

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

2008 Interim Report

* For identification purposes only



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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. Hu Ke Gang
Ms. Yang Zhi Juan

Non-executive Directors

Mr. He Ping
Mr. Niu Jun

Independent Non-executive Directors

Ms. Wei Lin (appointed on 10 May 2008)
Mr. He Bao Yin (appointed on 10 May 2008)
Mr. Li Ke Qiang (appointed on 10 May 2008)
Mr. Wong Chi Keung
Mr. Han Chuan Mo (resigned on 10 May 2008)
Mr. Zhang Ming Yu (resigned on 10 May 2008)
Mr. Zhao Yu Dong (resigned on 10 May 2008)

Supervisor

Mr. Zhu En Ze

Independent Supervisors

Ms. Yuan Hong Li
Ms. Luo Jin Li

Company Secretary

Mr. Bai Xue Fei

Audit Committee

Ms. Wei Lin (appointed on 10 May 2008)
Mr. He Bao Yin (appointed on 10 May 2008)
Mr. Li Ke Qiang (appointed on 10 May 2008)
Mr. Wong Chi Keung
Mr. Han Chuan Mo (resigned on 10 May 2008)
Mr. Zhang Ming Yu (resigned on 10 May 2008)
Mr. Zhao Yu Dong (resigned on 10 May 2008)

Remuneration Committee

Ms. Wei Lin (appointed on 10 May 2008)
Mr. He Bao Yin (appointed on 10 May 2008)
Mr. Wei Jian Jun
Mr. Zhang Ming Yu (resigned on 10 May 2008)
Mr. Zhao Yu Dong (resigned on 10 May 2008)

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,
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

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Website

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SHARE INFORMATION

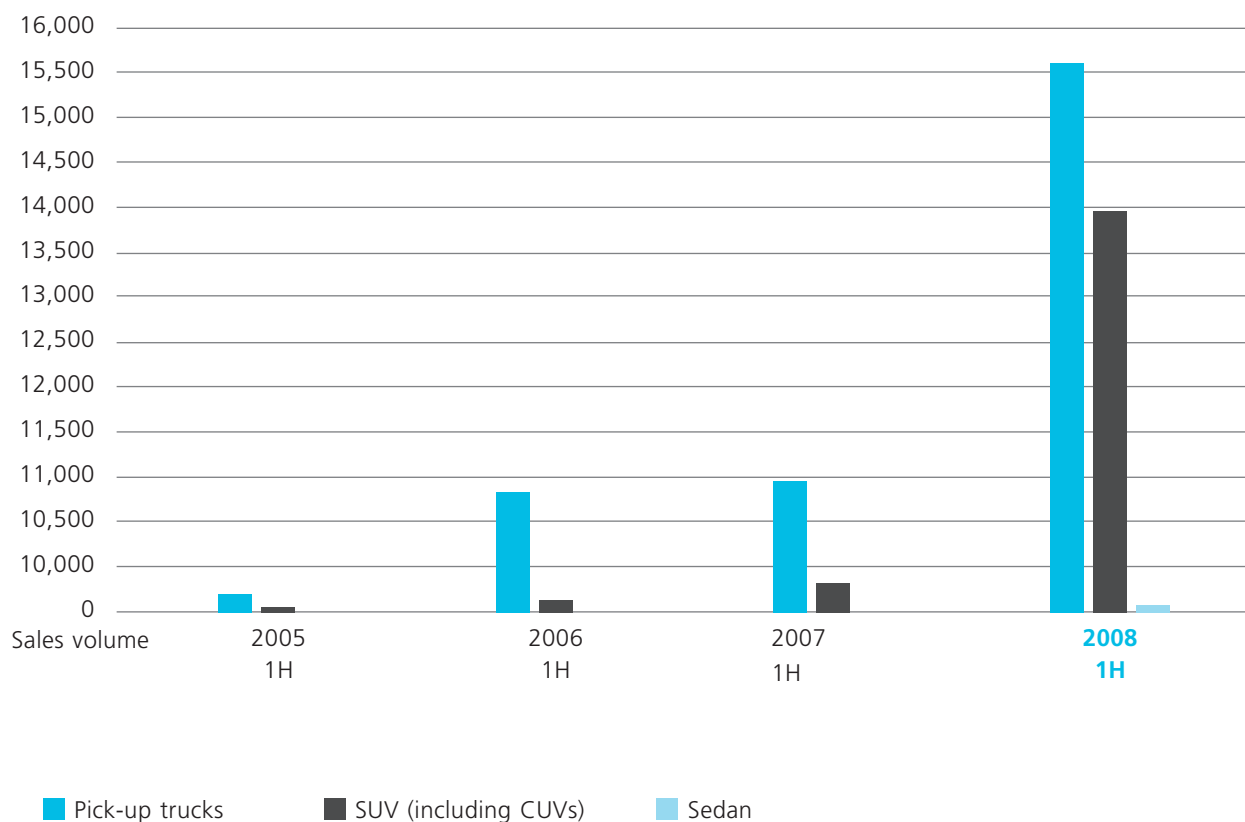
Place of listing	Main Board of The Stock Exchange of Hong Kong Limited
Listing date	15 December 2003
Number of issued shares	As at 30 June 2008 1,095,272,000 shares (682,000,000 domestic shares and 413,272,000 H shares)
Board lot	500 shares
Stock code	2333
Financial year-end date	31 December

FINANCIAL HIGHLIGHTS

Result Highlights

	For the six months ended 30 June 2008 (RMB million)	For the six months ended 30 June 2007 (RMB million)	Changes (%)
Revenue	4,610	3,345	37.8
Gross profit	946	800	18.2
Profit before tax	486	478	1.7
Profit after tax attributable to equity holders of the parent	408	406	0.5
Basic earnings per share (in RMB)	0.37	0.42	-11.9

Export Analysis



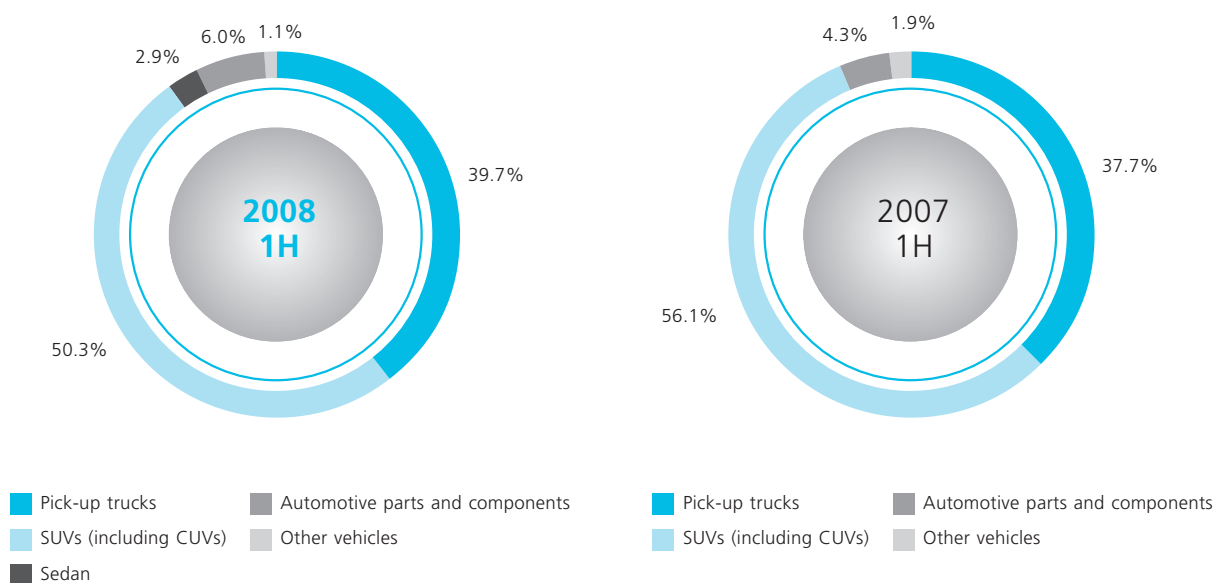
Summary of Financial Position

	For the six months ended 30 June 2008	For the six months ended 30 June 2007
Equity attributable to equity holders of the parent (RMB million)	6,631	5,911
Total assets (RMB million)	10,512	9,175
Bank loans (RMB million)	4	–
Return on equity (%) ^{Note 1}	6.2	6.9
Return on assets (%) ^{Note 2}	3.9	4.4
Gearing ratio (%) ^{Note 3}	<0.1	–
Accounts receivable turnover (Day) (including bills receivable)	29	46
Inventory turnover (Day)	43	42
Capital expenditure (RMB million)	510	590

Note:

1. Profit after tax attributable to equity holders of the parent divided by equity attributable to equity holders of the parent
2. Profit after tax attributable to equity holders of the parent divided by total assets
3. Total bank loans divided by total assets

Revenue Breakdown By Products



MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Since the beginning of 2008, the production volume and sales volume of automobiles has performed moderately, due to increase in raw material and fuel price resulting from a tightened macro economy. According to the China Association of Automobile Manufacturers, both production volume and sales volume of automobiles in the PRC for the first half of 2008 exceeded 5,000,000 units, amounting to 5,199,600 units and 5,182,200 units respectively, representing increases of 16.71% and 18.52% from those in the same period of 2007 respectively. The export volume of the automobile remains strong. The total export volume of automobile reached 358,000 units, representing an increase of 62.00% when compared to the same period of 2007. Among the export of automobiles in the first half of this year, passenger vehicles and commercial vehicles amounted to 200,600 units and 157,400 units respectively, representing corresponding increases of 83.37% and 41.04% respectively.

China is currently one of the world's largest potential automobile markets and its potential is being gradually realised. Despite the slowing down in global economic growth this year, judging from the current economic development, increasing income level, changing consumption patterns and improving infrastructure development, we still believe that China would enter into an era of burgeoning demand for automobiles.

Financial Review

Revenue

During the period, the revenue of the Group was RMB4,609,688,000, representing an increase of 37.8% compared to that of the same period of 2007. The increase was mainly resulted from the increase in the sales volume of automobiles.

Sales analysis

	For the six months ended 30 June 2008			For the six months ended 30 June 2007		
	Sales volume (units)	Revenue (RMB'000)	Percentage (%)	Sales volume (units)	Revenue (RMB'000)	Percentage (%)
Pick-up trucks	33,461	1,831,639	39.7	24,319	1,260,858	37.7
SUVs (CUVs included)	28,026	2,319,689	50.3	22,722	1,875,553	56.1
Sedan	3,657	134,226	2.9	–	–	–
Other vehicles	531	47,825	1.0	624	64,068	1.9
Automotive parts and components	–	276,309	6.1	–	144,466	4.3
Total	65,675	4,609,688	100.0	47,665	3,344,945	100.0

Gross profit and gross profit margin

During the period, the Group's gross profit was RMB945,696,000, representing an increase of 18.2% compared to RMB800,303,000 in 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 23.9% in the same period last year to 20.5% in the first half of 2008, mainly due to (1) the increase of raw materials price such as steel which raise the cost of a vehicle and (2) clearance sales of old vehicle model.

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 RMB408,327,000.

For the six months ended 30 June 2008, the basic earnings per share of the Company were RMB0.37.

Selling and distribution costs and administrative expenses

For the first half year of 2008, the selling and distribution costs and administrative expenses of the Group was RMB383,064,000, representing an increase of 43.0% from RMB267,784,000 in the first half of 2007. The percentage of selling and distribution costs and administrative expenses to total revenue was 8.3%. 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 sales volume of automobiles; (2) the increase in exhibition and advertising expenses; (3) an increase in port expenses resulting from increased export volume; and (4) an increase in staff costs and office expenses which was attributable to the increase in the number of staff to support its production and sales expansion.

Finance costs

During the first half of 2008, the Group's finance costs were approximately RMB7,161,000 as compared to approximately RMB2,450,000 for the first half of 2007. The increase in finance costs was due to an increase in handling charge arising from the letter of credit arrangement.

Liquidity and financial resources

As at 30 June 2008, the Group's current assets mainly included cash and cash equivalents of approximately RMB3,149,837,000, trade receivables of approximately RMB169,112,000, inventories of approximately RMB1,095,182,000, bills receivable of approximately RMB564,431,000, held-for-trading financial assets of approximately RMB190,000,000 and prepayments and other receivables of approximately RMB815,493,000. The Group's current liabilities mainly included dividend payable to minority shareholders of approximately RMB8,110,000, other payables and accruals of approximately RMB1,019,904,000, tax payable of approximately RMB-47,192,000, bills payable of approximately RMB619,074,000, trade payables of approximately RMB1,888,743,000 and provision for product warranties of approximately RMB39,979,000.

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 2008, the Group has interest-bearing bank borrowings amounting to approximately RMB3,594,000.

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 and Euro. 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 light of the trend for the appreciation of RMB, the Group has taken measures such as accelerating the pace of settlement, raising selling prices (or pricing by RMB) and expanding settlement ratio of stable currencies to mitigate the impact of any increase in RMB exchange rates on the Group's exports.

As the raw materials and components used by the Group were purchased from the domestic market, the slight appreciation of RMB did not create 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 materially affected.

Employment, training and development

As at 30 June 2008, the Group employed a total of approximately 17,617 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 5.5% of the Group's revenue for the six months ended 30 June 2008.

Taxation

Tax payable by the Group increased from RMB37,983,000 in the first half of 2007 to RMB58,823,000 in the first half of 2008, representing a rise of 54.9%.

Segment information

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

Geographical segmental analysis has been made according to the geographical location of customers. 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. The geographical segment revenue of the Group is as follow:

	For the six months ended 30 June 2008			For the six months ended 30 June 2007		
	PRC Unaudited RMB'000	Overseas Unaudited RMB'000	Consolidated Unaudited RMB'000	PRC Unaudited RMB'000	Overseas Unaudited RMB'000	Consolidated Unaudited RMB'000
Segment revenue	2,529,990	2,119,401	4,649,391	2,230,377	1,136,182	3,366,559

Business Review

Automobile sales

During the period, the Group's total sales volume was 65,675 units, representing an increase of 37.8% as compared to that of the same period last year. During the period, the sales volume and revenue of pick-up trucks amounted to 33,461 units and RMB1,831,639,000, representing increases of 37.6% and approximately 45.3% as compared to those of the same period last year, respectively. The sales volume and revenue of SUV amounted to 28,026 units and RMB2,319,689,000, representing increases of 23.3% and approximately 23.7% respectively, as compared to those of the same period of 2007. The sales volume and revenue of sedan amounted to 3,657 units and RMB134,226,000 respectively and the sales volume and revenue of other vehicles amounted to 531 units and RMB47,825,000 respectively.

Sales of automotive parts and components

During the period, the revenue of automotive parts and components amounted to RMB276,309,000, representing an increase of approximately 91.3% as compared to that of the same period in 2007 and accounting for 6.0% of the total revenue. The increase in the sales of automotive parts and components was mainly due to the growth in export volume of automotive components and the increase of revenue from automotive parts and components after sales.

Domestic market

During the period, the Group's domestic sales volume and revenue amounted to 34,991 units and RMB2,291,577,000, representing increases of 16.5% and 11.0% respectively. Of the Group's domestic sales, 17,852 units, 14,031 units and 2,614 units of pick-up trucks, SUVs and sedan were sold respectively, with revenue amounting to RMB969,143,000, RMB1,185,039,000 and RMB93,758,000 respectively. The revenue from the two main groups of customers, namely (1) dealers; and (2) government entities and individual customers amounted to RMB2,225,777,000 and RMB65,800,000, respectively.



	For the six months ended 30 June 2008			For the six months ended 30 June 2007		
	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	33,945	2,225,777	97.1	28,885	1,990,235	96.4
Government entities and individual customers	1,046	65,800	2.9	1,147	74,062	3.6
Total	34,991	2,291,577	100.0	30,032	2,064,297	100.0

Overseas markets

The Group's automobile export market continued to grow rapidly. The Group's export volume of automobiles reached new records for the six months ended 30 June 2008, with 30,684 units and a total automobile export value of RMB2,041,803,000, accounting for approximately 44.3% of the total revenue of the Group. Great Wall Motor exports to 121 countries, in which 81 countries are mature export markets where a solid international sales network has been established.

During the period, the export volume of pick-up trucks, SUVs and sedan amounted to 15,609 units, 13,995 units and 1,043 units respectively, with export value of RMB862,496,000, RMB1,134,650,000 and RMB40,468,000 respectively, in which the export value of pick-up trucks and SUV representing increases of 52.9% and 105.8% when compared to those of the same period of last year, respectively.

Launch of new products

The Group's products are designed to respond to changing market trends. During the period, the Group launched Hover 08 which was the modified version of the old Hover, for which its front grille, head lamps, rear fin, luggage rack and hub have been re-developed; the Group has also changed the fabric and inner layer material of the roof of Hover to improve its overall appearance, in order to make the vehicle more environmental friendly and attractive. DVD, TCS, electronic surveillances of engines, auto window closing and anti-trapping sensor are equipped to enhance the vehicle rating.

The Group has launched a model of Hover with 4G69 engine which meets the Euro IV emission standards. The vehicle can satisfy the market requirement of European Union and Australia, and further expedite the Hover series' going international process.

The market response of Great Wall Perey EV and the Cowry MPV which launched in March 2008 is not as good as expected. However, following the expansion of market and higher recognition from customers, the Group is expected that the sales volume of the two models will continue to grow in the second half of the year and early next year.

Technology development

During the period, the Group, with its own proprietary technology, developed two five-speed synchronization manual gearboxes, which are applicable to various models.

The Group will launch various gasoline engines with emission level from 0.8L to 1.5L and diesel engine with an emission level 2.0L.

The emission levels of newly developed engines of the Group are above the Euro IV standards. Among these new engines, some of them meet the Euro V standard.

Outlook

Research and Development of new products

In response to increasing oil prices and the growing environmental protection awareness in the PRC, the Group's research and development direction for the future is focusing on environmental friendly automobiles such as low emission gasoline powered (1.0L-2.0L) automobiles, 2.0L-2.8L diesel powered and mixed power as well as electricity powered vehicles.

The Group's product mix is fine-tuned with the launch of its sedan car. The Group will further develop the sedan car market, in addition to the development of pick-up trucks and SUV.

The Group will continue its research and development of low emission automobiles. The Group's research and development will also focus on global sedan market to support its globalization.

The Group has strengthened its research and development of core automotive parts and components. During the period, the Group has commenced the development of one model of auto gearbox.

During the period, the Group developed "Kullar" (「歐拉」), a two-seated fully electricity powered vehicle, "Great Wall Perey EV" (「長城精靈」) and "Hover Hybrid" (「哈弗混合動力車」), four-seated electricity powered vehicles.

Export markets

As a result of the Group's continued effort, the Group's automobiles are now exported to 121 countries throughout the world, with volume export to 81 of these countries. The Group's increasing in export sales have continued to enhance brand awareness of the Group's product in the international market and further improvement in its export growth.

Proposed issue of A shares

Issuance and Verification Committee of the China Securities Regulatory Commission did not approve the proposed A shares issue of the Company at the meeting held on 14 July 2008.

The Group will utilize its internal resources and other means to finance the projects intended to be funded by the issue of A shares. There will not be any material adverse impact on the Group's financial position and its operation.

SUPPLEMENTARY INFORMATION

Interests of Directors and Supervisors in Securities

As at 30 June 2008, 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 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	Interests in controlled companies	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.

Interests in controlled companies: 保定創新長城資產管理有限公司 (Baoding Innovation Great Wall Asset Management Company Limited ("Innovation GW") (formerly known as 保定市沃爾特管理諮詢有限公司 (Baoding Woerte Management Consultant Company)) is a controlled company of Mr. Wei Jian Jun pursuant to the SFO. Accordingly, Mr. Wei Jian Jun is deemed to be interested in the 417,610,760 domestic shares directly held by and deemed to be interested in by Innovation GW.

Save as disclosed above, as at 30 June 2008, 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 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 2008, the following shareholders (excluding the directors, supervisors or chief executive officer of the Company) had interests or short positions in any shares and underlying shares of the Company which were required to be recorded in the register required to be kept under Section 336 of the SFO:

Name	No. of Shares	Approximate Percentage of Domestic Shares %	Approximate Percentage of H Shares %	Approximate Percentage of Total Shares %
保定創新長城資產管理有限公司 Baoding Innovation Great Wall Asset management company Limited ("Innovation GW") (Note 1)	417,610,760(L)*	61.23	–	38.13
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 Capital Management Limited	61,571,000(L)	–	14.89(L)	5.62
Cheah Company Limited	61,571,000(L)	–	14.89(L)	5.62
Hang Seng Bank Trustee International Limited	61,571,000(L)	–	14.89(L)	5.62
Value Partners Group Limited	61,571,000(L)	–	14.89(L)	5.62
Value Partners Limited	61,571,000(L)	–	14.89(L)	5.62
杜巧賢	61,571,000(L)	–	14.89(L)	5.62
謝清海	61,571,000(L)	–	14.89(L)	5.62
AllianceBernstein L.P. (formerly "Alliance Capital Management L.P.")	53,683,000(L)	–	12.99(L)	4.90
JPMorgan Chase & Co.	37,748,100(L)	–	9.13(L)	3.45
	34,355,100(P)	–	8.31(P)	3.14
Invesco Hong Kong Limited (in its capacity as manager/advisor of various account)	37,088,500(L)	–	8.97(L)	3.39
UBS AG	29,052,000(L)	–	7.03(L)	2.65
TOSCA Asia	24,946,000(L)	–	6.04(L)	2.28
Toscafund Global Limited	24,946,000(L)	–	6.04(L)	2.28

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

(P) denotes shares available to be borrowed

* represents domestic shares.

Note:

- (1) 保定創新長城資產管理有限公司 (Baoding Innovation Great Wall Asset Management Company Limited ("Innovation GW") (formerly known as 保定市沃爾特管理諮詢有限公司 (Baoding Woerte Management Consultant Company)) 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, Nanshi District, Baoding, Hebei Province. It is engaged in corporate planning and management consultancies, the operations of which can only be conducted after obtaining prior approvals as stipulated under the applicable laws and administrative regulations and as prescribed by the State Council. As Innovation GW is controlled by Mr. Wei Jian Jun, Mr. Wei Jian Jun is deemed to be interested in the share capital of the Company held by or deemed to be interested in by Innovation GW pursuant to the SFO. Out of the 417,610,760 domestic shares, 381,920,000 domestic shares were held by Innovation GW and 35,690,760 domestic shares were held by 保定市螞蟻物流網絡有限公司 (Baoding Ants Logistics Network Company Limited) ("Ants Logistics"), a controlled company of Innovation GW. Innovation GW is deemed to be interested in the 35,690,760 domestic shares held by Ants Logistics pursuant to the SFO.

- (2) 保定市南市區南大園鄉集體資產經營中心 (The Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding) ("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 Room 210, Government Office Building, 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 No. 2 Guihua Road, High Technology District Phase II, Baoding, Hebei Province. It is engaged in the transport of goods (other than those operations prohibited under the national law and regulation). As Ants Logistics is controlled by Innovation GW, Innovation GW is deemed to be interested in the share capital of the Company held by Ants Logistics pursuant to the SFO.

Save as disclosed above, as at 30 June 2008, so far as the directors, supervisors or chief executive of the Company are aware, no person (excluding the directors, supervisors or chief executive officer of the Company) had interests or short positions in the shares and underlying shares of the Company which were required to be recorded in the register under Section 336 of the SFO.


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

With regard to the legal proceedings instituted by Fiat Group Automobiles S.p.A ("Fiat") in The Court of Turin in Italy against the Company for the infringement of its rights in the exterior design of the Company's automobile model GWPeri ("GWPeri"), the Court of Turin delivered an order in summary proceedings before the formal proceedings on 16 July 2008, enjoining the automobile model GWPeri from advertising, promoting, offering for sale, importing and marketing in the European Union. The Company had made an appeal against the order on 31 July 2008.

Regarding the claims brought by Fiat in the Shijiazhuang Intermediate People's Court ("People's Court") of Hebei Province alleging the infringement of Fiat's patent by the Company's GWPeri, on 26 July 2008, the Company received the judgment delivered by the People's Court dated on 21 July 2008, the People's Court dismissed the claim by Fiat (which was referred to as "Fiat Auto S.P.A." in the said judgment) which alleged GWPeri was an infringement of Fiat's patent, and ordered that the court fees in the amount of RMB8,800 shall be paid by Fiat. The People's Court concluded that remarkable differences on the front view, left view and right view were shown between the GWPeri of the Company and the patented exterior design of Fiat based on the pictures exhibited as the patented exterior design of Fiat. In particular, there were significant differences in the front part and the rear part which the consumers most concerned about and such remarkable difference would not mislead the consumers to confuse between the two models. Any appeal against the judgment made by the High People's Court of Hebei Province may be lodged by Fiat within 30 days from the date of service of the judgment.



The Board accepted the judgment made by the People's Court and did not anticipate that the judgment would cause any effect on the Company. At the same time, as of the day of this announcement, the Company has not received any appeal notice made by Fiat.

The announcements relating to the abovementioned disputes of the Company were published on 25 July 2008 and 27 July 2008 respectively on the website of the Stock Exchange and the Company's website.

Save and except for the above intellectual rights disputes with Fiat, the Company is not involved in nor aware of any other significant proceedings instituted against the Company or its subsidiaries.

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 established 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 4 September 2008 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 2008 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

(Incorporated in the People's Republic of China with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 17 to 46, which comprises the condensed consolidated balance sheet of Great Wall Motor Company Limited as at 30 June 2008 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" ("HKAS 34") 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 HKAS 34. 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 HKAS 34.

Ernst & Young

Certified Public Accountants

Hong Kong

5 September 2008

CONDENSED CONSOLIDATED INCOME STATEMENT

Six months ended 30 June 2008

	Notes	Six months ended 30 June	
		2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
REVENUE	4	4,609,688	3,344,945
Cost of sales		(3,663,992)	(2,544,642)
Gross profit		945,696	800,303
Other income and gains	4	42,133	21,614
Selling and distribution costs		(228,284)	(167,668)
Administrative expenses		(154,780)	(100,116)
Other expenses		(117,399)	(83,451)
Finance costs	6	(7,161)	(2,450)
Share of profits and losses of associates		3,531	3,231
Share of profits and losses of jointly-controlled entities		2,244	6,262
PROFIT BEFORE TAX	5	485,980	477,725
Tax	7	(58,823)	(37,983)
PROFIT FOR THE PERIOD		427,157	439,742
ATTRIBUTABLE TO:			
Equity holders of the parent		408,327	406,047
Minority interests		18,830	33,695
		427,157	439,742
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT-Basic	8	RMB0.37	RMB0.42
DIVIDEND	9	Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

30 June 2008

	Notes	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
NON-CURRENT ASSETS			
Property, plant and equipment	10	2,479,077	1,597,425
Prepaid land premium		274,385	283,578
Construction in progress	11	1,512,126	2,173,680
Goodwill		2,164	2,164
Interests in jointly-controlled entities		176,207	154,226
Interests in associates		16,987	10,403
Available-for-sale financial assets	15	1,200	–
Deferred tax assets	21	65,840	67,680
Total non-current assets		4,527,986	4,289,156
CURRENT ASSETS			
Inventories	12	1,095,182	957,633
Trade receivables	13	169,112	152,210
Bills receivable	14	564,431	657,763
Available-for-sale financial assets	15	190,000	210,000
Prepayments and other receivables	16	815,493	506,314
Pledged bank balances	17	456,809	238,486
Cash and cash equivalents	17	2,693,028	3,073,577
Total current assets		5,984,055	5,795,983
CURRENT LIABILITIES			
Interest-bearing bank borrowings, secured		3,594	–
Trade payables	18	1,888,743	1,712,381
Bills payable		619,074	457,395
Tax payable		(47,192)	(44,019)
Other payables and accruals	19	1,019,904	984,919
Dividend payable to minority shareholders		8,110	7,384
Provision for product warranties	20	39,979	39,396
Total current liabilities		3,532,212	3,157,456
NET CURRENT ASSETS		2,451,843	2,638,527
TOTAL ASSETS LESS CURRENT LIABILITIES		6,979,829	6,927,683
NON-CURRENT LIABILITIES			
Deferred income		68,031	69,892
Total non-current liabilities		68,031	69,892
Net assets		6,911,798	6,857,791
EQUITY			
Equity attributable to equity holders of the parent			
Issued share capital	21	1,095,272	1,095,272
Reserves	22	5,535,934	5,127,715
Proposed final dividend		–	219,054
Minority interests		280,592	415,750
Total equity		6,911,798	6,857,791

Wei Jian Jun
(Executive director)

Wang Feng Ying
(Executive director)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2008

	Attributable to equity holders of the parent									
	Issued capital	Share premium account	Capital reserves (Note 23)	Statutory reserves	Exchange fluctuation reserve	Retained profits	Proposed final dividend	Total	Minority interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
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
Profit for the period	-	-	-	-	-	406,047	-	406,047	33,695	439,742
Contribution from minority shareholders	-	-	-	-	-	-	-	-	12,662	12,662
Transfer to capital reserves	-	-	974	-	-	(974)	-	-	-	-
Transfer to statutory reserves	-	-	-	67,309	-	(67,309)	-	-	-	-
Final 2006 dividend declared	-	-	-	-	-	-	(151,072)	(151,072)	(13,605)	(164,677)
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
At 1 January 2008	1,095,272	2,561,788	(16,664)	1,029,601	(63)	1,553,053	219,054	6,442,041	415,750	6,857,791
Profit for the period	-	-	-	-	-	408,327	-	408,327	18,830	427,157
Exchange realignment	-	-	-	-	(108)	-	-	(108)	-	(108)
Contribution from minority shareholders	-	-	-	-	-	-	-	-	3,500	3,500
Acquisition of minority interests	-	-	-	-	-	-	-	-	(133,517)	(133,517)
Transfer to statutory reserves	-	-	-	1,324	-	(1,324)	-	-	-	-
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	(23,971)	(23,971)
Final 2007 dividend declared	-	-	-	-	-	-	(219,054)	(219,054)	-	(219,054)
At 30 June 2008	1,095,272	2,561,788	(16,664)	1,030,925	(171)	1,960,056	-	6,631,206	280,592	6,911,798

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

Six months ended 30 June 2008

	Six months ended 30 June	
	2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
NET CASH INFLOW FROM OPERATING ACTIVITIES	699,284	458,908
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(621,039)	(791,752)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	(235,385)	1,758,091
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(157,140)	1,425,247
Cash and cash equivalents at beginning of period	3,312,063	2,429,188
Effect of foreign exchange rate changes, net	(5,086)	(9,703)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	3,149,837	3,844,732
ANALYSIS OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents	3,149,837	3,844,732

NOTES TO CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 June 2008

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 ("PRC"). As at 30 June 2008, the H shares (RMB1 per share) of the Company amounting to 413,272,000 shares were 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 2007, except in relation to the following new 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 condensed consolidated interim financial statements:

HK(IFRIC)-Int 11	HKFRS2 – Group and Treasury Share Transactions
HK(IFRIC)-Int 12	Service Concession Arrangements
HK(IFRIC)-Int 14	HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The adoption of these new 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 segmental analysis is presented.

Geographical segmental analysis is presented based on the geographical location of customers. The Group's assets are almost entirely situated in the PRC and accordingly, no information on segment assets, liabilities and capital expenditure is provided. The Group's segment revenue by geographical locations is as follows:

	Six months ended 30 June 2008			Six months ended 30 June 2007		
	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	2,529,990	2,119,401	4,649,391	2,230,377	1,136,182	3,366,559

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	
	2008	2007
	RMB'000	RMB'000
	Unaudited	Unaudited
Revenue		
Sale of automobiles	4,333,380	3,200,479
Sale of automotive parts and components	276,308	144,466
	4,609,688	3,344,945
Other income and gains		
Bank interest income	16,094	15,583
Government grants:		
Recognition of deferred income	1,861	974
Others*	986	4,477
Gain on disposal of held-for-trading financial assets	–	498
Unrealised gain on revaluation of held-for-trading financial assets	–	82
Gain on disposal of prepaid land premiums	7,245	–
Gain on acquisition of minority interests	13,517	–
Income from available-for-sale financial assets	2,430	–
	42,133	21,614

* Representing government grants and value added tax refunds. The grants must be utilised for the business development of the Company and certain of its subsidiaries.

5. Profit Before Tax

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

	Six months ended 30 June	
	2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Cost of inventories sold	3,663,992	2,544,642
Depreciation	98,625	80,136
Recognition of prepaid land premiums	2,179	2,625
Minimum lease payments under operating leases in respect of land and buildings	101	–
Auditors' remuneration	1,343	600
Employee benefits expenses (including directors' and supervisors' remuneration):		
Wages and salaries	232,875	142,917
Retirement benefits contributions	18,544	14,674
	251,419	157,591
Provision for product warranties	10,349	20,716
Research costs	113,597	75,072
Foreign exchange differences, net	8,844	7,679
Write-down of inventories to net realisable value	11,031	6,896
Loss/(Gain) on disposal of items of property, plant and equipment	734	(220)
Impairment/(Write-back of impairment) of receivables, net	(5,776)	920

6. Finance Costs

The finance costs mainly represented bank charges and interest on bank borrowings incurred during the period.

7. Tax

Income tax

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

	Six months ended 30 June	
	2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Hong Kong profits tax	–	–
PRC corporate income tax:		
Current corporate income tax	56,983	48,237
Deferred tax	1,840	(10,254)
	58,823	37,983

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the period. The Company and its subsidiaries in the PRC are subject to corporate income tax at a rate of 25% on their taxable income for the six months ended 30 June 2008 (Six months ended 30 June 2007: 33%).

Pursuant to the original PRC Corporate 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 the tax rate for corporate income tax for the three years ended 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 the tax rate for corporate income tax for the three years ended 31 December 2009. Baoding Changfu Processing Company Limited was exempted from corporate income tax for the two years ended 31 December 2004 and was entitled to a 50% reduction in the tax rate for corporate income tax for the three years ended 31 December 2007. Baoding Mind Auto Component Company Limited is exempted from corporate income tax for the two years ended 31 December 2008 and will be entitled to a 50% reduction in the tax rate for corporate income tax for the three years ended 31 December 2011. The Company and these subsidiaries will continue to enjoy the aforesaid tax concessions until their expiry.

Pursuant to the 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 from 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.

7. Tax (Continued)

Pursuant to newly issued regulations on welfare enterprises in the PRC, the above mentioned welfare enterprises did not enjoy the exemption in corporate income tax since 1 July 2007. Instead, if satisfying the relevant conditions, double of the actual wages paid to disabled staff could be deducted from the taxable income commencing from 1 July 2007.

Pursuant to the Tentative Regulation Regarding Income Tax Benefit for Investment in the PRC Made Equipment Used in Technical Reform, Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited and Baoding Changcheng Vehicle Axles Industries Company Limited were entitled to deduct corporate income tax in the amount of RMB15,056,520 for the six months ended 30 June 2008 (Six months ended 30 June 2007: RMB2,496,213).

A reconciliation of the income tax expenses applicable to profit before tax at the statutory income tax rates to income tax expenses at the Group's effective income tax rates is as follows:

	Six months ended 30 June			
	2008	%	2007	%
	RMB'000		RMB'000	
	Unaudited		Unaudited	
Profit before tax	485,980		477,725	
At the PRC corporate income tax rate	121,495	25.0	157,649	33.0
Profits and losses attributable to jointly-controlled entities and associates	(1,444)	(0.3)	(3,143)	(0.7)
Additional deduction of expenses	(15,022)	(3.1)	(11,411)	(2.4)
Staff welfare and bonus fund	245	0.1	2,565	0.6
Income not subject to tax	(6,256)	(1.3)	–	–
Expenses not deductible for tax purposes	304	0.1	14,943	3.1
Tax holiday and exemptions	(40,499)	(8.4)	(122,620)	(25.7)
Actual income tax expenses	58,823	12.1	37,983	7.9

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.

The Company's automobiles are subject to consumption tax at standard rates of 3%, 5%, 9% or 12% in accordance with the regulations issued by the State of Tax Bureau on 20 March 2006.

8. Earnings Per Share

The calculation of basic earnings per share is based on the Group's profit attributable to ordinary equity holders of the parent for the six months ended 30 June 2008 of RMB408,327,000 (Six months ended 30 June 2007: RMB406,047,000) and the weighted average of 1,095,272,000 shares (Six months ended 30 June 2007: 970,909,000) 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 2008 (Six months ended 30 June 2007: 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 2008	730,075	1,219,582	37,327	247,958	2,234,942
Additions	1,160	33,416	3,671	16,766	55,013
Transfer from construction in progress	405,241	468,862	35,778	17,854	927,735
Disposals	–	(4,036)	(1,274)	(903)	(6,213)
At 30 June 2008	1,136,476	1,717,824	75,502	281,675	3,211,477
Accumulated depreciation and impairment:					
At 1 January 2008	102,379	444,935	15,047	75,156	637,517
Depreciation provided for the period	14,689	60,227	2,096	21,613	98,625
Disposals	–	(2,410)	(618)	(714)	(3,742)
At 30 June 2008	117,068	502,752	16,525	96,055	732,400
Net book value:					
At 30 June 2008	1,019,408	1,215,072	58,977	185,620	2,479,077
At 1 January 2008	627,696	774,647	22,280	172,802	1,597,425

11. Construction in Progress

	RMB'000 Unaudited
At 1 January 2008	2,173,680
Additions	266,181
Transfer to property, plant and equipment	(927,735)
At 30 June 2008	1,512,126

12. Inventories

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Raw materials	481,042	361,546
Work in progress	211,923	215,952
Finished goods	460,807	433,226
Spare parts and consumables	17,844	12,832
	1,171,616	1,023,556
Provision for inventories	(76,434)	(65,923)
	1,095,182	957,633

13. Trade Receivables

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Trade receivables	175,899	164,558
Impairment	(6,787)	(12,348)
	169,112	152,210

The Group normally receives payments or bills in advance for the sale of automobiles. For long-standing customers with bulk purchases and good repayment history, the Group may allow a credit period of not more than 90 days. The Group closely monitors overdue balances and the impairment of trade receivables is made when it is considered that amounts due may not be recovered. Trade receivables are non-interest-bearing.

13. Trade Receivables (Continued)

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

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Outstanding balances aged:		
Within 6 months	167,083	150,044
7 to 12 months	2,676	3,661
Over 1 year	6,140	10,853
Impairment	175,899 (6,787)	164,558 (12,348)
	169,112	152,210

The movements in provision for impairment of trade receivables are as follows:

	RMB'000 Unaudited
At 1 January 2008	12,348
Impairment losses reversed	(5,757)
Amount written off as uncollectible	196
At 30 June 2008	6,787

As at 30 June 2008, included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB6,787,000 (31 December 2007: RMB12,348,000) with a carrying amount of RMB8,583,000 (31 December 2007: RMB13,806,000). The individually impaired trade receivables relate to customers that were in financial difficulties and only a portion of the receivables is expected to be recovered. The Group does not hold any collateral or other credit enhancements over these balances.

13. Trade Receivables (Continued)

The aged analysis of the amounts of trade receivables that are not considered to be impaired is as follows:

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Neither past due nor impaired	167,316	150,752
Less than 6 months past due	1,796	1,458
	169,112	152,210

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 30 June 2008, included in the Group's trade receivables are amounts due from companies that are controlled by the Group's key management personnel or their close family members amounting to RMB1,485,000 (31 December 2007: RMB1,213,000), which are unsecured, non-interest bearing and repayable on credit terms similar to those offered to the major customers of the Group.

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 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Falling due:		
Within 3 months	297,107	299,114
4 to 6 months	267,324	358,649
	564,431	657,763

As at 30 June 2008, the Group's bills receivable amounting to RMB256,400,000 (31 December 2007: RMB227,500,000), are pledged to banks for issuing an equivalent amount of bills payable.

15. Available-for-sale Financial Assets

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Unlisted equity investment, at cost, net of impairment	1,200	–
Unlisted investments, at fair value (note)	190,000	210,000

Note: The above investments represent investments in financial products issued by banks, which were designated as available-for-sale financial assets, that will be redeemed from August to October 2008, and have no fixed coupon rate.

The valuation requires the Directors to make estimates about the expected future cash flows including expected future returns and proceeds on redemption of these investments, which are discounted at the current rate of 4.5%.

16. Prepayments and Other Receivables

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Prepayments	475,215	245,153
Export VAT refund	232,293	183,689
Other receivables	111,470	80,976
	818,978	509,818
Impairment	(3,485)	(3,504)
	815,493	506,314

The above impairment was made for other receivables and the movements thereof are as follows:

	RMB'000 Unaudited
At 1 January 2008	3,504
Impairment losses reversed	(19)
At 30 June 2008	3,485

16. Prepayments and Other Receivables (Continued)

The aged analysis of the amounts of export VAT refund and other receivables that are not considered to be impaired is as follows:

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Neither past due nor impaired	340,120	260,617
Less than 6 months past due	158	544
	340,278	261,161

The balances that were neither past due nor impaired relate to a large number of diversified individuals for whom there was no recent history of default.

As at 30 June 2008, included in the Group's prepayments and other receivables are amounts due from companies that are controlled by the Group's key management personnel or their close family members amounting to RMB33,083,000 (31 December 2007: RMB1,074,000), which are unsecured, non-interest bearing and are repayable on demand.

17. Cash and Cash Equivalent and Pledged Bank Balances

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Cash and bank balances	2,086,237	1,964,463
Time deposits on demand	1,063,600	1,347,600
	3,149,837	3,312,063
Less: Bank balances pledged to banks for loans granted and issuing bills payable	(456,809)	(238,486)
Cash and cash equivalents in the condensed consolidated balance sheet	2,693,028	3,073,577
Add: Pledged bank balances for loans granted and issuing bills payable	456,809	238,486
Cash and cash equivalents in the condensed consolidated cash flow statement	3,149,837	3,312,063

18. Trade Payables

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

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Within 6 months	1,802,047	1,625,982
7 to 12 months	38,913	37,485
1 to 2 years	15,574	13,023
Over 2 years	32,209	35,891
	1,888,743	1,712,381

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

The amounts due to related parties included in the above are as follows:

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Jointly-controlled entities	24,252	21,394
Associates	19,124	21,102
Companies that are controlled by the Group's key management personnel or their close family members	10,224	11,917
	53,600	54,413

The above balances are unsecured, non-interest bearing and are repayable on demand.

19. Other Payables and Accruals

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Advances from customers	442,822	455,416
Accruals	31,674	60,387
Other payables	545,408	469,116
	1,019,904	984,919

As at 30 June 2008, included in the Group's other payables and accruals are amounts due to companies that are controlled by the Group's key management personnel or their close family members amounting to RMB297,000 (31 December 2007: RMB2,419,000), which are unsecured, non-interest bearing and are repayable on demand.

20. Provision for Product Warranties

	RMB'000 Unaudited
At 1 January 2008	39,396
Additional provision	10,349
Amounts utilised during the period	(9,766)
At 30 June 2008	39,979

21. Deferred Tax Assets

An analysis of deferred tax assets is as follows:

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Impairment of receivables	1,851	3,235
Write-down of inventories to net realisable value	18,781	16,417
Impairment of items of property, plant and equipment	238	238
Pre-operation expenses	744	–
Liabilities for accrued expenses that are deductible for tax purpose only when paid	12,010	9,413
Depreciation expenses in excess of related depreciation allowance	8,002	7,112
Receipt in advance (revenue in nature) that is taxable	6,877	9,020
Unrealised profit eliminated on consolidation	12,792	19,783
Temporary differences arising from transfer of assets among group companies	4,545	2,462
	65,840	67,680

22. Share Capital

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Issued and fully paid:		
Domestic shares of RMB1 each	682,000	682,000
H shares of RMB1 each	413,272	413,272
	1,095,272	1,095,272

23. 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.

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 PRC.

23. Reserves (Continued)

In accordance with the PRC Company Law and the Company's articles of association, the Company and its subsidiaries registered in the PRC, except for Sino-foreign joint ventures, are required to appropriate 10% of the statutory profit after tax (after offsetting any prior years' losses) for the statutory surplus reserve (except where the reserve balance has reached 50% of the respective entity's registered capital) and, on an optional basis, the discretionary surplus reserve fund. The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital. However, the balance of the statutory surplus reserve must be maintained at a minimum of 25% of the respective entity's registered capital after such usages. Such reserves cannot be used for purposes other than those for which they are created and are not distributable as cash dividends.

As stipulated by the relevant laws and regulations for foreign-investment enterprises in the PRC, certain of the Company's subsidiaries, being Sino-foreign joint ventures, are required to maintain discretionary dedicated capital, which includes a general reserve fund, an enterprise expansion fund and a staff welfare and incentive bonus fund. The dedicated capital is to be appropriated from the statutory profit after tax as stipulated by the statute or by the board of directors and recorded as a component of shareholders' equity. Under HKFRSs, the appropriation for the staff welfare and incentive bonus fund is charged to the income statement and any unutilised balance is included in current liabilities.

In accordance with the relevant PRC regulations, the welfare enterprises of the Group are required to transfer the tax benefits received (including corporate income tax exempted and value-added tax, city construction tax and education surcharge refunded) to a non-distributable statutory reserve for the development of the welfare enterprises.

24. Business Combinations

In May and June 2008, the Group acquired 75% of equity interests in Baoding Yixin Auto Parts Company Limited ("Baoding Yixin") and Tianjin Great Wall Wantong Automotive Parts Company Limited ("Tianjin Wantong") (formally known as Baoding Wantong Automotive Parts Company Limited) with a consideration of RMB750,000 each from Baoding Ants Logistics Company Limited and Baoding Innovation Great Wall Assets Management Company Limited (formerly known as Baoding Woerte Management Consultant Company Limited) (both are related companies), respectively. These companies have not yet commenced operation.

The fair values of the identifiable assets and liabilities for the aforesaid companies as at the respective dates of the acquisitions were as follow:

	RMB'000 Unaudited
Cash and cash equivalents	2,000
Minority interests	(500)
	1,500
Satisfied by cash	1,500

24. Business Combinations (Continued)

An analysis of the net inflow of cash and cash equivalents in respect of the aforesaid acquisitions are as follows:

	RMB'000 Unaudited
Cash consideration	1,500
Cash and cash equivalents acquired	(2,000)
Net inflow of cash and cash equivalents in respect of the acquisitions of subsidiaries	500

Since the respective dates of the acquisitions, these companies had no revenue and contributed insignificant loss to the Group for the six months ended 30 June 2008. Had these companies been acquired on 1 January 2008, the Group's revenue and profit attributable to equity holders of the parent would be RMB4,610 million and RMB408 million, respectively.

25. Contingent Liabilities

Up to the date of this report, the Group has the following significant outstanding lawsuits:

1. On 8 May 2007, the Company received a subpoena from Torino Court related to a petition filed by Fiat Group Automobiles SPA ("Fiat SPA"), in which Fiat SPA claimed that the frame design of the Company's passenger vehicles, the Peri model, had infringed the patent of Fiat SPA's Nuova Panda model, seeking an injunction preventing the Company from marketing, selling and exporting the Peri model across the European Union as well as publication of the injunction in famous magazines in Europe. The Company has engaged a lawyer to respond to the lawsuit. The court heard the case on 20 September 2007 and 4 July 2008, and announced an initial judgement of summary procedures on 16 July 2008: (1) ban the entrance of the Peri model to European Union market; (2) fine EUR15,000 for each Peri if sold in European Union market against the injunction and EUR5,000 for each of other acts against the injunction since the date of the judgement; (3) order the Company to publish the injunction on newspapers and magazines; and (4) order the Company to bear the legal costs. This judgement is a temporary injunction made by the court upon the request of Fiat SPA only to prevent the entrance of the Peri model to European market. The case has not been heard with a general procedure and no substantive verdict of whether the Peri model had infringed the patent of Fiat SPA's Nuova Panda model has been issued yet. The Company was dissatisfied with the judgement and is prepared to appeal against the judgement.

25. Contingent Liabilities (Continued)

Besides, on 17 July 2007, the Company received a petition from Fiat-Auto Limited (“Fiat-Auto”) to the Intermediate People’s Court of Shijiazhuang, claiming that the Company breached its patent right and asking the court to decide that the Company immediately stop producing any automobile products breaching its patent right, pay it remedy of RMB500,000 and bear such related expenses as retaining fee and legal costs. The court heard this lawsuit on 29 September 2007 and 27 February 2008 and the Company received the judgement of 21 July 2008 by the Intermediate People’s Court of Shijiazhuang on 26 July 2008. The court dismissed the claim by Fiat-Auto that the Peri model of the Company breaching Fiat-Auto’s patent and ordered that case acceptance fees of RMB8,800 shall be paid by Fiat-Auto. Up to the approval date of these financial statements, Fiat-Auto has not yet appealed.

In addition, on 11 and 12 September 2007, the Company received the application by Fiat-Auto for denying two “Peri” automobile related patent right applications of the Company. Fiat-Auto, the denying applicant, claimed the patent in question was similar to its design patent, and asked the Patent Reexamination Board to deny the two patent right applications. The Company engaged a patent agency to actively defend against the denying application. The Patent Reexamination Board conducted oral hearing on 10 March 2008 and has not yet issued a verdict up to the approval date of these condensed consolidated interim financial statements.

2. On 30 January 2007, the Company received a petition from a court in Paris raised by France Valeo Wiper Systems Ltd. (“Valeo”) against the Company for alleged patent infringement over the rain wiper install in the Company’s product, Hover CUV. Valeo required the Company to stop using the rain wiper and claimed for EUR15,000 as penalty and EUR130,000 as compensation for travel and litigation costs. The court heard the case on 10 September 2007. On 11 September 2007, it was resolved that the case should be suspended and the parties shall resolve the case through consultation. The Company has entrusted a lawyer to communicate with Valeo for the settlement and is still waiting for its reply.
3. On 23 July 2007, the Company received the litigation for alleged patent infringement over the “central lock controller system” installed in the Company’s products raised to the Intermediate People’s Court of Guangzhou by the patent owners, Zhang Wei and Dongguan Liba Electron Co., Ltd., against Guangzhou Xiongbing Electric Appliance Co., Ltd., Shanghai Shenglong Co., Ltd. and the Company. The Company was listed as the third defendant. The plaintiffs required that each defendant shall terminate the alleged patent infringement activities, claimed for RMB7,690,000 against the defendants jointly and required the defendants to bear and the relevant legal expenses of RMB20,000. The Company has entrusted a lawyer to respond to the litigation jointly with the other two defendants. The court heard the case on 29 April 2008 but has not yet issued a verdict.

25. Contingent Liabilities (Continued)

4. The Company received a petition on 6 October 2007, in which the Company was sued by Kautex (Shanghai) Plastic Products Co., Ltd. (“Kautex”) over disputes on technology development. Kautex claimed that the Company breached the “Product Development and Manufacturing Agreement” signed by them and asked the court to (1) terminate the Product Development and Manufacturing Agreement; and (2) order the Company to pay Kautex RMB15,788,500 for compensation, and RMB4,466,000 for the losses and the relevant legal expenses of the case. In response to this petition, the Company raised objection over jurisdiction of The No. 2 Intermediate People’s Court of Shanghai on 15 October 2007, which issued the civil order under [Reference: (2007) Hu Er Zhong Min Wu (Zhi) Chu Zi No. 303], deciding the case to be transferred to The Intermediate People’s Court of Baoding for trial. Kautex was dissatisfied with the decision and lodged an appeal to The Supreme People’s Court of Shanghai on 23 January 2008. On 14 March 2008, the court issued a civil order under [Reference: (2008) Hu Gao Min San (Zhi) Zhong Zi No. 24], deciding to cancel the civil order under [Reference: (2007) Hu Er Zhong Min Wu (Zhi) Chu Zi No. 303] issued by The No. 2 Intermediate People’s Court of Shanghai which shall have jurisdiction on the case. The Company was dissatisfied with the order issued by the Supreme People’s Court of Shanghai and applied for a retrial to the Supreme Court of the People’s Republic of China on 8 April 2008. The Supreme Court heard the case on 13 June 2008, and issued the civil order under [Reference: (2008) Min Shen Zi No. 46], rejecting the Company’s application.

Besides, on 17 January 2008, the Company also sued Kautex to the Intermediate People’s Court of Baoding, requiring the court to (1) order Kautex to pay the Company RMB 11,720,000 as the overdue penal sum; (2) order Kautex to pay the Company RMB 9,595,934 as compensation for other economic losses; and (3) order Kautex to bear the all relevant legal expenses. The defendant raised objection over jurisdiction of The Intermediate People’s Court of Baoding on 14 February 2008. On 26 April 2008, The Intermediate People’s Court of Baoding issued the civil order under [Reference: (2008) Bao Li Min Chu Zi No. 8], deciding to transfer the case to The No.2 Intermediate People’s Court of Shanghai for trial.

The No.2 Intermediate People’s Court of Shanghai will combine the aforesaid two cases for trial. Up to the approval date of these condensed consolidated interim financial statements, The No.2 Intermediate People’s Court of Shanghai has not decided the date for trial yet.

5. On 4 July 2008, the Company received an application made by Hebei No. 4 Construction Engineering Company to Baoding Arbitration Commission for the disputes over a construction contract. In the application, the commission was asked to order the Company to: (1) pay construction cost of RMB9,927,927.76; (2) pay the interest accrued amounting to RMB1,800,000; and (3) bear the arbitration fee. The Company has entrusted a lawyer to defend the case and up to the approval date of these condensed consolidated interim financial statements, Baoding Arbitration Commission has not yet issued a verdict.

In the opinion of the directors, based on legal advice, it is premature to conclude the likely outcome of the above lawsuits, accordingly, no provision has been made in these condensed consolidated interim financial statements as at 30 June 2008.

26. Operating Lease Commitments

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
As lessee:		
Within one year	101	–
In the second to fifth years, inclusive	–	–
After the fifth year	–	–
	101	–

27. Commitments

In addition to the operating lease commitments detailed in note 26 above, the Group had the following commitments at the balance sheet date:

(a) Capital commitments

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Contracted but not provided for	1,044,384	970,325
Authorised but not contracted for	5,099,751	4,481,788
	6,144,135	5,452,113

27. Commitments (Continued)

(a) Capital commitments (Continued)

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

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Acquisition of items of property, plant and machinery	3,724,908	4,231,445
Construction commitments	1,699,414	1,220,668
Acquisition of prepaid land premiums	719,813	–
	6,144,135	5,452,113

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

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Contracted but not provided for	3,847	13,532
Authorised but not contracted for	–	–
	3,847	13,532

(b) Other commitments

- (i) On 28 January 2007, the Company entered into a joint venture agreement with an independent third party, Land and Property Management Authority of the Republic of Tatarstan, the Russian Federation ("Tatanstan Property Authority"), to set up a sino-foreign joint venture company with limited liability in Russia, Great Wall Alabuga Motor Open Joint Stock Company ("GW Alabuga Company"). The registered capital of GW Alabuga Company is approximately RMB121,800,000. According to this joint venture arrangement, the Company will subscribe 75% of equity interest in GW Alabuga Company by cash and trademarks approximately amounting to RMB54,810,000 and RMB36,540,000, respectively. Up to the approval date of these condensed consolidated interim financial statements, no contribution has been made by the Group.

27. Commitments (Continued)

(b) Other commitments (Continued)

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

	30 June 2008 RMB'000 Unaudited	31 December 2007 RMB'000 Audited
Contracted but not provided for	147,502	138,820
Authorised but not contracted for	23,702	–
	171,204	138,820

28. Related Party Transactions

In addition to the transactions and balances detailed elsewhere in these condensed consolidated interim financial statements, the Group had the following transactions with related parties during the period:

Name of related parties	Nature of transactions	Pricing policy	Six months ended 30 June	
			2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Hebei Baoding Tai Hang Group Company Limited (i) (河北保定太行集團有限責任公司)	Purchases of automotive parts and components	(c)	73	116
	Construction services fee paid	(c)	43	83
	Purchases of services	(b)	2	–
Baoding Tai Hang Pump Manufacturing Company Limited (i) (保定市太行製泵有限公司)	Purchases of automotive parts and components	(b)	868	319
	Purchases of property, plant and equipment	(b)	44	302
	Purchases of services	(b)	1	–
	Others	(c)	1	–
Baoding Tai Hang Steel Structure Construction Company Limited (i) (保定太行鋼結構工程有限公司)	Construction services fee paid	(c)	43,661	30,881
	Sales of automobiles	(b)	99	–
	Purchases of services	(b)	30	–
	Others	(c)	2	–

28. Related Party Transactions (Continued)

Name of related parties	Nature of transactions	Pricing policy	Six months ended 30 June	
			2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Baoding Great Wall Exploitation and Construction Group Company Limited (i) (保定市長城房地產開發建設集團有限公司)	Sales of automobiles	(c)	–	1,200
Baoding Tai Hang Rosemex Engineering Company Limited (i) (保定太行熱土美工業有限公司)	Construction services fee paid	(c)	231	629
	Purchases of automotive parts and components	(b)	7	–
Baoding Ants Logistics Company Limited (i) (保定市螞蟻物流網絡有限公司)	Transportation fee paid	(b)	37,749	844
	Sales of automobiles	(b)	212	–
	Sales of services	(b)	204	–
	Others	(c)	48	–
Hebei Baocang Highway Company Limited (i) (河北保滄高速公路有限公司)	Sales of automobiles	(b)	829	–
	Others	(b)	277	–
Beijing Weide Automobile System Accessories Company Limited (i) (北京威德汽車系統配套有限公司)	Sales of automotive parts and components	(a)	35	–
	Purchases of automotive parts and components	(c)	2,376	–
	Others	(c)	38	–
Shunping County Modern Logistics Company Limited (i) (順平縣現代物流有限公司)	Transportation fee paid	(b)	25,910	56,526
Baoding Great Wall Pioneer Enterprise Investment Company Limited (i) (保定長城創業投資有限公司)	Sales of automobiles	(b)	37	–
Baoding Innovation Great Wall Assets Management Company Limited (i) (Formerly known as Baoding Woerte Management Consultant Co., Ltd.) (保定創新長城資產管理有限公司) (原「保定沃爾特管理諮詢有限公司」)	Sales of automobiles	(b)	37	–

28. Related Party Transactions (Continued)

Name of related parties	Nature of transactions	Pricing policy	Six months ended 30 June	
			2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Baoding Deye Motor Inner Decoration Company Limited (ii) (保定德業汽車內飾件有限公司)	Purchases of automotive parts and components* Sales of automotive parts and components* Others*	(c) (c) (c)	103,215 14 369	82,561 – –
Baoding Great Wall Jiehua Automobile Inner Decorations Company Limited (iii) (保定長城傑華汽車內飾件有限公司)	Purchases of automotive parts and components* Sales of automobiles* Others*	(c) (b) (c)	102,164 42 145	79,055 – –
Baoding Shuanghua Automotive Components Company Limited (iii) (保定雙樺汽車零部件有限公司)	Sales of automotive parts and components*	(b)	2	–
The Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (iv) (保定市南市區南大園鄉集體資產經管中心)	Sales of automobiles	(b)	119	–
Wenzhou Feili Mould Manufacturing Company Limited (v) (溫州飛利模具製造有限公司)	Purchases of property, plant and equipment	(b)	367	–

In the opinion of the directors of the Company, the above transactions were conducted in the ordinary course of business.

28. Related Party Transactions (Continued)

Notes:

- (a) The price was determined at a cost plus basis.
- (b) The price was determined with reference to the then prevailing market prices/rates and the price charged to third parties.
- (c) The consideration was in accordance with the terms of the underlying agreements.
- (i) These companies are controlled by the Group's key management personnel or their close family members.
- (ii) This company is a jointly-controlled entity of the Company.
- (iii) These companies are associates of the Company.
- (iv) This company is a shareholder of the Company.
- (v) This company is controlled by a minority shareholder of a subsidiary of the Company.

Other transaction with related parties:

- (1) In January 2008, the Company acquired 19.6% of equity interests in Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited ("Engine Company"), a then 51% owned subsidiary of the Company, each from Beijing Jiameiya Investment Company Limited and Baoding Zhongxin Internal Combustion Engine Manufacturing Company Limited for a total cash consideration of RMB120 million. Upon completion of this acquisition, the Company's equity interests in Engine Company increased from 51% to 90.2% and recognised a gain of RMB13.5 million.
- (2) In April 2008, the Group acquired the entire of 45% of equity interests in Baoding Xinchang Auto Paris Company Limited ("Baoding Xinchang") owned by Baoding Innovation Great Wall Assets Management Company Limited ("Innovation GW", formerly known as Baoding Woerte Management Consultant Company Limited), which is controlled by the Group's key management personnel and their close family members, for cash consideration of RMB450,000. Upon completion of this transaction, Baoding Xinchang is accounted for as a jointly-controlled entity of the Group.
- (3) In May and June 2008, the Group acquired 75% of equity interests in Baoding Yixin and Tianjin Wantong from Ants Logistics and Innovation GW, respectively, for cash consideration of RMB750,000 each. Further details of these acquisitions, please refer to note 24 to these condensed consolidated interim financial statements.

28. Related Party Transactions (Continued)

Except for items *, the above related party transactions in respect of the above transactions also constituted connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

In addition to the above, the Group's compensation of key management personnel is as follows:

	Six months ended 30 June	
	2008 RMB'000 Unaudited	2007 RMB'000 Unaudited
Short-term employee benefits	975	805
Post-employment benefits	12	13
Total compensation paid to key management personnel	987	818

29. Post Balance Sheet Events

On 30 July 2008, the Company's wholly-owned subsidiary, Tide Technology and Trade Company Limited ("Tide Technology") entered into an "Acquisition Agreement" with Dragonet International Company Limited ("Dragonet") and Billion Sunny Development Limited ("Billion Sunny"). Pursuant to the Acquisition Agreement, Tide Technology shall acquire 100% of equity interests in Billion Sunny from Dragonet for a consideration of USD1,180,000 (approximately RMB8,065,000), which is determined based on the aggregate of the audited net asset value of Billion Sunny and the outstanding shareholder's loan advanced by Dragonet to Billion Sunny. Billion Sunny is an investment holding company incorporated in Hong Kong with limited liability and its major assets represent the following investments:

- 25% of equity interests in Baoding Yixin, a 75% owned subsidiary of the Group (note 24);
- 25% of equity interests in Tianjin Wantong, a 75% owned subsidiary of the Group (note 24);
- 25% of equity interests in Baoding Xinghui Lamp Manufacturing Company Limited ("Baoding Xinghui") (see also below);
- 25% of equity interests in Baoding Yimei Components and Accessories Company Limited ("Baoding Yimei") (see also below);
- 25% of equity interests in Tianjin Great Wall Lean Automotive Parts Company Limited ("GW Lean", formerly known as Baoding Lean Power Machinery Company Limited), a 75% owned subsidiary of the Company; and
- 25% of equity interests in Baoding Best Automobile Spare Parts Company Limited ("Baoding Best").



29. Post Balance Sheet Events (Continued)

Besides, on the same date, the Company also entered into "Equity Transfer Agreements" with Innovation GW and Ants Logistics for the transfers of 75% of equity interests in Baoding Xinghui and Baoding Yimei, respectively, to the Company for a consideration of RMB750,000 each, which are determined with reference to the paid-up registered capital of Baoding Xinhui and Baoding Yimei.

Save for Baoding Best, all of the aforesaid companies have not commenced commercial operation.

Upon completion of the aforesaid acquisitions, Baoding Yixin, Baoding Wantong, Baoding Xinghui and Baoding Yimei will become the Group's wholly-owned subsidiaries, and Baoding Best will be accounted for an associate of the Group. These acquisitions were subsequently completed in August 2008.

30. Approval of the Interim Financial Report

The condensed consolidated interim financial statements for the six months ended 30 June 2008 were approved and authorised for issue by the board of directors on 5 September 2008.