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 2011

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2011 (Unaudited)	For the six months ended 30 June 2010 (Unaudited)	Change (%)
REVENUE *(RMB million)*	**13,669**	9,125	49.8
Profit before tax *(RMB million)*	**2,181**	1,156	88.7
Profit for the period attributable to owners of the Company *(RMB million)*	**1,812**	867	109.0
Earnings per share	**RMB0.66**	RMB0.32	106.3

The board of directors (the "**Board**") of Great Wall Motor Company Limited (the "**Company**") is pleased to announce the unaudited interim condensed consolidated income statement and interim condensed consolidated statement of comprehensive income of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2011 (the "**Period**") and the interim condensed consolidated statement of financial position of the Group as at 30 June 2011 which have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu, together with the comparative figures for the same period of 2010 as follows:

1. Interim Condensed Consolidated Financial Statements

Interim Condensed Consolidated Income Statement

	Notes	**Six months ended 30/6/2011** *RMB'000* *(Unaudited)*	30/6/2010 *RMB'000* *(Unaudited)*
REVENUE	(i)	**13,669,112**	9,124,540
Cost of sales		**(10,497,355)**	(7,175,909)
Gross profit		**3,171,757**	1,948,631
Other income	(i)	**54,777**	31,643
Other gains and losses		**25,533**	1,241
Selling and distribution expenses		**(525,243)**	(468,076)
Administrative expenses		**(291,251)**	(174,676)
Other expenses		**(256,286)**	(197,605)
Finance costs		**(7,338)**	(6,412)
Share of profit of jointly controlled entities		**7,895**	14,005
Share of profit of associates		**1,031**	6,994
PROFIT BEFORE TAX		**2,180,875**	1,155,745
Income tax expenses	(ii)	**(317,812)**	(248,435)
PROFIT FOR THE PERIOD	(iii)	**1,863,063**	907,310
PROFIT FOR THE PERIOD ATTRIBUTABLE TO:			
Owners of the Company		**1,811,804**	867,072
Non-controlling interests		**51,259**	40,238
		1,863,063	907,310
EARNINGS PER SHARE			
Basic	(iv)	**RMB0.66**	RMB0.32
Diluted		**N/A**	N/A

Interim Condensed Consolidated Statement of Comprehensive Income

	Six months ended	
	30/6/2011	30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
PROFIT FOR THE PERIOD	**1,863,063**	907,310
OTHER COMPREHENSIVE INCOME		
Exchange differences arising on translation	**(1,298)**	—
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,861,765**	907,310
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the Company	**1,810,506**	867,072
Non-controlling interests	**51,259**	40,238
	1,861,765	907,310

Interim Condensed Consolidated Statement of Financial Position

	Notes	**30/6/2011**	31/12/2010
		RMB'000	*RMB'000*
		(Unaudited)	*(Audited)*
NON-CURRENT ASSETS			
Property, plant and equipment		**5,356,864**	5,380,460
Prepaid lease payments		**1,408,561**	1,069,327
Investment property		**5,762**	2,079
Construction in progress		**3,345,444**	1,952,520
Goodwill		**2,164**	2,164
Interests in jointly controlled entities		**40,733**	116,104
Interests in associates		**27,490**	26,459
Available-for-sale investments		**4,200**	4,200
Deferred tax assets		**343,501**	297,216
		10,534,719	8,850,529
CURRENT ASSETS			
Inventories		**2,888,121**	2,103,680
Trade receivables	(vi)	**380,019**	326,996
Bills receivable		**8,941,882**	7,726,100
Other receivables and prepayments		**1,158,157**	1,596,353
Prepaid tax		**12,417**	71,853
Available-for-sale financial investments		**25,000**	—
Pledged bank deposits		**1,759,062**	1,020,989
Cash and bank balances		**2,146,297**	2,073,627
		17,310,955	14,919,598
CURRENT LIABILITIES			
Trade payables	(vii)	**5,189,076**	4,903,564
Bills payable		**5,729,233**	3,375,710
Other payables and accruals		**3,575,790**	3,491,345
Borrowings		**185,071**	—
Derivative financial instruments		**—**	1,953
Current tax liabilities		**104,709**	48,812
Dividends payable to non-controlling interests		**75,235**	37,742
Provision for product warranties		**105,146**	100,219
		14,964,260	11,959,345
NET CURRENT ASSETS		**2,346,695**	2,960,253
TOTAL ASSETS LESS CURRENT LIABILITIES		**12,881,414**	11,810,782

Interim Condensed Consolidated Statement of Financial Position (continued)

	30/6/2011	31/12/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Capital and Reserves		
Share capital	**2,738,180**	1,095,272
Reserves	**8,491,630**	8,919,876
Equity attributable to owners of the Company	**11,229,810**	10,015,148
Non-controlling interests	**251,196**	385,158
TOTAL EQUITY	**11,481,006**	10,400,306
NON-CURRENT LIABILITY		
Deferred income	**1,400,408**	1,410,476
	1,400,408	1,410,476
	12,881,414	11,810,782

Notes:

(i) REVENUE AND OTHER INCOME

Revenue, which is also the Group's turnover, represents the 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 is as follows:

	Six months ended	
	30/6/2011	30/06/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Sale of automobiles	**12,744,729**	8,565,829
Sale of automotive parts and components, and others	**898,573**	535,980
Revenue from providing services	**25,810**	22,731
	13,669,112	9,124,540
Other income		
Bank interest income	**19,126**	15,256
Government grants:		
Release of deferred income	**13,412**	11,815
Other government grant*	**4,723**	4,572
Rental income	**950**	—
Others	**16,566**	—
	54,777	31,643

* *Various government grants have been received by the Group as immediate financial support. There are no unfulfilled conditions relating to these grants.*

(ii) INCOME TAX EXPENSES

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

	Six months ended	
	30/6/2011	30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current tax:		
PRC enterprise income tax:	**364,097**	306,266
Deferred tax		
Current year	**(46,285)**	(57,831)
	317,812	248,435

(iii) PROFIT FOR THE PERIOD

Profit for the period has been arrived at after charging (crediting):

	Six months ended	
	30/6/2011	30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of inventories recognised as an expense	**10,488,665**	7,166,699
Write-down of inventories, net	**8,690**	9,210
	10,497,355	7,175,909
Depreciation of property, plant and equipment	**319,190**	240,208
Depreciation of investment property	**31**	—
Total depreciation and amortisation	**319,221**	240,208
Release of prepaid lease payments	**6,436**	10,423
Employee benefit expenses (including directors' and supervisors' remuneration):		
Wages, salaries and bonus	**739,317**	502,436
Retirement benefit contributions	**53,172**	34,351
	792,489	536,787
Provision for product warranties	**64,275**	39,205
Research and development costs recognised as an expense (included in other expenses)	**252,674**	182,764
Net foreign exchange losses	**3,612**	7,815
Loss on disposal of items of property, plant and equipment	**146**	251
Impairment loss (reversal of impairment loss) of receivables, net	**(759)**	6,607

(iv) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit for the year attributable to the owners of the Company of RMB1,811,804,000 (Six months ended 30 June 2010: RMB867,072,000) and the number of ordinary shares of 2,738,180,000 (Six months ended 30 June 2010: 2,738,180,000). The weighted average number of ordinary shares for the six months ended 30 June 2010 for the purpose of basic earnings per share has been adjusted for the share capitalisation on 26 February 2011.

There were no potential ordinary shares existed during the six months ended 30 June 2011 and 2010 and therefore diluted earnings per share have not been presented.

(v) DIVIDENDS

During the current interim period, a final dividend of RMB0.2 per share in respect of the year ended 31 December 2010 (Six months ended 30 June 2010: RMB0.25 per share in respect of the year ended 31 December 2009) was declared and paid to the owners of the Company. The aggregate amount of the final dividend declared and paid in the current interim period amounted to RMB547,636,000 (Six months ended 30 June 2010: RMB273,818,000).

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011 (Six months ended 30 June 2010: Nil).

(vi) TRADE RECEIVABLES

	30/6/2011	31/12/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Trade receivables	**393,856**	341,005
Less: allowance for doubtful debts	**(13,837)**	(14,009)
	380,019	326,996

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 net trade receivables of the Group, as at the end of the reporting period, based on the invoice date, is as follows:

	30/6/2011	31/12/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Outstanding balances aged:		
Within 6 months	**379,578**	326,950
7 to 12 months	**439**	24
Over 1 year	**2**	22
	380,019	326,996

(vii) TRADE PAYABLES

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

	30/6/2011	31/12/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 6 months	**5,097,112**	4,789,207
7 to 12 months	**50,474**	51,155
1 to 2 years	**22,460**	30,802
Over 2 years	**19,030**	32,400
	5,189,076	4,903,564

The trade payables, except for payable to related parties, are non-interest-bearing and are normally settled on 90-day terms.

2. Management Discussion and Analysis

Operating Environment

In the first half of 2011, both domestic and international economies showed signs of stable development. With the adjustment in the State's macroeconomic policies, the automobile industry in the People's Republic of China (the "PRC") has changed from a state of rapid growth to stable 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 2011 amounted to 9,156,000 units and 9,325,200 units respectively, representing increases of 2.48% and 3.35% respectively from those of the same period last year. The domestic production and sales volume of passenger vehicles amounted to 7,044,900 units and 7,110,300 units respectively, representing increases of 5.36% and 5.75% respectively from those of the corresponding period last year.

Although some incentive policies for the automobile industry, such as subsidised trade-in of vehicles, automobile subsidies in rural areas and preferential purchase tax incentive, were no longer in place during the Period, the PRC government continued the subsidy policy for energy-saving vehicles. In line with the direction of the State's policies, the Company will continue to increase its research efforts to launch energy-saving automobiles that are suitable for the PRC market. Meanwhile, the State continued to encourage domestic automobile manufacturers to optimise their export mix. This, together with steady improvement in the international market environment, had helped the PRC automobile industry to gradually overcome export challenges and see a significant turnaround in its overseas sales. During the Period, the export volume of automobiles from the PRC amounted to 381,100 units, representing an increase of 56.99 % from that of the same period last year.

Financial Review

Revenue

During the Period, the revenue of the Group was RMB13,669,112,000, representing an increase of 49.8% when compared to that of the same period in 2010. The increase in revenue was mainly attributable to growth in the sales volume of automobiles.

Sales Analysis

	For the six months ended 30 June 2011			For the six months ended 30 June 2010		
	Sales volume *(units)*	**Revenue** *(RMB'000)*	**As a percentage of revenue** *(%)*	Sales volume *(units)*	Revenue *(RMB'000)*	As a percentage of revenue *(%)*
SUVs	**71,795**	**5,187,203**	**37.9**	60,999	4,132,241	45.3
Sedans	**85,530**	**4,166,766**	**30.5**	38,875	1,768,943	19.4
Pick-up trucks	**57,157**	**3,149,543**	**23.0**	45,691	2,493,584	27.3
Other vehicles	**3,806**	**241,217**	**1.8**	2,587	171,061	1.9
Automotive parts and components and others		**924,383**	**6.8**		558,711	6.1
Total	**218,288**	**13,669,112**	**100.0**	148,152	9,124,540	100.0

Gross profit and gross profit margin

During the Period, the Group's gross profit was RMB3,171,757,000, representing an increase of 62.8% from RMB1,948,631,000 for the corresponding period last year. The increase in the Group's gross profit was mainly due to an increase in sales revenue and gross profit margin. The gross profit margin of the Group increased from 21.4% in the corresponding period of 2010 to 23.2%, mainly due to (1) a rise in the gross profit margin of sedans, (2) economies of scale as a result of enlarged sales volume, and (3) the enhancement in the brand's ability to boost its premium as a result of the Company's continued quality improvement.

Profit for the period attributable to owners of the Company and earnings per share

During the Period, the Group's profit for the period attributable to owners of the Company was RMB1,811,804,000.

For the six months ended 30 June 2011, the basic earnings per share attributable to ordinary equity holders of the Company were RMB0.66.

Selling and distribution costs and administrative expenses

For the first half of 2011, the selling and distribution costs and administrative expenses of the Group were RMB816,494,000, representing an increase of 27.0% from RMB642,752,000 in the first half of 2010. The percentage of selling and distribution costs and administrative expenses to total revenue decreased from 7.0% in the first half of 2010 to 6.0% in the first half of 2011. The main reasons for the increase in the selling and distribution costs and administrative expenses included: (1) increase in transportation costs and product warranty and maintenance costs due to the growth in the sales volume of automobiles; (2) increase in staff costs and office overheads as a result of the enlarged scale of operation.

Finance costs

During the first half of 2011, the Group's finance costs were approximately RMB7,338,000 as compared to approximately RMB6,412,000 for the first half of 2010.

Liquidity and financial resources

As at 30 June 2011, the Group's current assets mainly included cash and bank balances and pledged bank deposits of approximately RMB3,905,359,000, trade receivables of approximately RMB380,019,000, inventories of approximately RMB2,888,121,000, bills receivables of approximately RMB8,941,882,000 and other receivables and prepayments of approximately RMB1,158,157,000. The Group's current liabilities mainly included dividends payable to non-controlling interests of approximately RMB75,235,000, other payables and accruals of approximately RMB3,575,790,000, current income tax liabilities of approximately RMB104,709,000, bills payables of approximately RMB5,729,233,000 and trade payables of approximately RMB5,189,076,000 and provision for product warranties of approximately RMB105,146,000.

Acquisition and disposal of assets

On 26 May 2011, the Company entered into an equity transfer agreement with the Liquidators (a group which was designated by the People's Court of Gaobeidian City, Hebei Province, the People's Republic of China ("the PRC") on 18 May 2004 to take over the management and disposal of the assets of Baoding Great Wall Huabei Automobile Company Limited from Gaobeidian City Huabei Automobile Works) for the acquisition of 47.029% equity interests of Baoding Great Wall Huabei Automobile Company Limited held by the Liquidators for a consideration of RMB173,175,000. After the completion of the acquisition, Baoding Great Wall Huabei Automobile Company Limited will become a wholly-owned subsidiary of the Company.

Baoding Great Wall Huabei Automobile Company Limited renewed its enterprise legal person business licence on 27 June 2011.

Save as the abovementioned acquisition, the Company and its subsidiaries and associates did not have other material acquisition or disposal of assets.

Capital structure

The Group generally finances its operations with its internal cash flows.

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, 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.

Since the Group's exported products had a high price-performance and were very competitive, its export business was not affected by the pressure of RMB appreciation.

Employment, training and development

As at 30 June 2011, the Group employed a total of approximately 42,589 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 5.8% of the Group's revenue for the six months ended 30 June 2011.

Income tax expenses

Income tax expenses of the Group increased from RMB248,435,000 in the first half of 2010 to RMB317,812,000 in the first half of 2011, representing a 27.9% increase. The increase in income tax expenses was mainly due to an increase in profit.

Segment information

For 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, has no separable operating segment.

	Manufacture and sale of automobiles and automotive parts and components	
	Six months ended	
	30/6/2011	30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Segment revenue	**13,669,112**	9,124,540
Segment profit	**1,863,063**	907,310
	30/6/2011	31/12/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Segment assets	**27,845,674**	23,770,127
Segment liabilities	**16,364,668**	13,369,821

Revenue of the Group by geographical distribution of external customers is set out as follows:

	Six months ended	
	30/6/2011	30/6/2010
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Mainland China	**11,746,975**	7,805,009
Russia	**570,273**	159,304
Australia	**220,263**	269,797
Chile	**208,747**	103,620
South Africa	**153,961**	124,941
Iraq	**108,894**	114,763
Italy	**42,717**	139,914
Other countries	**617,282**	407,192
	13,669,112	9,124,540

Revenue from external customers of the Group by products and services is set out in Note (i) of the interim condensed consolidated financial statements.

The Group's non-current assets for disclosure in the 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 primarily situated in the PRC.

The Group has not placed reliance on any single external customer which accounts for 10% or more of its revenue.

Business Review

Sales of automobiles

During the Period, the Group's total sales volume was 218,288 units, representing an increase of approximately 47.3% as compared to that of the same period last year. The sales volume and revenue of SUVs amounted to 71,795 units and RMB5,187,203,000, representing increases of approximately 17.7% and approximately 25.5% respectively, as compared to those of the corresponding period in 2010. The sales volume and revenue of sedans amounted to 85,530 units and RMB4,166,766,000, representing increases of approximately 120.0% and approximately 135.6% respectively, as compared to those of the corresponding period in 2010. The sales volume and revenue of pick-up trucks amounted to 57,157 units and RMB3,149,543,000, representing increases of approximately 25.1% and approximately 26.3% respectively as compared to those of the same period in 2010. The sales volume and revenue of other vehicles amounted to 3,806 units and RMB241,217,000 respectively.

Sales of automotive parts and components and others

During the Period, the revenue of automotive parts and components and others amounted to RMB924,383,000, representing an increase of approximately 65.4% as compared to that of the corresponding period in 2010 and accounting for 6.8% 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, the Group's domestic automobile sales volume and revenue amounted to 187,120 units and RMB10,906,246,000, representing increases of 47.7% and 49.8% respectively when compared with those of the corresponding period of the previous year. Of the Group's domestic sales, 59,088 units, 79,907 units and 44,440 units of SUVs, sedans and pick-up trucks were sold respectively, generating revenue which amounts to RMB4,288,561,000, RMB3,921,511,000 and RMB2,463,626,000 respectively. The revenue from the two main groups of customers, namely (1) dealers; and (2) government entities and individual customers amounted to RMB10,834,387,000 and RMB71,859,000 respectively.

	For the six months ended 30 June 2011			For the six months ended 30 June 2010		
	Sales volume *(units)*	**Revenue** *(RMB'000)*	**As a percentage of revenue from domestic automobile sales** *(%)*	Sales volume *(units)*	Revenue *(RMB'000)*	As a percentage of revenue from domestic automobile sales *(%)*
Dealers	**186,101**	**10,834,387**	**99.3**	124,426	7,156,971	98.3
Government entities and individual customers	**1,019**	**71,859**	**0.7**	2,292	123,131	1.7
Total	**187,120**	**10,906,246**	**100.0**	126,718	7,280,102	100.0

Overseas Markets

Benefiting from the State's favourable export policy and gradual economic recovery in overseas markets, automobile exports significantly increased as compared from that of the same period last year. In the first half of 2011, the export volume of automobiles reached 31,168 units, and the total export value amounted to RMB1,838,483,000, accounting for 13.4% of the total revenue of the Group. The Group exported its products to more than 120 countries and regions, forming a solid international sales network.

The export volume of SUVs, sedans and pick-up trucks during the Period amounted to 12,707 units, 5,623 units and 12,717 units respectively, with export value amounting to RMB898,641,000, RMB245,255,000 and RMB685,917,000 respectively. The export value of SUVs, sedans and pick-up trucks increased by 79.4%, 78.0% and 8.1% respectively as compared with those of the same period last year.

Driven by the economic recovery in overseas markets and the State's favourable automobile export policy, the automobile exports from the PRC had displayed satisfactory performance. Meanwhile, the Group continued to strengthen its research and development capability to enhance product quality. All these had led to the Group's rapid resumption of growth in export volume in the first half of 2011. The Group was in the forefront of the PRC automobile manufacturing industry in terms of export volume and export value. In the second half of 2011, the Group will speed up the progress of product and technology innovation, and will continue to develop new products and enhance product quality. With the commencement of operation of overseas assembly plants, the Group's overseas sales volume is expected to further increase.

To ensure sustainable development of its export business and continued growth in overseas sales volume and profit in the ever-changing overseas market environment, the Group has taken the following measures: improving the performance of its products and optimising its product mix using advanced technology while enhancing the price competitiveness of its products through stringent production cost control to meet the market demand. In addition, the Group kept increasing the export volume of semi-knocked down (SKD) and complete knock-down (CKD) kits, and further consolidated its position in the overseas market through a comprehensive after-sales service network.

Launch of New Products

The Group focuses on three major categories, namely SUVs, sedans and pick-up trucks. With energy conservation and environmental protection as its business philosophy, the Group continues to develop affordable car models that are energy-saving and environmental friendly. During the Period, the Group launched Florid Cross 2011, with enhanced safety features. This model was well received by consumers for its safety and stylish properties.

It is expected that two new models, namely Haval H6 and Voleex C50, will be launched by the Group in the second half of the year. The new car models expected to be launched in the second half of 2011 will help further lift the Group's profit due to their excellent performance and high price-performance.

Technology Innovation

The Group aims at leveraging advanced technology to design high performance and quality products, and has established extensive partnership with world's top parts and components manufacturing companies.

In future, the Group plans to join hands with leading international automotive components companies in the development of key parts and components including powertrain, air management system, vehicle thermal system, high-end engine piston and air charge valve.

Outlook

In the first half of 2011, with the withdrawal of the favourable policies for automobile industry, the PRC automobile market showed signs of more rational development. To ensure sustainable product development, the Group has established a product segmentation strategy, brand positioning and development roadmap. The Group has established a "3-high Strategy" for this year, to create premium products with high technology equipment and high performance-oriented design.

Great Wall Motor will continue to deepen technology cooperation with various internationally renowned enterprises to ensure greater improvement in the quality of all the car models of Great Wall Motor. With the aim of developing itself as a self-owned brand with global recognition, the Group makes it a top priority to enhance product quality in its internationalisation strategy. It will strive to create an international brand through launching products with high price performance.

In addition, Great Wall Motor will accelerate its development of new energy vehicles, and will conduct research and development of new energy automobiles according to the stringent product development procedures.

The Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area is now under construction. Phase I construction is now in the final stage of testing, and upon its completion, new models, including Haval H6 and Voleex C50, will be manufactured here.

New Product Development Direction

Under a market-oriented strategy, the Company's new product development will focus on SUVs, sedans and pick-up trucks. The Company will reinforce its brand image by continuous quality improvement.

The Company will continue to strengthen its research and development on SUVs to launch different lines of SUV models. The Group will also intensify its efforts in the development of low-emission SUVs and introduce energy-saving and environmental-friendly models in line with the State's policy. Great Wall Motor will consolidate its leading position in domestic SUV markets, while further expanding overseas markets to increase exports.

Under the guidance of the State's policy to promote energy-saving products, the Group will continue to develop energy-saving, environmental-friendly and economical sedans. The Group will persistently launch middle and high-end sedans incorporating the above-mentioned features to broaden its share in the sedan market.

As for pick-up trucks, the Group will sustain its market share through constant new product development and product performance enhancement.

3. Interim Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2011 (six months ended 30 June 2010: Nil).

4. Material Litigations

During the Period, 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 exterior design of the automobile model GW Peri of the Company, the Company was not involved in any material litigation. The Court of Turin (the "**Court**") in Italy made a civil judgment dated 8 April 2011, against the Company (the "**Judgment**") for the infringement or alleged infringement of all the patented European Community exterior designs numbered 00044722-0001 dated 11 November 2003. The Judgment prohibited the Company from engaging in acts of, among others, any advertisement, marketing, sales offer, import and operation of the "Peri" brand automobiles in the territory of the European Union (the "**Prohibition**"). The "Peri" brand automobiles imported into or operated in the European Union in violation of the Judgment will be confiscated temporarily. Upon the Judgment comes into effect, for each violation, non-compliance and postponement of the Prohibition, the Company will be liable to a penalty of €15,000. The Company was ordered to publish the key points of the Judgment in the following newspapers and magazines namely, LA Stampa (The Press), Corriere Della Sera, La Repubblica, Quattroruote, Automotive News Europe and the Wall Street Journal Europe. The relevant content shall be prepared by Fiat and the expenses for publication shall be borne by the Company, and the Company shall reimburse Fiat for the relevant expenses upon presentation of the supporting documents. The claim for damages by Fiat was dismissed. The Company was ordered to reimburse to Fiat the litigation costs in the sum of €29,344.67 (including tax of €3,320.00, counsel fee of €25,000.00 and reporting expenses of €1,024.67) and at the same time, to pay Fiat 12.5% of the general expense, value-added tax and fee for lawyers' insurance fund as compensation.

The automobile model GW Peri ("**GW Peri**") of the Company, which commenced production in January 2008, had ceased production in September 2010. The Company has never exported "GW Peri" to the territory of the European Union and will not do so in the future.

The Directors expect that the Judgment will not have any material adverse effect on the operation, business or financial conditions of the Company.

The Judgment is a verdict and any appeal may be lodged by 15 October 2011. The Company will determine whether or not to lodge an appeal before then.

5. Other events

Capitalisation issue

The Company issued a circular on 10 January 2011. As a return to the long-term support of the Shareholders and to improve the liquidity of the Shares, the Company issued up to 619,908,000 new H shares and 1,023,000,000 new domestic shares to the respective holders of H shares and domestic shares of the Company standing in the register of members of the Company on 26 February 2011 in the proportion of fifteen (15) Capitalisation H Shares for every ten (10) H Shares of the Company and fifteen (15) Capitalisation Domestic Shares for every ten (10) domestic shares of the Company held on the Record Date (the "**Capitalisation Issue**"). Relevant matters were approved on the extraordinary general meeting held on 26 February 2011 and the total equity of the Group increased to 2,738,180,000 shares after the Capitalisation Issue.

Proposed A share issue

Shareholders of the Company at the extraordinary general meeting, the H shareholders class meeting and domestic shareholders class meeting of the Company held on 26 November 2010 approved the respective resolution regarding the proposed allotment and issue of not more than 121,697,000 A shares.

Shareholders at the extraordinary general meeting, H shareholders class meeting and domestic shareholders class meeting of the Company held on 26 February 2011 approved the respective resolution regarding the proposed capitalisation issue by way of the conversion of the Company's capital reserve and the respective resolution regarding the proposed increase in the size of the proposed number of A shares to be issued from "not more than 121,697,000 A shares (not exceeding approximately 11.12% of the existing total issued share capital and not exceeding approximately 10.01% of the total issued share capital of the Company upon the issue of the A Shares)" to "not more than 304,243,000 A shares (not exceeding approximately 11.12% of the total issued share capital (taking into account the shares to be issued pursuant to the capitalization issue) but not the issue of A shares and not exceeding approximately 10.01% of the total issued share capital of the Company (taking into account the shares to be issued pursuant to the capitalization issue) upon the issue of the A shares".

On 3 August 2011, the proposed A share issue was passed by the Public Offering Review Committee of CSRC, Under the proposed A share issue, not more than 304,243,000 A Shares are to be issued and proposed to be listed on the Shanghai Stock Exchange. The formal written approval of the proposed A share issue from CSRC is still pending. The proceeds from the issue of A shares will be applied to the following projects: annual production of 100,000 sets of diesel engines of model number GW4D20, annual production of 300,000 sets of EG engines, annual production of 200,000 sets of six-speed manual transmissions, annual production of 400,000 sets of aluminum alloy casting, annual production of 400,000 sets of axles and brakes, annual production of 400,000 sets of interior and exterior decorations and annual production of 400,000 sets of automotive lightings.

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.

7. Corporate Governance

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

8. Audit Committee

The Company has set up an audit committee (the "**Audit Committee**") for the purposes of reviewing and providing supervising over financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors of the Company. During the meeting held on 18 August 2011, the Audit Committee had reviewed the interim report and interim financial statements of the Group and given their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2011 interim report and interim financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

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 2011 and results announcement containing the information required by the Listing Rules 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, 19 August 2011

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. Wong Chi Hung, Stanley.

* *For identification purpose only*