長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock Code: 2333)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2010

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2010 (unaudited)	For the six months ended 30 June 2009 (unaudited)	Change (%)
REVENUE *(RMB Million)*	**9,125**	5,155	77.0
Profit before tax *(RMB Million)*	**1,156**	317	264.7
Profit for the period attributable to owners of the parent *(RMB Million)*	**867**	262	230.9
Earnings per share	**RMB0.79**	RMB0.24	230.9

The board of directors (the "Board") of Great Wall Motor Company Limited (the "Company") is pleased to announce the unaudited interim consolidated income statement and statement of comprehensive income of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2010 (the "period") and the interim consolidated statement of financial position of the Group as at 30 June 2010 which have been reviewed by the Company's auditor, Ernst & Young, together with the comparative figures for the same period of 2009 as follows:

1. Interim Condensed Consolidated Financial Statements

Interim Consolidated Income Statement

		Six months ended 30 June	
		2010	2009
	Notes	***RMB'000***	*RMB'000*
		Unaudited	*Unaudited*
REVENUE	(i)	**9,124,540**	5,154,864
Cost of sales		**(7,175,909)**	(4,251,591)
Gross profit		**1,948,631**	903,273
Other income and gains	(i)	**32,884**	38,779
Selling and distribution costs		**(468,076)**	(314,527)
Administrative expenses		**(174,676)**	(129,193)
Other expenses		**(197,605)**	(166,132)
Finance costs	(ii)	**(6,412)**	(20,742)
Share of profits and losses of:			
Jointly-controlled entities		**14,005**	4,226
Associates		**6,994**	911
PROFIT BEFORE TAX	(iii)	**1,155,745**	316,595
Income tax expense	(iv)	**(248,435)**	(37,298)
PROFIT FOR THE PERIOD		**907,310**	279,297
ATTRIBUTABLE TO:			
Owners of the parent		**867,072**	262,348
Minority interests		**40,238**	16,949
		907,310	279,297
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT — BASIC AND DILUTED	(v)	**RMB0.79**	RMB0.24
DIVIDEND	(vi)	**Nil**	Nil

Interim Consolidated Statement of Comprehensive Income

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
PROFIT FOR THE PERIOD	**907,310**	279,297
OTHER COMPREHENSIVE INCOME		
Exchange differences on translation of foreign operations	**—**	2
OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**—**	2
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**907,310**	279,299
ATTRIBUTABLE TO:		
Owners of the parent	**867,072**	262,350
Minority interests	**40,238**	16,949
	907,310	279,299

Interim Consolidated Statement of Financial Position

	Notes	**30 June 2010** *RMB'000* ***Unaudited***	31 December 2009 *RMB'000* *Audited*
NON-CURRENT ASSETS			
Property, plant and equipment		**4,594,972**	4,205,777
Prepaid land premiums		**963,634**	971,978
Construction in progress		**1,154,169**	1,085,234
Goodwill		**2,164**	2,164
Interests in jointly-controlled entities		**111,728**	213,163
Interests in associates		**29,501**	22,507
Available-for-sale financial investments		**1,200**	1,200
Deferred tax assets		**348,530**	290,699
Total non-current assets		**7,205,898**	6,792,722
CURRENT ASSETS			
Inventories		**2,630,929**	1,589,925
Trade receivables	(vii)	**270,460**	147,827
Bills receivable		**3,840,495**	3,237,728
Available-for-sale financial investments		**150,000**	150,000
Prepaid tax		**155**	93,740
Prepayments and other receivables		**939,296**	459,670
Pledged bank balances		**403,665**	470,452
Cash and cash equivalents		**1,995,308**	2,121,333
Total current assets		**10,230,308**	8,270,675
CURRENT LIABILITIES			
Trade payables	(viii)	**4,014,226**	3,095,398
Bills payable		**1,252,379**	1,177,300
Interest-bearing bank and other borrowings		**69,797**	75,596
Tax payable		**166,164**	23,332
Other payables and accruals		**2,505,725**	2,116,105
Dividends payable to shareholders		**170,500**	—
Dividends payable to minority shareholders		**31,042**	11,342
Provision for product warranties		**84,978**	71,673
Total current liabilities		**8,294,811**	6,570,746
NET CURRENT ASSETS		**1,935,497**	1,699,929
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,141,395**	8,492,651
NON-CURRENT LIABILITY			
Deferred income		**641,730**	654,490
Total non-current liability		**641,730**	654,490
NET ASSETS		**8,499,665**	7,838,161

Interim Consolidated Statement of Financial Position (continued)

	30 June 2010 *RMB'000* *Unaudited*	31 December 2009 *RMB'000* *Audited*
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**1,095,272**	1,095,272
Reserves	**7,090,646**	6,223,574
Proposed final dividends	**—**	273,818
	8,185,918	7,592,664
Minority interests	**313,747**	245,497
TOTAL EQUITY	**8,499,665**	7,838,161

Notes:

(i) REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for trade discounts and returns and excluding sales taxes and intra-group transactions.

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

	Six months ended 30 June	
	2010 *RMB'000* *Unaudited*	2009 *RMB'000* *Unaudited*
Revenue		
Sale of automobiles	**8,565,829**	4,913,462
Sale of automotive parts and components and others	**558,711**	241,402
	9,124,540	5,154,864
Other income and gains		
Bank interest income	**15,256**	22,622
Government grants:		
Recognition of deferred income	**11,815**	4,490
Others*	**4,572**	1,200
Income from disposal of available-for-sale financial investments	**1,241**	367
Gain on disposal of items of property, plant and equipment	**—**	41
Gain on acquisition of minority interests	**—**	10,059
	32,884	38,779

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

(ii) FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Interest on a bank loan	**245**	—
Discount interests of bills receivable and others	**6,167**	20,742
	6,412	20,742

(iii) PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Depreciation	**240,208**	167,080
Recognition of prepaid land premiums	**10,423**	8,357
Minimum lease payments under operating leases in respect of land and buildings	**380**	109
Auditors' remuneration	**500**	822
Employee benefits expenses (including directors' and supervisors' remuneration):		
Wages and salaries	**502,436**	304,690
Retirement benefits contributions	**34,351**	27,572
	536,787	332,262
Provision for product warranties	**39,205**	21,914
Research costs included in other expenses	**182,764**	163,484
Foreign exchange differences, net	**7,815**	1,823
Loss on disposal of an associate	**—**	1,564
Write-down of inventories to net realisable value	**9,210**	9,383
Loss/(gain) on disposal of items of property, plant and equipment	**251**	(41)
Impairment/(write-back) of impairment of receivables, net	**6,607**	(739)

(iv) TAX

Income tax

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

	Six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Hong Kong profits tax	**—**	—
PRC corporate income tax:		
Current corporate income tax	**306,266**	94,118
Deferred tax	**(57,831)**	(56,820)
	248,435	37,298

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 Mainland China are subject to corporate income tax at a rate of 25% on their taxable income.

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 Law of the PRC on Enterprise Income Tax and the Circular of the State Council Concerning Issues Relevant to Implementation of Transitional Preferential Policies for Enterprise Income Tax effective from 1 January 2008, Baoding Mind Auto Component Company Limited was exempted from corporate income tax for the two years ended 31 December 2008 and is entitled to a 50% reduction in the tax rate for corporate income tax for the three years ending 31 December 2011. Baoding Yixin Auto Parts Company Limited was exempted from corporate income tax for the two years ended 31 December 2009 and is entitled to a 50% reduction in the tax rate for corporate income tax for the three years ending 31 December 2012. Tianjin Great Wall Lean Automotive Parts Company Limited was exempted from corporate income tax for the two years ended 31 December 2009 and is entitled to a 50% reduction in the tax rate for corporate income tax for the three years ending 31 December 2012. Tianjin Great Wall Wantong Automotive Parts Company Limited was exempted from corporate income tax for the two years ended 31 December 2009 and is entitled to a 50% reduction in the tax rate for corporate income tax for the three years ending 31 December 2012.

Pursuant to Circular of the Ministry of Finance and the State Administration of Taxation on Issues Concerning the Corporate Income Tax Incentives on Enterprises Which Recruit the Disabled effective from 1 January 2008, Baoding Nuobo Rubber Manufacturing Company Limited, Baoding Xincheng Automobile Development Company Limited, Baoding Great Machinery Company Limited, Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited and Baoding Yixin Auto Parts Company Limited, subsidiaries of the Company, satisfying the relevant conditions, were entitled to deduct double of the actual wages paid to disabled staff from the taxable income.

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			
	2010		2009	
	RMB'000	**%**	*RMB'000*	%
	Unaudited		*Unaudited*	
Profit before tax	**1,155,745**		316,595	
At the PRC corporate income tax rate	**288,936**	**25.0**	79,149	25.0
Profits and losses attributable to jointly-controlled entities and associates	**(5,249)**	**(0.5)**	(1,284)	(0.4)
Additional deduction of expenses	**(22,444)**	**(1.9)**	(18,829)	(5.9)
Income not subject to tax	**(1,461)**	**(0.1)**	(2,516)	(0.8)
Tax effect of expenses not deductible for tax purposes	**1,843**	**0.2**	814	0.2
Tax holiday and exemptions	**(13,190)**	**(1.2)**	(20,036)	(6.3)
Actual income tax expenses	**248,435**	**21.5**	37,298	11.8

The share of tax attributable to jointly-controlled entities and associates amounting to RMB5,572,000 (Six months ended 30 June 2009: RMB983,000) is included in "Share of profits and losses of jointly-controlled entities and associates" on the face of the interim consolidated income statement.

The PRC Corporate Income Tax Law was approved on 16 March 2007 and has become effective since 1 January 2008. Relevant tax regulations will be released in the near future. If the regulations are effective for annual periods on or after 1 January 2008, the adoption of the regulations may have effect on these financial statements.

(v) 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 2010 of RMB867,072,000 (Six months ended 30 June 2009: RMB262,348,000) and the weighted average of 1,095,272,000 (Six months ended 30 June 2009: 1,095,272,000) ordinary shares in issue during the period.

No adjustment has been made to basic earnings per share amounts presented for the period ended 30 June 2010 and 2009 in respect of a dilution as the Group has no potentially dilutive ordinary shares in issue during those periods.

(vi) DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2010 (Six months ended 30 June 2009: Nil).

(vii) TRADE RECEIVABLES

	30 June	31 December
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Trade receivables	**280,518**	152,016
Impairment	**(10,058)**	(4,189)
	270,460	147,827

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.

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

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Outstanding balances aged:		
Within 6 months	**271,524**	147,383
7 to 12 months	**4,701**	1,598
Over 1 year	**4,293**	3,035
	280,518	152,016
Impairment	**(10,058)**	(4,189)
	270,460	147,827

(viii) TRADE PAYABLES

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

	30 June 2010	31 December 2009
	RMB'000	*RMB'000*
	Unaudited	*Audited*
Within 6 months	**3,917,396**	2,974,475
7 to 12 months	**34,273**	65,983
1 to 2 years	**32,985**	19,322
Over 2 years	**29,572**	35,618
	4,014,226	3,095,398

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

2. Management Discussion and Analysis

Operating Environment

In the first half of 2010, the global economy has gradually come out of the shadow casted by the international financial crisis, while the overall automobile industry in the People's Republic of China (the "PRC") also showed signs of stable and relatively rapid development. According to the statistics of China Association of Automobile Manufacturers, the production and sales volume of automobiles in the PRC for the first half of 2010 amounted to 8,927,300 units and 9,016,100 units respectively, representing increases of 48.84% and 47.67% respectively from those of the same period last year, and the domestic production and sales volume of passenger vehicles amounted to 6,683,800 units and 6,720,800 units respectively, representing increases of 51.20% and 48.20% respectively.

During the period under review, the PRC government continued to implement relevant policies, which are beneficial to the public, including subsidised trade-in of vehicles, subsidies for energy-saving vehicles and automobile subsidies in rural areas and villages. These policies will further expand the domestic market and increase domestic demand. As to export, with the international economy gradually picking up and the State's continued encouragement for domestic automobile makers to optimise their export marketing mix, the PRC automobile industry has gradually overcome the challenges in export and seen a significant rebound in its overseas sales.

Financial Review

Revenue

During the period under review, the revenue of the Group was RMB9,124,540,000, representing an increase of 77.0% when compared to that of the same period in 2009. The increase was mainly attributable to growth in the sales volume of automobiles.

Sales Analysis

	For the six months ended 30 June 2010			For the six months ended 30 June 2009		
	Sales volume *(units)*	**Revenue** *(RMB'000)*	**Percentage** *(%)*	Sales volume *(units)*	Revenue *(RMB'000)*	Percentage *(%)*
Pick-up trucks	**45,691**	**2,493,584**	**27.3**	37,176	1,986,437	38.5
SUVs	**60,999**	**4,132,241**	**45.3**	18,672	1,504,051	29.2
Sedans	**38,875**	**1,768,943**	**19.4**	29,177	1,292,290	25.1
Other vehicles	**2,587**	**173,667**	**1.9**	1,830	130,684	2.5
Automotive parts and components and others	**—**	**556,105**	**6.1**	—	241,402	4.7
Total	**148,152**	**9,124,540**	**100.0**	86,855	5,154,864	100.0

Gross profit and gross profit margin

During the period under review, the Group's gross profit was RMB1,948,631,000, representing an increase of 115.7% from RMB903,273,000 for the corresponding period of last year. The increase in the Group's gross profit was mainly due to an increase in sales revenue and rise in gross profit margin. The gross profit margin increased from 17.5% in the corresponding period of 2009 to 21.4%, mainly due to (1) a rise in the gross profit margin of sedans, (2) an increase in the sales volume as a result of the realisation of economies of scale, and (3) the Company's enhancement of product quality and further exercise of effective cost control.

Profit attributable to owners of the parent and earnings per share

During the period under review, the Group's profit attributable to owners of the parent was RMB867,072,000.

For the six months ended 30 June 2010, the basic earnings per share attributable to ordinary equity holders of the parent were RMB0.79.

Selling and distribution costs and administrative expenses

For the first half of 2010, the selling and distribution costs and administrative expenses of the Group were RMB642,752,000, representing an increase of 44.9% from RMB443,720,000 in the first half of 2009. The percentage of selling and distribution costs and administrative expenses to total revenue was 7.0%. The main reasons for the increase in the selling and distribution costs and administrative expenses included: (1) an increase in the advertising expenses as a result of increased marketing efforts to promote new models such as sedans, (2) an increase in the transportation expenses as a result of the rise in the sales volume of automobiles, and (3) an increase in staff costs.

Finance costs

During the first half of 2010, the Group's finance costs were approximately RMB6,412,000 as compared to approximately RMB20,742,000 for the first half of 2009.

Liquidity and financial resources

As at 30 June 2010, the Group's current assets mainly included cash and cash equivalents of approximately RMB2,398,973,000, trade receivables of approximately RMB270,460,000, inventories of approximately RMB2,630,929,000, bills receivables of approximately RMB3,840,495,000 and other receivables of approximately RMB939,296,000. The Group's current liabilities mainly included dividend payable of approximately RMB201,542,000, other payables and accruals of approximately RMB2,505,725,000, tax payable of approximately RMB166,164,000, bills payable of approximately RMB1,252,379,000, trade payables of approximately RMB4,014,226,000 and provision for product warranties of approximately RMB84,978,000.

Acquisition and disposal of assets

During the period under review, the Company and its subsidiaries and associates did not have any material acquisitions and disposals of assets.

Capital structure

The Group generally finances its operations with its internal cash flows. As at 30 June 2010, the Group was in 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 or Euros. During the period under review, the exchange rate of RMB to US dollar basically remained stable, while the RMB exchange rate against Euro fluctuated. However, as the fluctuations in the RMB exchange rate against Euro were small and the Group's overseas sales were mainly settled in US dollars, the Group did not experience any material difficulties in or encounter any events which have material impacts on its operations or liquidity as a result of the fluctuations in currency exchange rates during the period under review.

Since the materials, parts and components used by the Group were purchased from the domestic market and the Group's exported products, which had high price-performance ratio, were very competitive, the pressure on the appreciation of RMB did not create any impact on the Group's export business.

Employment, training and development

As at 30 June 2010, the Group employed a total of approximately 33,568 employees. Employees were remunerated by the Group based on 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 5.9% of the Group's revenue for the six months ended 30 June 2010.

Taxation

Tax of the Group increased from RMB37,298,000 in the first half of 2009 to RMB248,435,000 in the first half of 2010, representing a 566.1% increase. The increase in tax was mainly due to an increase in profit.

Segment information

For operational management purposes, the Group is organised as a single business unit focusing on the manufacture and sale of automobiles and automotive parts and components and, therefore, it has no separable operating segment.

Revenue from external customers based on the location of customers is analysed as follows:

	For the six months ended 30 June	
	2010	2009
	RMB'000	*RMB'000*
	Unaudited	*Unaudited*
Mainland China	**7,805,009**	4,328,360
Australia	**269,797**	44,797
Russia	**159,304**	453
Italy	**139,914**	48,570
South Africa	**124,941**	22,508
Iraq	**114,763**	207,494
Chile	**103,620**	28,018
Algeria	**58,189**	84,401
Libya	**4,470**	146,010
Other countries	**344,533**	244,253
	9,124,540	5,154,864

Revenue from external customers for each group of similar products and services is set out in Note (i) to this announcement.

The Group's non-current assets for segmental information presentation purpose (which consist of property, plant and equipment, prepaid land premiums, construction in progress and interests in jointly-controlled entities and associates) are almost entirely situated in the PRC.

The Group has not placed reliance on any single external customers amounting to 10% or more of its revenue.

Business Review

Sales of automobiles

During the period under review, the Group's total sales volume was 148,152 units, representing an increase of 70.6% as compared to that of the same period last year. The sales volume and revenue of pick-up trucks amounted to 45,691 units and RMB2,493,584,000, representing increases of 22.9% and approximately 25.5% respectively as compared to those of the same period in 2009. The sales volume and revenue of SUVs amounted to 60,999 units and RMB4,132,241,000, representing increases of 226.7% and approximately 174.7% respectively, as compared to those of the corresponding period in 2009. The sales volume of sedans amounted to 38,875 units, with a revenue of RMB1,768,943,000, representing an increase of approximately 36.9% as compared to that of the corresponding period in 2009. The sales volume and revenue of other vehicles amounted to 2,587 units and RMB173,667,000 respectively.

Sales of automotive parts and components and others

During the period under review, the revenue of automotive parts and components and others amounted to RMB556,105,000, representing an increase of approximately 130.4% as compared to that of the corresponding period in 2009 and accounting for 6.1% of the total revenue. The increase in the sales of automotive parts and components was mainly due to an increase in the revenue from automotive parts and components for after sales services as a result of the growth in the sales volume of automobiles.

Domestic market

During the period under review, the Group's domestic automobile sales volume and revenue amounted to 126,718 units and RMB7,282,708,000, representing increases of 78.2% and 77.4% respectively when compared with those of the corresponding period of the previous year. Of the Group's domestic sales, 34,094 units, 54,428 units and 35,802 units of pick-up trucks, SUVs and sedans were sold respectively, with revenue amounting to RMB1,859,319,000, RMB3,631,340,000 and RMB1,631,128,000 respectively. The revenue from the two main groups of customers, namely (1) dealers; and (2) government entities and individual customers amounted to RMB7,159,577,000 and RMB123,131,000 respectively.

	For the six months ended 30 June 2010			For the six months ended 30 June 2009		
	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	**124,426**	**7,159,577**	**98.3**	69,587	4,018,787	97.9
Government entities and individual customers	**2,292**	**123,131**	**1.7**	1,505	86,273	2.1
Total	**126,718**	**7,282,708**	**100.0**	71,092	4,105,060	100.0

Overseas markets

Driven by the PRC's favourable export policy, the export volume of automobiles had increased as compared to that of the corresponding period last year. The Group's export volume of automobiles for the first half of 2010 reached 21,434 units, with a total automobile export value of RMB1,285,727,000, accounting for approximately 14.1% of the total revenue of the Group. The Company exported to 121 countries, forming a strong international sales network.

During the period under review, the export volume of pick-up trucks, SUVs and sedans amounted to 11,597 units, 6,571 units and 3,073 units respectively, with export value of RMB634,265,000, RMB500,901,000 and RMB137,815,000 respectively, representing a decease of 8.3%, and increases of 613.4% and 339.2% when compared with those of the corresponding period last year respectively.

With the global economic recovery, the PRC automobile export has made notable improvement. For the first half of the year, the Group ranked among the top PRC automobile manufacturing enterprises in terms of export. In 2010, the Group will continue to enhance its competitive advantages by speeding up its technological innovation on products, continuously developing new products and enhancing product quality. The Group will maintain its existing overseas markets, and continue to explore new markets which have potentials for development.

Launch of new products

In respect of new product development, the Group launched various high quality and competitive products with a high price-performance ratio, with an aim to continue to consolidate its leading positions in the pick-up truck and SUV markets. On the front of sedans, the Group will follow closely the pace of a low carbon economy by continuing to develop energy-saving, environmental-friendly and affordable sedans.

During the period under review, the Group introduced Haval H5 European style, which has an outstanding price-performance ratio. This model has obtained the European Community Whole Vehicle Type Approval, and can be sold without restrictions within the European Union. This model has comfortable and spacious interior with luxurious decoration. The cabin space is on a par with that of mainstream B-class high-end sedans. It also has numerous advantages in various aspects such as interior decorations and accessories that can meet the various demands of domestic and overseas customers. In addition, the Group has also introduced the first "family SUV" in the PRC market — Haval M2, which has a super large interior space, with emphasis on energy-saving, and driving and passenger comfort, all of which can satisfy the dual demand for family use and leisure.

As to sedans, the Group has introduced a series of more competitive products in the market. In May 2010, the Group launched a brand new three-box sedan — Voleex C30. It is a small and compact sedan, featuring an elegant and sporty design. In addition, this model, which has a spacious interior, has the edge of being environmental friendly, due to its low fuel consumption.

Technological Innovation

During the period under review, the Group introduced 5 speed AMT (automated manual transmission), using electric control system to shift gears and actuate the clutch, which allows automatic control of the gearshift and the clutch, with an aim to enhance the driving experience by boosting the operational comfort and convenience. The Group also continued to accelerate the pace in its research and development of automatic transmission.

The engine (GW4G15) installed on Voleex C30 was successfully launched in the first half of 2010. The Group had also strengthened its in-house capacity to develop engines. The engine to be used on Haval H5, which has a displacement of 2.0L, is scheduled to be launched in the market in September 2010. In addition, the Company has developed its own technologies and standards as well as possessed intellectual property rights on engines, transmission, automobile body shape modelling design, automobile design, CAE (computer-aided engineering) and testing.

Outlook

Boosting domestic consumption and promoting industry consolidation will continue to be the targets of the PRC government in 2010. The government continues to implement the policy on automobile subsidies in rural areas and villages and has introduced the "Energy-saving Products Benefiting the People Project". All these will further boost the automobile consumption. The sales volume of the Company's pick-up truck series is expected to have further growth as this series has met the demand of the rural markets. The Group's sedan series, benefiting from the green car subsidies, will see its competitive strengths continue to grow. Various benchmarks of the Group's Florid AMT model have met the standards for its inclusion in the government's promotional catalogue on the first batch of vehicles eligible for the green car subsidies under the "Energy-saving Products Benefiting the People Project".

In future, the Group will produce differentiated products targeting for different consumer segments. Haval H6, a medium-sized urban SUV model, will be launched next year. With respect to sedans, the Group will build on the foundations of their energy-saving and environmental friendly features and continue to enhance their performance, with an aim to offer sedans that suit the market demands.

In addition, the Group is now constructing a production base for automobiles and automotive parts and components in Tianjin. Upon the completion of this production centre, the Group's production capacity will be further enhanced, which will boost the Group's overall competitive edge.

Research and development of new products

The Group will focus its research and development work on technological innovation, while taking a market-oriented approach. The Group will accelerate the development of its core proprietary technology, build up China's automobile brands, and continue to satisfy the diverse demands in the domestic and overseas markets.

Regarding pick-up trucks and SUVs, the Group will further enhance their price-performance ratio through improving quality and their performance, with an aim to consolidate the Group's market position both domestically and abroad.

For sedans, product development will adhere to the principles of energy saving and environmental friendly, and continue with its positioning in small displacement, low fuel consumption and affordable green cars.

To achieve long-term, rapid development of the automobile business, the Group will put more effort on the research and development of its core parts and components, while accelerating the development of engines and transmissions.

3. Interim Dividend

The Board does not recommend the payment of an interim dividend for the period under review.

4. Material Litigations

During the period under review, save for the litigation between the Company and Fiat Group Automobiles S.p.A of Italy at the Court of Turin in Italy regarding the patent of the automobile model GWPeri of the Company, the Company was not involved in any material litigation. The first hearing of the case was held on 14 July 2009 at the Court of Turin and the second hearing was held on 24 March 2010. No judgment has yet been made.

5. Other events

Change in a director's information during the period under review

*Set out below are the changes in the information required to be disclosed pursuant to Rule 13.51(2)(c) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"):*

Mr Chan Yuk Tong, an independent non-executive director of the Company, is an independent non-executive director of Jia Sheng Holdings Limited (stock code: 00729), which was renamed as Thunder Sky Battery Limited on 27 May 2010.

Apart from being a director of the listed companies disclosed in the Company's circular dated 26 March 2010, Mr Chan also assumed the post of independent non-executive director of Trauson Holdings Company Limited (stock code: 00325), which was listed on the main board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 29 June 2010, during the period under review (effective since 10 June 2010). Mr Chan confirms that there are no matters that need to be brought to the attention of the shareholders, and there is no other information to be disclosed pursuant to the provisions under Rule 13.51(2) of the Listing Rules.

6. Purchase, Sale or Redemption of the Company's Listed Securities

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

7. Corporate Governance

To the knowledge of the Board, the Company has complied with all the code provisions of the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules throughout the period under review.

8. Audit Committee

The Company has established an audit committee (the "**Audit Committee**") for the purposes of reviewing and supervising the Group's financial reporting process and internal controls. The Audit Committee comprises four independent non-executive directors of the Company. The Audit Committee held a meeting on 19 August 2010 to review the interim report and interim financial statements of the Group and to give their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2010 interim report and interim financial statements of the Company comply with the applicable accounting standards and that adequate disclosures have been made by the Company.

9. Remuneration Committee

The Group 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.

10. Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by all directors. Having made specific enquiry to the directors and based on the information available, the Board is of the opinion that all directors had complied with the provisions under the Model Code during the period under review.

11. Publication of Interim Report on the Stock Exchange Website

The Company's interim report for the period ended 30 June 2010 will be submitted to the Stock Exchange for publication and will be available for viewing on the Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gwm.com.cn) in due course.

By Order of the Board
GREAT WALL MOTOR COMPANY LIMITED
WEI JIAN JUN
Chairman

Baoding, the PRC, 20 August 2010

As at the date of this announcement, members of the Board are as follows:

Executive Directors:	Mr Wei Jian Jun, Mr Liu Ping Fu, Ms Wang Feng Ying, Mr Hu Ke Gang and Ms Yang Zhi Juan;
Non-executive Directors:	Mr He Ping and Mr Niu Jun;
Independent non-executive Directors:	Mr He Bao Yin, Ms Wei Lin, Mr Li Ke Qiang and Mr Chan Yuk Tong.

* *For identification purpose only*