2) increases in the expenses on participation in car shows and advertising expenses; (3) an increase in port expenses resulting from increased export volume; and (4) an increase in staff costs and office expenses attributable to the increase in the number of staff to meet the expanding scale of production and sales.

Finance costs

During the first half of 2007, the Group's finance costs were approximately RMB2,450,000 as compared to approximately RMB821,000 for the first half of 2006. The increase was mainly attributable to the increase in the bank charges.

Liquidity and financial resources

As at 30 June 2007, the Group's current assets mainly included cash and cash equivalents of approximately RMB3,844,732,000, trade receivables of approximately RMB68,944,000, inventories of approximately RMB783,853,000, bills receivable of approximately RMB790,136,000, held-for-trading financial assets of approximately RMB191,000 and other receivables of approximately RMB238,641,000. The Group's current liabilities mainly included dividend payable of approximately RMB163,250,000, other payables of approximately RMB905,687,000, tax payable of approximately RMB54,384,000, bills payable of approximately RMB232,617,000, trade payables of approximately RMB1,446,861,000 and provision for product warranties of approximately RMB27,715,000.

Acquisitions

During the period, the Company and its subsidiaries did not have any material acquisitions.

Capital structure

The Group generally finances its operations with internally generated cash flows. As at 30 June 2007, the Group was at a debt-free position.

Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB while sales to overseas customers were settled in US dollars. During the period, the Group did not experience any material difficulties or negative effects on its operations or liquidity as a result of fluctuations in currency exchange rates. In the light of the recent trend for continued appreciation of RMB, the Group has taken measures such as accelerating the pace of settlement to mitigate the negative impact of any increase in RMB exchange rates on the Group's exports.

As the materials and components used by the Group were purchased from the domestic market, the slight appreciation of RMB did not constitute any impact on the Group's business. With respect to the export business, the pricing of the Group's products is relatively competitive and hence its current sales have not been affected.

Employment, training and development

As at 30 June 2007, the Group employed a total of approximately 10,373 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 4.7% of the Group's revenue for the six months ended 30 June 2007.

Taxation

Tax payable by the Group increased from RMB33,286,000 in the first half of 2006 to RMB37,983,000 in the first half of 2007, representing a rise of 14.1%. The increase in tax was mainly due to the increase in profits.

Segment information

During the period, over 90% of the Group's revenue and results were derived from the manufacture and sales of automobiles, therefore no business segment analysis is presented.

Geographical segment analysis has been made according to the geographical location of customers. The Group's segment revenue is analysed as follows:

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	PRC RMB'000 Unaudited	Overseas RMB'000 Unaudited	Consolidated RMB'000 Unaudited	PRC RMB'000 Unaudited	Overseas RMB'000 Unaudited	Consolidated RMB'000 Unaudited
Segment revenue	2,208,763	1,136,182	3,344,945	1,795,764	723,224	2,518,988

The Group's assets and liabilities are almost entirely situated in the PRC and accordingly, no information on segment assets, liabilities and capital expenditure is provided.

Business Review

Automobile sales

During the period, the Group's total sales volume was 47,665 units, representing an increase of 23.8% as compared to that of the same period last year. During the period, the sales volume and revenue of pick-up trucks amounted to 24,319 units and RMB1,260,858,000, representing decreases of 1.1% and increase of approximately 3.6% as compared to those of the same period last year, respectively. The sales volume and revenue of SUV amounted to 22,722 units and RMB1,875,553,000, representing increases of approximately 63.8% and 57.2% respectively, as compared to those of the same period of 2006. The sales volume and revenue of other vehicles amounted to 624 units and RMB64,068,000 respectively.

Sales of automotive parts and components

During the period, the revenue of automotive parts and components amounted to RMB144,466,000, representing an increase of approximately 38.7% as compared to that of the same period in 2006 and accounting for 4.3% of the total revenue. The increase in the sales of automotive parts and components was mainly due to the rise in the revenue from parts and components for after-sales services, resulting from the increase in the sales volume of automobiles.

Domestic market

During the period, the Group's domestic sales volume and revenue amounted to 30,032 units and RMB2,064,297,000, representing increases of 17.5% and 22.0% respectively. Of the Group's domestic sales, 13,406 units and 16,338 units of pick-up trucks and SUVs were sold respectively, with revenue amounting to RMB696,870,000 and RMB1,324,263,000 respectively. The revenue from the two main groups of customers, namely (1) dealers; and (2) government entities and individual customers amounted to RMB1,990,235,000 and RMB74,062,000, respectively.

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	Sales volume (units)	Revenue (RMB'000)	Percentage share of domestic automobile sales (%)	Sales volume (units)	Revenue (RMB'000)	Percentage share of domestic automobile sales (%)
Dealers	28,885	1,990,235	96.4	24,438	1,616,642	95.6
Government entities and individual customers	1,147	74,062	3.6	1,132	74,946	4.4
Total	30,032	2,064,297	100.0	25,570	1,691,588	100.0

Overseas markets

With respect to the export market, the Group's automobile export market continued to grow. The Group's export volume of automobiles reached new records for the six months ended 30 June 2007, with 17,633 units and a total export value of RMB1,136,182,000, accounting for approximately 34.0% of the total revenue of the Group.

During the period, the export volume of pick-up trucks and SUVs amounted to 10,913 units and 6,384 units respectively, with export value of RMB563,988,000 and RMB551,290,000 respectively, representing increases of 7.2% and 179.5%, respectively. The export volume of other vehicles amounted to 336 units, with export value of RMB20,904,000.

Launch of new products

The Group satisfies different market needs via its diversified product portfolio. To meet different market demands, the Group, during the period, launched a series of new products including i) "Wingle", the most advanced high-end pick-up truck in the PRC targeted at international markets, with advanced diesel engine technology, strong power performance, low fuel consumption, environmental friendly and easy start-up features, etc; ii) "New Diesel•Deer" "新柴神•迪爾" pick-up truck, which boasts strong power performance, energy-saving and environmentally friendly features; iii) "New Diesel•Sailor" "新柴神•賽鈴" pick-up truck and "Gasoline Deer" "汽油迪爾" (optimised chassis) pick-up truck, which is installed with an optimised chassis and meets the requirements for different road conditions.

In April 2007, the Group showcased 10 models of automobiles and a self-developed engine at the Shanghai International Auto Exhibition, all of which attracted much attention. Of the exhibited products, “i7”, “Great Wall MINI SUV” and “Cowry MPV” were premiered at the exhibition, fully reflecting the Group’s determination and capability of venturing in the sedan market.

Technology development

With respect to engine, the Group is currently developing various types of gasoline engines that would meet Euro IV emission standards and have an engine displacement of 1.3–1.5L, as well as diesel engines that would meet Euro III or Euro IV emission standards and have an engine displacement of 1.8–2.0L.

During the period under review, the net proceeds from the Group’s issue of new H shares were applied to certain major projects, including automobile rubber parts project, automobile engine parts project, automobile gearbox project, plastic automobile fuel boxes project, cast parts for automobile engines, gearbox and brake system parts and component project, all of which will greatly enhance the Group’s in-house research and development ability and lower the costs of automobile products, thereby laying a solid foundation for the Group’s long-term development. The above-mentioned projects are currently being carried out.

Awards

During the period, the Group, with an outstanding performance, ranked first among “The Most Valuable Listed Companies in Automobile Category (First Edition)”; the Group’s Hover diesel model received the “Energy-saving SUV” award; Hover CUV model received “the CCTV Award of 2006 Best SUV under Self-owned Brands”, which is the most influential automobile award in the PRC, as well as “The Most Influential Energy-saving SUV in the PRC”.

Outlook

New products

With the growing importance the State attaches to environmental protection and the increase in oil price, automobiles with low engine displacement and diesel engine are gaining increasing support from the State’s policies and market acceptance. The Group will launch a variety of passenger vehicles with low engine displacement and automobiles with diesel power, to meet market demand and the industry’s development trend.

In October 2007, the Group will commence production of two new models, namely Perey sedan with an engine displacement of 1.3L meeting Euro IV standards, and Cowry MPV with an engine displacement of 2.0L.

New export markets

After making strenuous efforts, the Group has expanded its overseas markets to 120 countries, of which more than 80 countries are mature overseas markets. With the gradual completion of right-hand drive certification process global-wise, the Group expects the sales volume of right-hand drive automobiles in overseas markets to rise rapidly, and right-hand drive market will become another growth driver for the Group in overseas markets.

New facilities

At present, the construction of the infrastructure of Phase 3 of Great Wall Industrial Zone, with an annual production capacity of 200,000 passenger vehicles, has been completed. The installation and testing for production facilities have been also basically completed. It is expected that production at the Phase 3 Industrial Zone, which will be mainly the manufacture of sedans and MPVs, will commence in the fourth quarter of 2007.

In order to support the manufacture of the Company's sedans and improve the construction of its automotive parts and components accessories system, the Group plans to construct production facilities for key automotive parts and components, including engine, gearbox, rubber parts, components casting projects, etc.

SUPPLEMENTARY INFORMATION

INTERESTS OF DIRECTORS AND SUPERVISORS IN SECURITIES

As at 30 June 2007, the interests and short positions of each of the directors, supervisors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register referred to in section 352 of the SFO (including the interests and short positions in which they were taken or deemed to have under such provisions of the SFO) or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies set out in the Listing Rules (the "Model Code"), are as follows:

Name of Director/ Supervisor	Capacity/ Nature of Interest	No. of Shares	Approximate Percentage of Domestic Shares %	Approximate Percentage of H Shares %	Approximate Percentage of Total Shares %
Mr. Wei Jian Jun	Interest of a controlled company	417,610,760(L)*	61.23	—	38.13
	Total:	417,610,760(L)*	61.23	—	38.13

Note:

(L) denotes a long position in shares of the Company.

* represents domestic shares.

Save as disclosed above, as at 30 June 2007, none of the directors, supervisors or chief executive of the Company has any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions in which they were deemed to have), or which were required to be recorded in the register referred to in section 352 of the SFO or were otherwise notified to the Company and the Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

SHARES HELD BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2007, the following shareholders, other than a Director, supervisor or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or had direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group:

Name	No. of Shares	Approximate Percentage of Domestic Shares %	Approximate Percentage of H Shares %	Approximate Percentage of Total Shares %
保定市沃爾特管理諮詢有限公司 (Baoding Woerte Management Consultant Company) ("Woerte") (Note 1)	381,920,000(L)*	56.00	—	34.87
保定市南市區南大園鄉集體資產 經管中心 (the Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding) ("the Management Centre") (Note 2)	264,389,240(L)*	38.77	—	24.14
保定市螞蟻物流網絡有限公司 (Baoding Ants Logistics Company Limited) ("Ants Logistics") (Note 3)	35,690,760(L)*	5.23	—	3.26
Cheah Cheng Hye (Note 4)	69,105,000(L)	—	16.72	6.31
Value Partners Limited	69,105,000(L)	—	16.72	6.31
AllianceBernstein L. P.	58,066,000(L)	—	14.05	5.30

(L) denotes a long position in shares of the Company.

* represents domestic shares.

Note:

- (1) 保定市沃爾特管理諮詢有限公司 (Baoding Woerte Management Consultant Company) ("Woerte") was established on 1 December 2005 with a registered capital of RMB7,638,400. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 1588 Chang Cheng South Road, Nan Shi District, Baoding, Hebei Province. It is engaged in corporate planning and management consultancy (operations that require pre-approvals according to the law, administrative regulations and from the State Council can only be conducted after obtaining approvals). Mr. Wei Jian Jun and his associates are beneficially interested in the entire equity interests of Woerte.
- (2) The Management Centre was established on 28 March 2001 as an enterprise under collective ownership with a registered capital of RMB17,260,000. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 210, Nandayuan Town, Nanshi District, Baoding. It is engaged in the management of the equity interests of the collective assets of the town.
- (3) 保定市螞蟻物流網絡有限公司 (Baoding Ants Logistics Company Limited) ("Ants Logistics") was established on 4 March 2002 with a registered capital of RMB120,000,000. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 2 Guihua Road, Phase II, High and New Technology Zone, Baoding, Hebei Province. It is engaged in the transport, warehousing and delivery of goods (other than those operations prohibited under the national law and regulation). Mr. Wei Jian Jun and his associates beneficially own the entire share capital of Ants Logistics.

- (4) Cheah Cheng Hye is deemed or taken to be interested in the 69,105,000 H Shares owned by Value Partners Limited, a company controlled by him.

Save as disclosed above, as at 30 June 2007, so far as the directors, supervisors or chief executive of the Company are aware, no person other than a Director, supervisor or chief executive of the Company, had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or had direct or indirect interests amounting to 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

ISSUE OF NEW H SHARES

At the class meetings of Shareholders and at the second extraordinary general meeting of the Company held on 13 November 2006, the Board was granted the specific mandate to issue not more than 151,072,000 new H Shares, which represented approximately 57.62% and 16.00% respectively of the issued H Shares and the registered capital of the Company on the date of the resolutions. The China Securities Regulatory Commission approved the issue of not more than 151,072,000 new H Shares on 14 May 2007 and the issue and placing of the new H Shares was completed on 30 May 2007. The net proceeds from the new issue and placing amounted to approximately HK\$1.58 million, and were applied to project investments of automobile rubber parts, automobile engine parts, automobile gearbox, plastic automobile fuel boxes and cast parts for automobile engines, gear box and brake system parts and components.

Shareholders' structure before and after the Issue of New H shares in May 2007

	Before issue of H Shares		After issue of H Shares		
	No. of Shares	As a percentage of total issued share capital (%)	No. of Shares	As a percentage of share capital of domestic shares (%)	As a percentage of total issued share capital (%)
Domestic shares	682,000,000	72.23	682,000,000		62.27
— 保定市沃爾特管理諮詢有限公司* (Baoding Woerte Management Consultant Company)	381,920,000	40.45	381,920,000	56.00	34.87
— 保定市南市區南大園鄉 集體資產經管中心 (the Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding)	264,389,240	28.00	264,389,240	38.77	24.14
— 保定市螞蟻物流網絡有限公司* (Baoding Ants Logistics Company Limited)	35,690,760	3.78	35,690,760	5.23	3.26
H Shares	262,200,000	27.77	413,272,000		37.73
Total no. of shares	944,200,000	100.00	1,095,272,000		100.00

Public Float

Base on information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this interim report, the Director confirmed that there is sufficient public float and approximately 37.73% of issued share capital of the Company was held by the public.

Material Litigations

The litigation regarding 北京佳美亞投資有限公司 (Beijing Jiameiya Investment Company Limited) and 保定中信內燃機製造有限公司 (Baoding Zhongxin Internal Combustion Engine Manufacturing Company Limited) is still pending for verdict.

Save and except for the above case, the Company is not involved in nor aware of any other significant proceedings instituted against the Company.

Purchase, Sale or Redemption of the Company's listed Securities

There were no purchases, redemption or sale of the Company's listed securities by the Company or its subsidiaries during the period.

Corporate Governance

To the knowledge of the Board, the Company has complied with all the provisions in the Code on Corporate Governance Practices as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Ltd (the "Stock Exchange") throughout the period.

Audit Committee

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision over financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors of the Company. The Audit Committee held a meeting on 26 August 2007 to consider and review the interim report and interim financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the 2007 interim report and interim financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

Remuneration Committee

The Company has set up a remuneration committee for the purposes of making recommendations, determining the remuneration packages of executive directors and senior management of the Group. The remuneration committee comprises two independent non-executive directors and one executive director.

Compliance with the model code for securities transactions by directors of listed issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as code of conduct for securities transactions by all Directors. Upon specific enquiries made to the Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the provision under the Model Code during the period.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



To the board of directors

GREAT WALL MOTOR COMPANY LIMITED

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

Introduction

We have reviewed the interim financial information set out on pages 18 to 40, which comprises the condensed consolidated balance sheet of Great Wall Motor Company Limited as at 30 June 2007 and the related condensed consolidated statements of income, changes in equity and cash flows for the six months then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS34") issued by the Hong Kong Institute of Certified Public Accountants.

The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS34.

Ernst & Young

Certified Public Accountants

18/F, TWO International Finance Center
8 Finance Street, Central

Hong Kong
27 August 2007

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2007

	Notes	Six months ended 30 June	
		2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
REVENUE	4	3,344,945	2,518,988
Cost of sales		(2,544,642)	(1,864,020)
Gross profit		800,303	654,968
Other income and gains	4	21,614	27,943
Selling and distribution costs		(167,668)	(119,262)
Administrative expenses		(100,116)	(82,677)
Other expenses		(83,451)	(69,905)
Finance costs	6	(2,450)	(821)
Share of profits and losses of associates		3,231	—
Share of profits and losses of jointly-controlled entities		6,262	6,359
PROFIT BEFORE TAX	5	477,725	416,605
Tax	7	(37,983)	(33,286)
PROFIT FOR THE PERIOD		439,742	383,319
ATTRIBUTABLE TO:			
Equity holders of the parent		406,047	367,452
Minority interests		33,695	15,867
		439,742	383,319
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT — Basic	8	RMB0.42	RMB0.39
DIVIDEND	9	Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2007

	Notes	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,470,696	1,442,311
Prepaid land premium		283,334	254,248
Construction in progress	11	1,563,137	870,428
Goodwill		2,164	2,164
Interests in associates		5,954	123
Interests in jointly-controlled entities		52,310	47,584
Deferred tax assets	20	71,190	60,936
Total non-current assets		3,448,785	2,677,794
CURRENT ASSETS			
Inventories	12	783,853	651,709
Trade receivables	13	68,944	31,085
Bills receivable	14	790,136	487,786
Held for trading financial assets		191	863
Other receivables	15	238,641	193,292
Pledged deposits	16	117,365	132,600
Cash and cash equivalents	16	3,727,367	2,296,588
Total current assets		5,726,497	3,793,923
CURRENT LIABILITIES			
Trade payables	17	1,446,861	968,465
Bills payable		232,617	240,465
Tax payable		54,384	52,360
Other payables	18	905,687	654,466
Dividend payable to shareholders		151,072	—
Dividend payable to minority shareholders		12,178	7,698
Provision for product warranties	19	27,715	32,708
Total current liabilities		2,830,514	1,956,162
NET CURRENT ASSETS		2,895,983	1,837,761
TOTAL ASSETS LESS CURRENT LIABILITIES		6,344,768	4,515,555
NON-CURRENT LIABILITIES			
Deferred income		54,537	55,511
Net assets		6,290,231	4,460,044

	Notes	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
EQUITY			
Equity attributable to equity holders of the parent			
Issued share capital	21	1,095,272	944,200
Reserves	22	4,815,428	3,017,993
Proposed final dividend		—	151,072
		5,910,700	4,113,265
Minority interests		379,531	346,779
Total equity		6,290,231	4,460,044

Wei Jian Jun
(Executive director)

Wang Feng Ying
(Executive director)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2007

	Attributable to equity holders of the parent									
	Notes	Share	Capital	Statutory	Retained	Proposed	Total	Minority	Total	
		capital	premium		reserves	profits				final
	RMB'000	RMB'000	(Note i) RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	
Balance at 1 January 2006		944,200	1,170,400	(12,160)	690,150	617,711	94,420	3,504,721	345,829	3,850,550
Contribution from minority shareholders		—	—	—	—	—	—	—	149	149
Profit for the period		—	—	—	—	367,452	—	367,452	15,867	383,319
Transfer to capital reserves	(ii)	—	—	974	—	(974)	—	—	—	—
Transfer to statutory reserves		—	—	—	43,338	(43,338)	—	—	—	—
Final 2005 dividend declared		—	—	—	—	—	(94,420)	(94,420)	(19,029)	(113,449)
Balance at 30 June 2006		944,200	1,170,400	(11,186)	733,488	940,851	—	3,777,753	342,816	4,120,569
Balance at 1 January 2007		944,200	1,170,400	(10,092)	848,878	1,008,807	151,072	4,113,265	346,779	4,460,044
Issue of H shares		151,072	1,391,388	—	—	—	—	1,542,460	—	1,542,460
Contribution from minority shareholders		—	—	—	—	—	—	—	12,662	12,662
Profit for the period		—	—	—	—	406,047	—	406,047	33,695	439,742
Transfer to capital reserves	(ii)	—	—	974	—	(974)	—	—	—	—
Transfer to statutory reserves		—	—	—	67,309	(67,309)	—	—	—	—
Final 2006 dividend declared		—	—	—	—	—	(151,072)	(151,072)	(13,605)	(164,677)
Balance at 30 June 2007		1,095,272	2,561,788	(9,118)	916,187	1,346,571	—	5,910,700	379,531	6,290,231

Notes:

- (i) The capital reserves of the Group include non-distributable reserves of the Company and its subsidiaries created in accordance with accounting and financial regulations in the People's Republic of China ("PRC").
- (ii) In accordance with the relevant PRC regulation, an amount arising from revenue recognised for the current portion of deferred income related to subsidised assets was transferred to the non-distributable reserves.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2007

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
NET CASH INFLOW FROM OPERATING ACTIVITIES	449,205	525,791
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(791,752)	(473,369)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	1,540,726	(38,550)
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,198,179	13,872
Cash and cash equivalents at beginning of period	2,429,188	2,556,676
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,627,367	2,570,548
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	3,627,367	2,570,548

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2007

1. Corporate Information

The registered office of Great Wall Motor Company Limited (the "Company") is located at No. 2266 ChaoYang Road South, Baoding, Hebei Province, the People's Republic of China (the "PRC"). As at 30 June 2007, the H shares (RMB1 per share) of the Company amounting to 413,272,000 shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

During the period, the Company and its subsidiaries (collectively the "Group") were principally engaged in the manufacture and sale of automobiles and automotive parts and components.

2. Accounting Policies

The condensed consolidated interim financial statements are prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting". The accounting policies and basis of preparation adopted in the preparation of the condensed consolidated interim financial statements are the same as those used in the annual financial statements for the year ended 31 December 2006, except in relation to the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs", which also include HKASs and Interpretations) that affect the Group and are adopted for the first time in the current period's financial statements:

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC)-Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC)-Int 8	Scope of HKFRS 2
HK(IFRIC)-Int 9	Reassessment of Embedded Derivatives
HK(IFRIC)-Int 10	Interim Financial Reporting and Impairment
HK(IFRIC)-Int 11	HKFRS 2 — Group and Treasury Share Transactions

The adoption of these new and revised HKFRSs has no material impact on the accounting policies of the Group and the methods of computation in the Group's condensed consolidated interim financial statements.

3. Segment Information

During the period, over 90% of the Group's revenue and results were derived from the manufacture and sale of automobiles, therefore no business segment analysis is presented.

Geographical segment analysis is presented based on the geographical location of customers. The Group's segment revenue is analysed as follows:

	Six months ended 30 June 2007			Six months ended 30 June 2006		
	PRC RMB'000 Unaudited	Overseas RMB'000 Unaudited	Total RMB'000 Unaudited	PRC RMB'000 Unaudited	Overseas RMB'000 Unaudited	Total RMB'000 Unaudited
Segment revenue	2,208,763	1,136,182	3,344,945	1,795,764	723,224	2,518,988

The Group's assets and liabilities are almost entirely situated in the PRC and accordingly, no information on segment assets, liabilities and capital expenditure is provided.

4. Revenue, Other Income and Gains

Revenue represents the net invoiced value of goods sold, after allowances for trade discounts and returns, and excludes sales taxes and intra-group transactions.

An analysis of revenue, other income and gains is as follows:

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Revenue		
Sale of automobiles	3,200,479	2,414,812
Sale of automotive parts and components	144,466	104,176
	3,344,945	2,518,988
Other income and gains		
Bank interest income	15,583	17,578
Government grants:		
Recognition of deferred income	974	974
Others*	4,477	9,391
Gain on disposal of held for trading financial assets	498	—
Unrealised gain on revaluation of held for trading financial assets	82	—
	21,614	27,943

* Representing government grants and value-added tax refunds. The government grants are unconditional, except for the grants which must be utilised for the development of the Company and its subsidiaries.

5. Profit Before Tax

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Cost of inventories sold	2,544,642	1,864,020
Depreciation	80,136	69,564
Recognition of prepaid land premium	2,625	1,341
Loss/(gain) on disposal of items of property, plant and equipment	(220)	283
Research and development costs included in other expenses	75,072	65,946
Auditor's remuneration	600	600
Employee benefits expenses:		
Wages and salaries	142,917	102,765
Retirement benefits contributions	14,674	5,911
	157,591	108,676
Foreign exchange differences, net	7,679	(198)
Impairment of receivables	920	3,675
Write-down of inventories to net realisable value	6,896	9,508
Product warranty provisions	20,716	13,479
Bank interest income	(15,583)	(17,578)
Government grants	(5,451)	(10,365)
Gain on disposal of held for trading financial assets	(498)	—
Unrealised gain on revaluation of held for trading financial assets	(82)	(215)

6. Finance Costs

The finance costs mainly represented bank charges incurred during the period.

7. Tax

An analysis of the major components of income tax expense of the Group is as follows:

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Hong Kong profits tax	—	—
PRC corporate income tax:		
Current corporate income tax	48,237	37,385
Deferred income tax	(10,254)	(4,099)
	37,983	33,286

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the period. Under PRC income tax law, except for certain preferential treatments available to the Company and certain of its subsidiaries, the entities within the Group are subject to corporate income tax at a rate of 33% on their taxable income.

Pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises and applicable local tax regulations, the Company was exempted from corporate income tax for the two years ended 31 December 2006 and is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2009. Macs (Baoding) Auto A/C System Company Limited was exempted from corporate income tax for the two years ended 31 December 2006 and is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2009. Baoding Changcheng Vehicle Axles Industries Company Limited is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2008 as an advanced technology enterprise. Beijing Great Automotive Components Company Limited was exempted from corporate income tax for the two years ended 31 December 2003 and was subject to a preferential corporate income tax rate of 12% for the three years ended 31 December 2006. Baoding Changfu Pressings Company Limited was exempted from corporate income tax for the two years ended 31 December 2004 and is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2007.

Pursuant to applicable laws and regulations on welfare enterprises in the PRC, Baoding Nuobo Rubber Manufacturing Company Limited, Baoding Xincheng Automobile Development Company Limited, Baoding Great Machinery Company Limited, Baoding Riwa Automobile System Accessories Company Limited, Baoding Deer Automobile System Company Limited and Baoding Huanqiu Auto Spare Parts Company Limited, all being recognised as welfare enterprises by the relevant authorities, were entitled to apply for exemption in corporate income tax on a year-by-year basis before 30 June 2007. For the six months ended 30 June 2007, corporate income tax exempted for these welfare enterprises amounted to approximately RMB53,467,000 (Six months ended 30 June 2006: RMB20,650,000).

7. Tax (continued)

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate for the period ended 30 June 2007 is as follows:

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Profit before tax	477,725	416,605
At the PRC corporate income tax rate of 33%	157,649	137,480
Tax effect of expenses not deductible for tax purposes	2,954	15,971
Tax holiday	(122,620)	(120,165)
Tax expense	37,983	33,286

Value Added Tax ("VAT") and Consumption Tax

The general VAT rate applicable to the Company and its subsidiaries in the PRC is 17% for domestic sales and nil for export sales. Certain automobiles of the Company are also subject to consumption tax at standard rates of 3% or 5%. On 5 July 2004, the State Tax Bureau approved a 30% reduction in the consumption tax previously paid by the Company for certain products. There was no consumption tax exempted for the six months ended 30 June 2007 (Six months ended 30 June 2006: RMB10,152,000). On 20 March 2006, the State Tax Bureau issued a new regulation regarding consumption tax that certain automobile of the Company has been subject to consumption tax at standard rates of 5%, 9% and 12% since 1 April 2006.

8. Earnings Per Share

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the parent for the six months ended 30 June 2007 of RMB406,047,000 (Six months ended 30 June 2006: RMB367,452,000), and the weighted average of 970,909,000 shares (Six months ended 30 June 2006: 944,200,000) in issue during the period.

No diluting events existed during the current and prior periods and therefore no diluted earnings per share amount has been disclosed.

9. Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil).

10. Property, Plant and Equipment

	Buildings RMB'000 Unaudited	Plant and machinery RMB'000 Unaudited	Motor vehicles RMB'000 Unaudited	Furniture, fixture and office equipment RMB'000 Unaudited	Total RMB'000 Unaudited
Cost:					
At 1 January 2007	691,357	1,026,113	34,190	166,551	1,918,211
Additions	4,340	5,003	671	3,075	13,089
Transfer from construction in progress	20,779	46,863	2,127	28,605	98,374
Disposals	(2,392)	(2,105)	(2,639)	(304)	(7,440)
At 30 June 2007	714,084	1,075,874	34,349	197,927	2,022,234
Accumulated depreciation:					
At 1 January 2007	79,617	340,475	12,843	42,965	475,900
Provided for the period	12,312	50,609	1,986	15,229	80,136
Disposals	(1,326)	(1,517)	(1,403)	(252)	(4,498)
At 30 June 2007	90,603	389,567	13,426	57,942	551,538
Net book value:					
At 30 June 2007	623,481	686,307	20,923	139,985	1,470,696
At 1 January 2007	611,740	685,638	21,347	123,586	1,442,311

11. Construction in Progress

	RMB'000 Unaudited
At 1 January 2007	870,428
Additions	791,083
Transfer to property, plant and equipment	(98,374)
At 30 June 2007	1,563,137

12. Inventories

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Raw materials	287,531	253,719
Semi-finished goods	74,401	57,700
Work in progress	91,612	82,633
Finished goods	376,701	297,208
Spare parts and consumables	10,588	10,533
	840,833	701,793
Provision for inventory impairment	(56,980)	(50,084)
	783,853	651,709

13. Trade Receivables

The Group normally receives payments or bills in advance for the sale of automobiles. For other customers, the Group normally allows a credit period of not more than 90 days. The Group closely monitors overdue balances and impairment of trade receivables is made when the Group considers that amounts due may not be recovered. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables of the Group, based on invoice date, is as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Outstanding balances aged:		
Within 6 months	69,216	32,080
7 to 12 months	4,892	1,206
Over 1 year	10,680	11,914
	84,788	45,200
Less: Impairment of trade receivables	(15,844)	(14,115)
	68,944	31,085

14. Bills Receivable

The balance represents bank acceptance notes with maturity dates within six months.

The maturity profile of the bills receivable of the Group is as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Falling due:		
Within 3 months	473,500	200,450
4 to 6 months	316,636	287,336
	790,136	487,786

As at 30 June 2007, the Group's bills receivable, amounting to RMB100,500,000 (31 December 2006: RMB130,780,000), are pledged to banks for issuing an equivalent amount of bills payable.

15. Other Receivables

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Prepayments	121,539	87,712
Export VAT refunds	83,645	80,266
Others	33,457	25,314
	238,641	193,292

16. Cash and Cash Equivalents and Pledged Deposits

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Cash and bank balances	3,744,732	2,429,188
Time deposits	100,000	—
	3,844,732	2,429,188
Less: Pledged to banks for issuing bills payable	(117,365)	(132,600)
Cash and cash equivalents in the condensed consolidated balance sheet	3,727,367	2,296,588
Less: Time deposits with original maturity of more than three months when acquired	(100,000)	—
Add: Pledged deposits which are released within three months after the balance sheet date	—	132,600
Cash and cash equivalents in the condensed consolidated cash flow statement	3,627,367	2,429,188

17. Trade Payables

An aged analysis of the trade payables of the Group, based on invoice date, is as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Within 6 months	1,371,431	866,468
7 to 12 months	22,325	23,762
1 to 2 years	15,592	48,569
Over 2 years	37,513	29,666
	1,446,861	968,465

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

18. Other Payables

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Advances from customers	413,975	444,321
Accruals	34,155	17,654
Others	457,557	192,491
	905,687	654,466

19. Provision for Product Warranties

	RMB'000 Unaudited
At 1 January 2007	32,708
Additional provision	20,716
Amounts utilised during the period	(25,709)
At 30 June 2007	27,715

20. Deferred Tax Assets

An analysis of deferred assets is as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Impairment of receivables	4,704	4,872
Write-down of impairment of inventories to net realisable value	18,515	15,894
Unrealised loss on revaluation of held for trading financial assets	78	87
Accrued expenses that are deductible for tax purpose only when paid	13,708	9,706
Over charge of depreciation	7,930	6,638
Revenue in nature received in advance that is not taxable when settled	11,265	10,136
Unused tax losses	157	—
Unrealised profit arising on consolidation	10,895	8,977
Temporary differences arising from the transfer of intangible assets among group companies	3,938	4,626
	71,190	60,936

21. Share Capital

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Issued and fully paid:		
Domestic shares of RMB1 each	682,000	682,000
H shares of RMB1 each	413,272	262,200
	1,095,272	944,200

At the Shareholders Class Meetings and the Extraordinary General Meeting held on 13 November 2006, the shareholders approved the grant of the Specific Mandate to allot and issue not more than 151,072,000 new H Shares (representing 16% and approximately 57.62% respectively of all the shares and the then existing issued H Shares of the Company as at the date of the resolution) in the registered capital of the Company. Upon 30 May 2007, the Company completed placing 151,072,000 new H Shares and the share capital of the Company increased to RMB1,095,272,000.

22. Reserves

The amounts of the Group's reserves and the movements therein for the period are presented in the condensed consolidated statement of changes in equity.

In accordance with the Company Law of the PRC and the articles of association of the Company and certain of its subsidiaries, they are required to allocate 10% of their profit after tax, as determined in accordance with PRC accounting standards and regulations applicable to these companies, to the statutory surplus reserve (the "SSR") until such reserves reach 50% of the registered capital of these companies. Part of the SSR may be capitalised as these companies' share capital, provided that the remaining balances after the capitalisation are not less than 25% of the registered capital of these companies.

Certain of the Company's subsidiaries are Sino-foreign equity joint ventures. In accordance with the "Law of the PRC on Sino-Foreign Equity Joint Ventures" and their respective articles of association, these subsidiaries are required to allocate certain of their profit after tax as determined in accordance with PRC accounting standards and related regulations to the enterprise expansion fund, the reserve fund and the employee bonus and welfare fund. The allocation rates are determined by their respective boards of directors.

23. Contingent Liabilities

The Group did not have any significant contingent liabilities at the balance sheet date.

24. Commitments

(a) Capital commitments

The Group had the following capital commitments at the end of the period/year:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Contracted but not provided for	545,628	536,440
Authorised but not contracted for	1,748,326	962,172
	2,293,954	1,498,612

24. Commitments (continued)

(a) Capital commitments (continued)

An analysis of the above capital commitments by nature is as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Acquisition of items of plant and machinery	1,887,538	1,342,049
Construction commitments	406,416	156,563
	2,293,954	1,498,612

In addition, the Group's shares of the jointly-controlled entities' capital commitments, which are not included in the above, were as follows:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Contracted but not provided for	954	2,655
Authorised but not contracted for	9,555	—
	10,509	2,655

(b) Other commitments

(i) According to the Company's proposed plan which had been approved by the board of directors of the Company at its fifth meeting of the second session held on 16 January 2006, the Company plans to invest approximately US\$70 million to establish a factory in Russia for the manufacture of vehicles with an annual capacity of 50,000 units. Up to the date of approval of these condensed consolidated interim financial statements, the Company has not yet made any investment.

(ii) The Group had the following commitments for R&D projects at the balance sheet date:

	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Contracted but not provided for	57,303	75,985

25. Related Party Transactions

(1) The Group had the following material transactions with related parties during the period:

Name of related parties	Notes	Nature of transactions	Pricing Policy	Six months ended 30 June	
				2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Gaobeidian Zhongke Huabei Automobile Company Limited (高碑店市中容華北汽車有限責任公司)	(i)	Sales of automotive parts and components	(a)	—	60
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	(ii)	Purchases of automotive parts and components	(b)	116	23
		Construction services fee paid	(a)	83	325
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行制泵有限公司)	(iii)	Purchases of automotive parts and components	(a)	319	425
		Purchases of property, plant and equipment	(a)	302	27
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限公司)	(iv)	Construction services fee paid	(b)	30,881	35,266
Tianjin Tianqi Group Meiya Automobile Manufacturing Company Limited (天津天汽集團美亞汽車製造有限公司)	(v)	Sales of automotive parts and components	(a)	—	6,804
Baoding Greatwall Exploitation & Construction Company Limited (保定長城開發建設集團有限公司)	(vi)	Sales of automobiles	(b)	1,200	—
Baoding Tai Hang Rosemex Industrial Company Limited (保定太行熱士美工業有限公司)	(vii)	Construction services fee paid	(b)	629	54
Baoding Ants Logistics Company Limited (保定市螞蟻物流網絡有限公司)	(viii)	Transportation fee	(a)	844	38,903
		Equity transfer	(b)	—	450

25. Related Party Transactions (continued)

(1) The Group had the following material transactions with related parties during the period: (continued)

Name of related parties	Notes	Nature of transactions	Pricing Policy	Six months ended 30 June	
				2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Shunping Ante Transport Company Limited (順平安特運輸有限公司)	(viii)	Transportation fee	(a)	—	944
Shunping County Modern Logistics Company Limited (順平縣現代物流有限公司)	(viii)	Transportation fee	(a)	56,526	—
Baoding Great Wall Jiehua Motor Inner Decorations Company Limited (保定長城杰華汽車內飾件有限公司)	(ix)	Purchases of automotive parts and components	(a)	79,055	—
Baoding Deye Motor Inner Decorations Company Limited (保定德業汽車內飾件有限公司)	(x)	Purchases of automotive parts and components	(a)	82,561	36,877
Baoding Jiehua Motor Spare Parts Company Limited (保定杰華汽車零部件有限公司)	(x)	Purchases of automotive parts and components	(a)	—	35,451

25. Related Party Transactions (continued)

(2) The outstanding balances with related parties at the end of period/year are as follows:

	Relationship with the Group	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Trade receivables			
Baoding Great Wall Exploitation & Construction Company Limited (保定長城開發建設集團有限公司)	(vi)	1,200	—
Baoding Great Wall Jiehua Motor Inner Decorations Company Limited (保定長城杰華汽車內飾件有限公司)	(ix)	—	7,431
		1,200	7,431
Other receivables			
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	(ii)	19	99
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限公司)	(iv)	—	112
Baoding Tai Hang Rosemex Industrial Company Limited (保定太行熱土美工業有限公司)	(vii)	72	—
Shunping County Modern Logistics Company Limited (順平縣現代物流有限公司)	(viii)	—	1,998
		91	2,209

25. Related Party Transactions (continued)

(2) The outstanding balances with related parties at the end of period/year are as follows: (continued)

	Relationship with the Group	30 June 2007 RMB'000 Unaudited	31 December 2006 RMB'000 Audited
Trade payables			
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	(ii)	20	102
Baoding Taihang Pump Manufacturing Company Limited (保定市太行制泵有限公司)	(iii)	370	279
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限公司)	(iv)	1,607	4,202
Baoding Tai Hang Rosemex Industrial Company Limited (保定太行熱士美工業有限公司)	(vii)	138	59
Shunping County Modern Logistics Company Limited (順平縣現代物流有限公司)	(viii)	34,511	843
Baoding Great Wall Jiehua Motor Inner Decorations Company Limited (保定長城杰華汽車內飾件有限公司)	(ix)	15,527	—
Baoding Jiehua Motor Spare Parts Company Limited (保定杰華汽車零部件有限公司)	(x)	—	18,479
Baoding Deye Motor Inner Decorations Company Limited (保定德業汽車內飾件有限公司)	(x)	32,204	15,981
Beijing Oriental Riwa Technology and Trading Company Limited (北京東方日瓦科貿有限公司)	(xi)	741	575
Beijing Weide Automobile System Accessories Company Limited (北京威德汽車系統配套有限公司)	(xii)	90	292
		85,208	40,812

25. Related Party Transactions (continued)

(3) Compensation of key management personnel of the Group

	Six months ended 30 June	
	2007 RMB'000 Unaudited	2006 RMB'000 Unaudited
Short-term employee benefits	805	601
Post-employment benefits	13	6
Total compensation paid to key management personnel	818	607

Notes:

- (a) The price was determined with reference to the then prevailing market prices/rates and the price charged to third parties.
- (b) The consideration was in accordance with the terms of the underlying agreement.
- (i) Gaobeidian Zhongke Huabei Automobile Company Limited ceased to be a related party on 8 May 2006. Prior to that date, it was a related party of a director of GW Huabei Company.
- (ii) Hebei Baoding Tai Hang Group Company Limited is controlled and beneficially owned by a family member of a director of the Company.
- (iii) Baoding Tai Hang Pump Manufacturing Company Limited is controlled and beneficially owned by a director of the Company.
- (iv) Baoding Tai Hang Steel Structure Construction Company Limited is controlled and beneficially owned by a director of the Company.
- (v) Tianjin Tianqi Group Meiya Automobile Manufacturing Company Limited ceased to be a related party on 9 May 2006. Prior to that date, it was a related party of a director of GW Internal Combustion Engine Company.
- (vi) Baoding Great Wall Exploitation & Construction Company Limited is controlled and beneficially owned by a director of the Company.
- (vii) Baoding Tai Hang Rosemex Industrial Company Limited is substantially beneficially owned by a family member of a director of the Company.
- (viii) Baoding Ants Logistics Company Limited, Shunping Ante Transport Company Limited and Shunping County Modern Logistics Company Limited are controlled and beneficially owned by a director of the Company.
- (ix) Baoding Great Wall Jiehua Motor Inner Decorations Company Limited is an associate of the Company.
- (x) Baoding Deye Motor Inner Decorations Company Limited and Baoding Jiehua Motor Spare Parts Company Limited are jointly-controlled entities of the Company.
- (xi) Beijing Oriental Riwa Technology and Trading Company Limited is controlled and beneficially owned by a director of the Company.
- (xii) Beijing Weide Automobile System Accessories Company Limited is controlled by a director of the Company.

26. Approval of the Condensed Consolidated Interim Financial Statements

The unaudited condensed consolidated interim financial statements for the six months ended 30 June 2007 was approved and authorised for issue by the board of directors on 27 August 2007.