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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 ANNUAL RESULTS
 FOR THE YEAR ENDED 31 DECEMBER 2012**

According to the amendments to the Rules Governing the Listing of Securities (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) made in December 2010, Mainland incorporated companies listed in Hong Kong are allowed, with effect from 15 December 2010, to prepare their financial statements using the China Accounting Standards for Business Enterprises (“**CASBE**”) and Mainland audit firms approved by the Ministry of Finance of China and the China Securities Regulatory Commission (“**CSRC**”) are allowed to serve these companies as their auditors and to audit such financial statements using Mainland auditing standards. Accordingly, the first extraordinary general meeting of 2012 of Great Wall Motor Company Limited (the “**Company**” or “**Great Wall Motor**”) was held on 16 January 2012, at which shareholders passed a resolution in respect of the amendments to the Company’s articles of association which enable the Company to prepare its financial statements in accordance with Mainland accounting standards. As a result, the Company has the flexibility of opting for the uniform application of CASBE in preparing its annual and interim financial statements to satisfy the requirements of both the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company has opted to adopt CASBE to prepare its financial statements for its A shareholders and H shareholders from the financial year ended 31 December 2011 onwards.

FINANCIAL HIGHLIGHTS

| | For the year ended 31 December 2012 | For the year ended 31 December 2011 | Change (%) |
|---|--|--|------------|
| Revenue (<i>RMB million</i>) | 43,160 | 30,089 | 43.44 |
| Total profit (<i>RMB million</i>) | 6,841 | 4,131 | 65.62 |
| Total profit as a % of revenue | 15.85% | 13.73% | 15.44 |
| Net profit attributable to shareholders of the parent company (<i>RMB million</i>) | 5,692 | 3,426 | 66.14 |
| Earnings per share | RMB1.87 | RMB1.22 | 53.28 |

The board of directors (the “**Board**”) of the Company is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “**Group**”) prepared in accordance with CASBE for the year ended 31 December 2012 (the “**Year**”), together with the comparative figures for the corresponding period of 2011 as follows:

1. FINANCIAL INFORMATION

Consolidated Balance Sheet

| Item | <i>Note</i> | 31/12/2012 <i>RMB</i> | 31/12/2011 <i>RMB</i> |
|-----------------------------------|-------------|--------------------------|--------------------------|
| Assets | | | |
| Current Assets: | | | |
| Cash and bank balances | | 6,336,981,784.93 | 7,107,086,034.95 |
| Held-for-trading financial assets | | 11,651,307.26 | 1,177,700.00 |
| Bills receivable | | 14,790,887,422.30 | 8,702,977,854.66 |
| Accounts receivable | (i) | 691,488,679.17 | 679,370,292.96 |
| Prepayments | | 391,549,732.29 | 360,600,901.18 |
| Interest receivable | | 15,280,463.03 | — |
| Other receivables | | 854,389,669.52 | 650,401,167.30 |
| Inventories | | 2,695,117,691.59 | 2,776,681,563.15 |
| Other current assets | | 60,330,465.60 | 95,896,929.73 |
| Total Current Assets | | 25,847,677,215.69 | 20,374,192,443.93 |
| Non-current Assets: | | | |
| Long-term receivables | | 22,970,074.17 | — |
| Long-term equity investments | | 41,841,473.15 | 70,038,060.49 |
| Investment properties | | 6,251,972.88 | 6,413,916.01 |
| Fixed assets | | 9,019,119,819.20 | 7,392,381,087.28 |
| Construction in progress | | 4,989,704,197.26 | 3,050,225,885.34 |
| Intangible assets | | 2,214,215,362.85 | 1,869,266,218.71 |
| Goodwill | | 2,163,713.00 | 2,163,713.00 |
| Long-term prepaid expenses | | 17,486,693.00 | 18,267,919.84 |
| Deferred tax assets | | 407,966,015.58 | 351,908,470.87 |
| Total Non-current Assets | | 16,721,719,321.09 | 12,760,665,271.54 |
| Total Assets | | 42,569,396,536.78 | 33,134,857,715.47 |

| Item | Note | 31/12/2012 RMB | 31/12/2011 RMB |
|--|-------|---------------------------------|---------------------------------|
| Liabilities and Shareholders' Equity | | | |
| Current Liabilities: | | | |
| Bills payable | | 4,341,672,114.91 | 3,977,526,932.93 |
| Accounts payable | (ii) | 8,697,430,801.03 | 6,033,540,800.73 |
| Advances from customers | | 3,195,376,434.87 | 2,711,470,723.34 |
| Salaries payable | | 736,035,068.04 | 501,866,128.29 |
| Taxes payable | | 537,079,490.65 | 283,940,139.56 |
| Dividends payable | | — | 59,536,914.89 |
| Other payables | | 1,219,640,824.99 | 852,932,381.01 |
| Non-current liabilities due within one year | | 51,704,662.45 | 26,458,955.67 |
| Other current liabilities | | 540,227,876.22 | 266,265,212.39 |
| Total Current Liabilities | | <u>19,319,167,273.16</u> | <u>14,713,538,188.81</u> |
| Non-current Liabilities: | | | |
| Other non-current liabilities | | 1,606,859,855.26 | 1,399,815,782.93 |
| Total Non-current Liabilities | | <u>1,606,859,855.26</u> | <u>1,399,815,782.93</u> |
| Total Liabilities | | <u>20,926,027,128.42</u> | <u>16,113,353,971.74</u> |
| Shareholders' Equity: | | | |
| Share capital | | 3,042,423,000.00 | 3,042,423,000.00 |
| Capital reserve | | 4,461,109,309.25 | 4,463,795,086.95 |
| Surplus reserve | | 2,217,932,376.40 | 1,583,245,673.36 |
| Undistributed profits | (iii) | 11,799,009,548.92 | 7,653,974,196.03 |
| Foreign currency translation differences | | (6,230,241.74) | (6,329,603.59) |
| Total Equity Attributable to Shareholders of the parent company | | <u>21,514,243,992.83</u> | <u>16,737,108,352.75</u> |
| Minority interests | | <u>129,125,415.53</u> | <u>284,395,390.98</u> |
| Total Shareholders' Equity | | <u>21,643,369,408.36</u> | <u>17,021,503,743.73</u> |
| Total Liabilities and Shareholders' Equity | | <u><u>42,569,396,536.78</u></u> | <u><u>33,134,857,715.47</u></u> |

Consolidated Income Statement

| Item | Note | Year ended 31/12/2012 RMB | Year ended 31/12/2011 RMB |
|---|------|---------------------------------|---------------------------------|
| Total operating revenue | (iv) | 43,159,966,648.39 | 30,089,476,665.00 |
| Total operating costs | | 36,526,361,438.74 | 26,105,111,467.73 |
| Including: Operating costs | (iv) | 31,561,501,368.09 | 22,593,797,877.09 |
| Business taxes and surcharges | | 1,594,765,114.98 | 1,052,324,859.69 |
| Selling expenses | | 1,656,352,069.11 | 1,192,712,451.22 |
| Administrative expenses | | 1,743,699,625.96 | 1,283,873,003.63 |
| Financial expenses | | (105,325,665.78) | (22,934,689.66) |
| Impairment losses of assets | | 75,368,926.38 | 5,337,965.76 |
| Add: Gains or losses from changes in fair values | | 10,473,607.26 | 3,131,156.00 |
| Investment income | | 19,322,880.32 | 24,357,261.65 |
| Including: share of profit of associate and jointly controlled entities | | 2,215,877.19 | 11,954,450.91 |
| Operating profit | | 6,663,401,697.23 | 4,011,853,614.92 |
| Add: Non-operating income | | 220,570,848.24 | 126,307,643.49 |
| Less: Non-operating expenses | | 42,936,221.53 | 7,509,939.18 |
| Including: Loss from disposal of non-current assets | | 27,126,762.49 | 2,522,008.18 |
| Total profit | | 6,841,036,323.94 | 4,130,651,319.23 |
| Less: Income tax expenses | (v) | 1,118,964,991.48 | 619,998,434.10 |
| Net profit | | 5,722,071,332.46 | 3,510,652,885.13 |
| Net profit attributable to shareholders of the parent company | | 5,692,448,955.93 | 3,426,195,112.78 |
| Profit or loss attributable to minority interests | | 29,622,376.53 | 84,457,772.35 |
| Earnings per share | | | |
| Basic earnings per share | (vi) | 1.87 | 1.22 |
| Diluted earnings per share | | N/A | N/A |
| Other comprehensive income | | 99,361.85 | (2,763,181.43) |
| Total comprehensive income | | 5,722,170,694.31 | 3,507,889,703.70 |
| Total comprehensive income attributable to shareholders of the parent company | | 5,692,548,317.78 | 3,423,431,931.35 |
| Total comprehensive income attributable to minority interests | | 29,622,376.53 | 84,457,772.35 |

Notes:

(i) **Accounts receivable**

(1) Accounts receivable were disclosed by category as follows:

Descriptions of the categories of accounts receivable:

The Group recognizes accounts receivable of over RMB3 million and accounts receivable from unconsolidated related parties as individually significant.

| Category | 2012.12.31 | | | | 2011.12.31 | | | |
|---|-----------------------|---------------|-------------------------|---------------|-----------------------|---------------|-------------------------|---------------|
| | Carrying amount | | Provision for bad debts | | Carrying amount | | Provision for bad debts | |
| | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) | Amount | Ratio (%) |
| Individually significant and subject to separate provision | 627,157,658.43 | 87.97 | (13,239,602.10) | 61.86 | 614,117,882.86 | 89.06 | (2,025,700.00) | 19.94 |
| Subject to provision by groups | — | — | — | — | — | — | — | — |
| Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group | 3,978,340.07 | 0.56 | (2,743,849.02) | 12.82 | 3,474,372.04 | 0.50 | (3,361,816.86) | 33.09 |
| Other insignificant accounts receivable | 81,754,886.33 | 11.47 | (5,418,754.54) | 25.32 | 71,939,172.03 | 10.44 | (4,773,617.11) | 46.97 |
| Subtotal | 85,733,226.40 | 12.03 | (8,162,603.56) | 38.14 | 75,413,544.07 | 10.94 | (8,135,433.97) | 80.06 |
| Accounts receivable which are individually insignificant but subject to separate provision | — | — | — | — | — | — | — | — |
| Total | <u>712,890,884.83</u> | <u>100.00</u> | <u>(21,402,205.66)</u> | <u>100.00</u> | <u>689,531,426.93</u> | <u>100.00</u> | <u>(10,161,133.97)</u> | <u>100.00</u> |

The Group normally receives payments or bills in advance for the sale of automobiles.

(2) Aging analysis of accounts receivable and corresponding provisions for bad debts were as follows:

| Aging | 2012.12.31 | | | | 2011.12.31 | | | |
|---------------|-----------------------|---------------|------------------------|-----------------------|-----------------------|---------------|------------------------|-----------------------|
| | Carrying amount | Ratio (%) | Provision | | Carrying amount | Ratio (%) | Provision | |
| | | | for bad debts | Book value | | | for bad debts | Book value |
| Within 1 year | 708,917,123.62 | 99.45 | (18,658,356.64) | 690,258,766.98 | 686,057,054.89 | 99.49 | (6,799,317.11) | 679,257,737.78 |
| 1 to 2 years | 3,871,031.21 | 0.54 | (2,641,119.02) | 1,229,912.19 | 1,845,600.94 | 0.27 | (1,733,045.76) | 112,555.18 |
| 2 to 3 years | 102,730.00 | 0.01 | (102,730.00) | — | 1,582,256.80 | 0.23 | (1,582,256.80) | — |
| Over 3 years | — | — | — | — | 46,514.30 | 0.01 | (46,514.30) | — |
| Total | <u>712,890,884.83</u> | <u>100.00</u> | <u>(21,402,205.66)</u> | <u>691,488,679.17</u> | <u>689,531,426.93</u> | <u>100.00</u> | <u>(10,161,133.97)</u> | <u>679,370,292.96</u> |

(ii) Accounts payable

RMB

| Item | 2012.12.31 | 2011.12.31 |
|---------------|--------------------------------|-------------------------|
| Within 1 year | 8,661,319,765.87 | 5,991,799,559.72 |
| 1 to 2 years | 17,900,819.63 | 25,713,546.87 |
| 2 to 3 years | 10,226,566.27 | 8,357,715.34 |
| Over 3 years | 7,983,649.26 | 7,669,978.80 |
| Total | <u>8,697,430,801.03</u> | <u>6,033,540,800.73</u> |

Note 1: Accounts payable aged over 1 year were primarily the remaining balances for raw materials due to suppliers.

Note 2: At the end of the Year, there was no accounts payable due to shareholders holding 5% or more voting shares of the Company.

(iii) Undistributed profits

RMB

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|--|--------------------------------|-----------------------|
| Undistributed profits at the end of the year | 11,799,009,548.92 | 7,653,974,196.03 |
| Including: Cash dividends proposed but not yet distributed | <u>1,734,181,110.00</u> | <u>912,726,900.00</u> |
| Proposed distribution of cash dividends | <u>1,734,181,110.00</u> | <u>912,726,900.00</u> |

The 2011 Annual General Meeting of the Company held on 7 May 2012 considered and approved the resolution regarding the profit distribution proposal for the year 2011. The Company declared the 2011 annual cash dividend of RMB0.30 per share (tax inclusive) to all shareholders, aggregating to RMB912,726,900.00 based on the total of 3,042,423,000 shares with a par value of RMB1 each.

On the basis of a total of 3,042,423,000 shares with a par value of RMB1 each in 2012, the final cash dividend of 1,734,181,110.00 at RMB0.57 per share (tax inclusive) in respect of the year ended 31 December 2012 has been proposed by the Board. Such profit distribution proposal is subject to approval by the shareholders in general meeting.

(iv) Operating revenue and operating costs**(1) Operating revenue**

RMB

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|--|---------------------------------|--------------------------|
| Revenue from principal businesses | 42,399,540,479.84 | 29,390,292,682.51 |
| Of which: Revenue from the sale of automobiles | 40,728,457,563.03 | 28,178,354,604.19 |
| Revenue from the sale of automotive parts and components | 1,027,409,920.13 | 866,075,127.01 |
| Revenue from matrix and others | 546,485,766.25 | 262,481,164.43 |
| Revenue from providing services | 97,187,230.43 | 83,381,786.88 |
| Revenue from other businesses | <u>760,426,168.55</u> | <u>699,183,982.49</u> |
| Total | <u>43,159,966,648.39</u> | <u>30,089,476,665.00</u> |

(2) Operating costs

RMB

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|--|---------------------------------|---------------------------------|
| Costs from principal businesses | 30,963,437,663.23 | 21,978,349,009.39 |
| Of which: Expenses from the sales of automobiles | 29,657,839,270.62 | 21,027,802,103.68 |
| Expenses from the sales of automotive parts and components | 748,320,066.31 | 644,388,668.29 |
| Expenses from matrix and others | 468,710,310.55 | 229,551,908.89 |
| Expenses from providing services | 88,568,015.75 | 76,606,328.53 |
| Expenses from other businesses | 598,063,704.86 | 615,448,867.70 |
| Total | <u>31,561,501,368.09</u> | <u>22,593,797,877.09</u> |

(v) Income tax expenses

RMB

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|--|--------------------------------|------------------------------|
| Current income tax calculated according to tax laws and relevant rules | 1,175,022,536.19 | 674,691,230.76 |
| Deferred income tax | (56,057,544.71) | (54,692,796.66) |
| Total | <u>1,118,964,991.48</u> | <u>619,998,434.10</u> |

Reconciliation between income tax expenses and accounting profits is as follows:

RMB

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|--|--------------------------------|------------------------------|
| Accounting profit/loss | 6,841,036,323.94 | 4,130,651,319.23 |
| Income tax rate | 25% | 25% |
| Income tax calculated at tax rate of 25% | 1,710,259,080.99 | 1,032,662,829.81 |
| Domestic equipment tax credit | — | (1,729,826.81) |
| Environmental protection tax credit | (81,196.58) | (74,358.98) |
| Tax holidays, exemptions and concessionary rates | (520,361,801.55) | (342,192,845.96) |
| Additional tax deduction for research and development expenses | (84,825,627.35) | (69,642,740.59) |
| Tax effect of non-taxable income | (553,969.30) | (3,194,011.76) |
| Tax effect of non-deductible expenses | 14,528,505.28 | 4,169,388.39 |
| Total | <u>1,118,964,991.48</u> | <u>619,998,434.10</u> |

(vi) **Calculation of basic and diluted earnings per share**

Net profit for the current period attributable to ordinary shareholders of the Company used for calculating basic earnings per share is as follows:

| | <i>RMB</i> | |
|--|--------------------------------|------------------------------|
| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
| Net profit attributable to ordinary shareholders | 5,692,448,955.93 | 3,426,195,112.78 |
| Of which: Net profit attributable to continuing operations | <u>5,692,448,955.93</u> | <u>3,426,195,112.78</u> |
| Total | <u>5,692,448,955.93</u> | <u>3,426,195,112.78</u> |

The denominator used for calculating earnings per share, being the weighted average number of outstanding ordinary shares, is calculated as follows:

| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
|---|------------------------------|------------------------------|
| Number of outstanding ordinary shares at the beginning of the year | 3,042,423,000.00 | 2,738,180,000.00 |
| Add: Weighed number of ordinary shares issued in the year | — | 76,060,750.00 |
| Less: Weighted number of ordinary shares repurchased in the year | — | — |
| Weighted number of outstanding ordinary shares at the end of the year | 3,042,423,000.00 | 2,814,240,750.00 |

| | <i>RMB</i> | |
|--|------------------------------|------------------------------|
| Item | Year ended 31/12/2012 | Year ended 31/12/2011 |
| Based on the net profit attributable to shareholders of parent company: | | |
| Basic earnings per share | 5,692,448,955.93 | 3,426,195,112.78 |
| Diluted earnings per share | 1.87 | 1.22 |
| Based on the net profit from continuing operations attributable to shareholders of parent company: | | |
| Basic earnings per share | N/A | N/A |
| Diluted earnings per share | 5,692,448,955.93 | 3,426,195,112.78 |
| Basic earnings per share | 1.87 | 1.22 |
| Diluted earnings per share | N/A | N/A |

2. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Although there was no notable recovery in the global economy in 2012, the Chinese government's promulgation of a relaxed monetary policy and introduction of subsidies for energy-saving vehicles had mitigated the impact of depressed external economic performances on the domestic automobile industry. In addition, the economic benefits from large-scale production of domestic automobile manufacturers had gradually been realized. All these have stimulated a stable growth in the automotive industry.

According to the statistics of China Association of Automobile Manufacturers, the production and sales volume of automobiles in China in 2012 reached 19,271,800 units and 19,306,400 units respectively, representing increases of 4.63% and 4.33% respectively when compared with those of 2011. The production and sales volume of passenger vehicles amounted to 15,523,700 units and 15,495,200 units respectively, representing increases of 7.17% and 7.07% respectively from those of the 2011.

Domestic automobile enterprises' emphasis on international market development and competitiveness enhancement had fuelled a rapid growth in automobile exports. According to the statistics of China Association of Automobile Manufacturers, the export volume of automobiles from China in 2012 amounted to 1,056,100 units, representing an increase of 29.70% year-on-year.

Financial Review

Revenue

During the Year, the total revenue of the Group amounted to RMB43,159,966,648.39, representing an increase of 43.44% as compared to that of 2011. The increase in revenue was mainly due to an increase in the overall sales volume of automobiles of the Group.

Sale of Automobiles

During the Year, the Group's revenue from sale of automobiles amounted to RMB40,728,457,563.03, representing an increase of 44.54% from that of 2011. The increase was mainly due to an increase in the overall sales volume of automobiles of the Group. During the Year, the Group sold 621,438 units of automobiles, representing an increase of 34.31% from that of 2011.

Automotive parts and components and others

In addition to the production of automobiles, the Group also engaged in the sale of major automotive parts and components used in the production of pick-up trucks, SUVs, and sedans. These mainly include self-manufactured engines, transmissions, front and rear axles, air-conditioning equipment, drag ball pins, lever assembly and other parts and components for the production of automobiles. Sale of automotive parts and components not only contributes to the Group's revenue but also ensures the availability of parts and components for after-sales services. During the Year, the Group reported a 27.23% increase in the revenue generated from the sale of automotive parts and components and others from 2011 to RMB2,431,509,085.36 in 2012. The increase was mainly attributable to: (1) the growth in the sales revenue of automobile-related businesses such as casting and tooling as a result of the Group's active market expansion; and (2) an increase in the revenue generated from sales of parts and components for after-sales services, as a result of an increase in the number of people owning automobiles.

Gross profit and gross profit margin

During the Year, the Group's gross profit amounted to RMB11,598,465,280.30, representing an increase of 54.74% as compared to that of 2011. The increase in the Group's gross profit was mainly due to an increase in sales revenue. The Group's gross profit margin increased from 24.91% in 2011 to 26.87%, which was mainly due to adjustment in product portfolio and economies of scale as a result of enlarged sales volume.

Net profit attributable to shareholders of the parent company and earnings per share

The Group's net profit attributable to shareholders of the parent company for the Year increased by 66.14% to RMB5,692,448,955.93 when compared with 2011. The increase was mainly due to an increase in profit driven by growth in sales.

For the year ended 31 December 2012, basic earnings per share of the Company were RMB1.87. During the Year, the Company did not present any diluted earnings per share as there was no ordinary share which may cause any dilution effect.

Selling and administrative expenses

During the Year, the selling expenses of the Group amounted to RMB1,656,352,069.11, representing an increase of 38.87% from that of 2011. The percentage of selling expenses to revenue decreased from 3.96% in 2011 to 3.84% in 2012. The increase in selling expenses was mainly due to increases in the transportation fees and after-sales service fees as a result of an increase in sales volume. During the Year, the administrative expenses of the Group amounted to RMB1,743,699,625.96, representing an increase of 35.82% from that of 2011. The percentage of administrative expenses to revenue decreased from 4.27% in 2011 to 4.04% in 2012. The increase in administrative expenses was mainly due to an increase in technology development expenses.

Finance costs

The Group's finance costs for 2012 were RMB-105,325,665.78, as compared with RMB-22,934,689.66 in 2011. The decrease in finance costs was mainly due to an increase in interest income.

Current assets and current liabilities

As at 31 December 2012, the Group's current assets mainly included cash and bank balances of RMB6,336,981,784.93, bills receivable of RMB14,790,887,422.30, accounts receivable of RMB691,488,679.17, inventories of RMB2,695,117,691.59, prepayments of RMB391,549,732.29 and other receivables of RMB854,389,669.52. The Group's current liabilities mainly included advances from customers of RMB3,195,376,434.87, salaries payable of RMB736,035,068.04, other payables of RMB1,219,640,824.99, taxes payable of RMB537,079,490.65, bills payable of RMB4,341,672,114.91, accounts payable of RMB8,697,430,801.03, and other current liabilities of RMB540,227,876.22.

Acquisition and disposal of assets

On 13 April 2012, Billion Sunny Development Limited (“**Billion Sunny**”), a wholly-owned subsidiary of the Company, entered into three respective equity transfer agreements with Dragonet International Co. Ltd. (“**Dragonet**”), pursuant to which Billion Sunny agreed to purchase from Dragonet 25% of the equity interest in each of Great Wall Baoding Vehicle Axles Company Limited (“**Great Wall Axles**”), Baoding Xinyuan Automobile Inner Decoration Co., Ltd. (“**Xinyuan**”) and Baoding Mind Auto Component Co., Ltd. (“**Mind**”). The respective consideration for Billion Sunny’s acquisition of Great Wall Axles, Xinyuan and Mind was RMB109,325,200.00, RMB17,245,700.00 and RMB2,025,800.00; and the aggregate amount of the consideration for the acquisition was RMB128,596,700.00. After completion of all the transactions contemplated under the three equity transfer agreements, Great Wall Axles, Xinyuan and Mind become wholly-owned subsidiaries of the Group. Billion Sunny financed the consideration and all other costs and fees through the Group’s internal resources. After the acquisition, the Group is able to secure a steady supply of quality automotive parts and components from within the Group and the Company can strengthen its control over the timeliness and overall production costs of the upstream supply, thereby enhancing the competitiveness of the Group.

On 27 April 2012, Great Wall Axles, Xinyuan and Mind renewed their respective legal person business licenses.

On 26 June 2012, Billion Sunny, a wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Dragonet pursuant to which Billion Sunny agreed to purchase from Dragonet 25% of the equity interest in Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (“**Yanfeng Johnson**”) for a consideration of RMB7,673,100.00. Upon completion of the transaction contemplated under the equity transfer agreement, the Company holds 50% equity interest in Yanfeng Johnson. Billion Sunny financed the consideration and all other costs and fees through the Group’s internal resources. After the acquisition, the Group will be able to secure a steady supply of automobile seating components and the Company can strengthen its control over the timeliness and overall production costs of the upstream supply, thereby enhancing the competitiveness of the Group.

On 3 July 2012, Yanfeng Johnson renewed its legal person business license.

Save as the above mentioned acquisitions, the Company and its subsidiaries and associates did not have other material acquisition or disposal of assets during the Year.

Capital structure

The Group generally finances its operations with its internal cash flows. As at 31 December 2012, the Group was in no borrowing 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 Year, 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 relatively 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 31 December 2012, the Group employed a total of 53,549 employees. Employees were remunerated with reference to their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 7.10% of the Group's total revenue as at 31 December 2012.

Taxation

Income tax of the Group in 2012 was RMB1,118,964,991.48.

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, has no separable operating segment.

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

| | For the year ended | |
|-----------------|---------------------------|-------------------|
| | 31 December | |
| | 2012 | 2011 |
| | RMB'000 | RMB'000 |
| | Audited | Audited |
| China | 36,983,023 | 25,050,105 |
| Russia | 1,861,078 | 1,400,651 |
| Australia | 852,425 | 730,869 |
| South Africa | 535,009 | 442,851 |
| Iraq | 516,898 | 283,761 |
| Chile | 488,114 | 434,026 |
| Other countries | 1,923,420 | 1,747,214 |
| | <u>43,159,967</u> | <u>30,089,477</u> |

The Group's major non-current assets for disclosure in the segment information (which consist of fixed assets, investment properties, construction in progress and investment 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 the Group's revenue.

Business Review

Products

The Group's principal products are pick-up trucks, SUVs, and sedans. The Group also engages in the production and sale of major automotive parts and components used in the production of pick-up trucks, SUVs, and sedans.

During the Year, the Group's total sales volume of automobiles was 621,438 units, representing an increase of 34.31% as compared to that of 2011. The continued growth in the Group's sales volume was attributable to the strong branding effect and constant launch of high quality products. The Group was able to maintain its leading position in the markets of SUVs and pick-up trucks with its premium product quality, comprehensive after-sales services and sales network.

(1) Pick-up trucks

According to the information of the China Association of Automobile Manufacturers, Great Wall Motor's pick-up trucks continued to rank first in the PRC market in terms of sales volume of pick-up trucks for 15 consecutive years, thereby consolidating the Company's leading market position in this respect. During the Year, the sales volume of pick-up trucks was 136,694 units, representing an increase of 12.35% when compared with that of 2011. The Group will continue to launch new models in order to strengthen its leading position in the pick-up truck market.

(2) SUV

During the Year, the Group maintained rapid growth in the domestic SUV market. During the Year, Great Wall Motor launched a small SUV model "Haval M4", which gained popularity in the market. This together with the satisfactory growth in the sales of "Haval H6" during the Year enabled the Group's SUV models to maintain a leading position in the PRC SUV market. "Haval H6" was launched in the second half of 2011. During the Year, the sales volume of SUVs rose by 90.01% to 279,956 units when compared with that of 2011.

(3) Sedan

During the Year, the sales volume of Great Wall Motor's sedans reached 199,256 units, representing an increase of 6.27% when compared with that of 2011. The sales volume of "Great Wall C30" model reached 136,265 units during the Year. Through specialisation and with its professionalism and expertise, the Group will continue to step up its efforts to enhance the quality of its sedan series, with an aim to establish the brand of Great Wall Motor's stylish compact car.

(4) Other vehicles

During the Year, the Group sold a total of 5,532 units of other vehicles (including MPVs, special vehicles), representing a decrease of 10.21% when compared with that of 2011.

(5) Automotive parts and components and others

During the Year, the revenue generated from the sale of automotive parts and components and others amounted to RMB2,431,509,085.36, representing an increase of 27.23% as compared with that of 2011 and accounting for 5.63% of the Group's total revenue.

Domestic market

China's automobile market saw a growth in 2012 when compared with 2011. During the Year, the Group steadily increased its sales through continued market expansion, improvement in the price performance of its products, and launch of several new models. Market data indicated that the Group's sales were growing faster than that of the overall domestic automobile market, reflecting market confidence in the Group's automobile brand name.

During the Year, the Group's domestic sales volume and revenue generated from the sale of automobiles amounted to 525,949 units and RMB34,827,828,629.98 respectively, representing increases of 37.18% and 49.53%, respectively from those of 2011. During the Year, 94,421 units, 244,977 units and 181,107 units of pick-up trucks, SUVs, and sedans were sold domestically respectively.

Overseas markets

In 2012, the automobile exports from the PRC displayed satisfactory performance, with stable growth in exports when compared with that of 2011. During the Year, the Group speeded up the progress of product and technology innovation, and continued to develop new products and enhance product quality. This together with the commencement of operation of the overseas assembly plant led to an increase in the Group's overseas sales volume.

The Group's export sales volume of automobiles for the year ended 31 December 2012 reached 95,489 units, representing an increase of 20.45% from that of 2011. Of the total export volume, 42,273 units, 34,979 units and 18,149 units of pick-up trucks, SUVs and sedans were sold respectively. The total export value of automobiles amounted to RMB5,900,628,933.05, representing an increase of 20.73% from that of 2011 and accounting for 13.67% of the revenue of the Group.

The Group's major export markets included the Middle East, Africa, Asia Pacific, South America and Europe, which formed a solid international sales network. In 2012, the Group exported its products to more than 120 countries and regions.

In 2012, in response to competition in the overseas markets, the Group adopted proactive strategies. Not only did the Group expand its vehicle export business, but it also sustained growth in the export volume of complete-knock down (“**CKD**”) and semi-knocked down (“**SKD**”) kits. The Group's overseas business thus continued to expand.

Launch of new products

During the Year, in view of the continued increase in the sales volume of key models such as Haval H6, Great Wall C30, Great Wall C50 and Wingle, etc, the Group launched Haval M4, a small SUV with a stylish and sporty look. Haval M4 is installed with Great Wall's 1.5L 100% aluminium Variable Value Timing (“**VVT**”) engine. Using Multi-point Electronic Fuel Injection system and VVT technology, the engine features advanced technology, low emission and high efficiency, achieving the perfect blend of power performance and fuel economy. Following its launch, Haval M4 became a much sought after model in the market by young people, which resulted in satisfactory sales. Haval M4 became a major growth driver of the Haval series, and enriched the product offerings available in the small SUV market in the PRC.

The Group also launched a 2013 version of Great Wall C30 during the Year. Both the exterior appearance and accessories were upgraded, which further stimulated sales of the sedan.

Technology innovation

In line with the State's support for new energy vehicle development, the Group's technological research institute had established a specialised R&D team focusing on new energy vehicle technology, thereby enabling the Group to conduct its in-house research and development of new energy vehicles. The Group exhibited Haval H8, the European version of Wingle 5, the new energy model Haval E, and Great Wall C20EV during the Year. Haval E adopted a new generation of hybrid power system and solar battery power generation system. These two systems could effectively reduce fuel consumption. Approval of the commencement of commercial sales of Great Wall C20EV had been published in the national automotive product announcement. Great Wall C20EV is equipped with the Group's self-developed long-life, highly efficient lithium-ion batteries and permanent magnet synchronous motor technology, which will be applied in the sedan models newly developed by the Group in the future.

During the Year, the Group's Great Wall C50 and Haval H6 were equipped with its self-developed T (turbocharged) engines. Integrated with cutting-edge technology, this engine improves combustion efficiency, thereby reducing fuel consumption and carbon emission. As a result, this engine can effectively save energy and lower emission.

Outlook

Driven by the enormous purchasing potential in China, consumption will maintain a steady growth. Great Wall Motor will continue to further consolidate its brand recognition through continuous improvement of product mix. With respect to products, the Group will continue to focus on three major categories, namely pick-up trucks, SUVs, and sedans, with emphasis on improving the brand visibility of its SUVs through continued upgrade and replacement of existing products. Under the guidance of the State's policy, the Group will step up its efforts to develop energy-saving and environmental-friendly, high-quality, as well as high-performance automobiles and relevant automotive parts and components.

The Group will increase investment in in-house research and development of products, and will put more efforts in research and development of automobiles and automotive parts and components, with the aim to improve the performance of automobiles in all aspects.

In addition, the Group will continue to deepen technology cooperation with internationally renowned automotive parts and components manufacturing enterprises to ensure greater improvement in the quality of all of its car models. The Group is committed to become an automobile manufacturer with global recognition.

New products

On the front of new product development, Great Wall Motor will continue to focus on affordable and low emission vehicles with energy-saving and environmental-friendly features, as well as product quality and competitiveness enhancement. The Group expects to further improve its product lines in 2013. It plans to launch Haval H2, new model of Haval H6, new model of Great Wall C50, and the European version of Wingle 5, etc.

With respect to SUV, the Group will intensify its efforts in the research and development of SUVs, and tapping into the segmented markets of SUVs by introducing off-road SUVs, urban SUVs and crossover models meeting the State's policy on energy-saving and environmental protection. The Group will continue to expand its market share and enhance the brand image of Great Wall Motor.

Regarding sedans, the Group will continue to develop energy-saving, environmental-friendly model under the guidance of the State's policy to promote energy-saving products. Through upgrade and replacement of existing products, the Group will gradually solidify its market share in the sedan sector.

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

Export markets

The Group has made progress in its export to overseas markets, with products exporting to different countries and regions around the world. The Group expects its export volume will rise gradually while income from export as a percentage of total revenue will increase gradually.

With the continuous expansion of overseas markets, the Group is conducting a study on increasing overseas sales through the establishment of overseas assembly plants.

As for its export market coverage, the Group will intensify its penetration of the markets in South Asia and Oceania, while consolidating its established position in the Middle East, Africa, Asia Pacific and South America.

The Group will continue to intensify its penetration of the international market. In addition to continued expansion of the export volume of automobiles, the Group will also keep increasing the export volume of SKD and CKD kits. The Group will further enhance its brand value and consolidate its position in overseas markets through a comprehensive after-sales service network.

New facilities

During the Year, the Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area continued to adopt state-of-the-art technologies. The new facilities and advanced equipment will provide a solid foundation for Great Wall Motor in the development of new car models and expansion of production scale in the future. The Group's new production plant in Xushui, Baoding is also under construction.

Preferential enterprise income tax rate for high-tech enterprises

The Company obtained the High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 10 November 2010. The Certificate is valid for three years. Article 28 of "Enterprise Income Tax Law of the People's Republic of China" stipulates that "the key high-tech enterprises which receive support from the State shall be entitled to a reduced enterprise income tax rate of 15%". Accordingly, the Company has paid its income tax at the rate of 15% from 2010 to 2012.

3. ANNUAL GENERAL MEETING, FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board recommends the payment of a final dividend of RMB0.57 (tax inclusive) per share for the year ended 31 December 2012.

For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Friday, 10 May 2013, the H share register of members of the Company will be closed from Wednesday, 10 April 2013 to Friday, 10 May 2013, both days inclusive. In order for H shareholders to qualify for attending and voting at the annual general meeting, all share transfer documents should be lodged for registration with the Company's H Share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 9 April 2013.

Upon obtaining approval at the forthcoming annual general meeting, the final dividends will be paid on or about Thursday, 20 June 2013 to shareholders whose names appear on the H share register of members of the Company as at the close of business on Tuesday, 21 May 2013. The H share register of members of the Company will be closed from Thursday, 16 May 2013 to Tuesday, 21 May 2013, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents accompanied by the relevant instructions must be lodged with the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Wednesday, 15 May 2013.

According to the “Enterprise Income Tax Law of the People’s Republic of China”, which took effect on 1 January 2008, and the rules of such implementation, when the Company distributes the final dividends to non-resident enterprise shareholders whose names appear on the H share register of the Company, the Company is required to withhold and pay on behalf of such shareholders an enterprise income tax at the rate of 10%. Any shares registered in the name of a non-individual shareholder, including Hong Kong Securities Clearing Company Nominees Limited, other nominee or trustee, or other organisation and group, are deemed as shares held by non-resident enterprise shareholders. As such, the dividends that he or she is entitled to are subject to the enterprise income tax.

Any natural person investors whose H shares are registered under the name of any such non-individual shareholders and who do not wish to have any enterprise income tax to be withheld by the Company may consider transferring the legal title of the relevant H shares into his or her name and lodge all transfer documents together with the relevant H share certificates with the H share registrar of the Company for registration of transfer.

For non-resident enterprise shareholders holding the Company’s shares through overseas companies, please provide Computershare Hong Kong Investor Services Limited with the proof of qualification for being non-resident enterprise shareholders on or before Tuesday, 9 April 2013.

The Company will strictly comply with the laws and the requirements of relevant government departments, and will withhold and pay the enterprise income tax on behalf of its shareholders whose names appear on the H share register of the Company on the record date. The Company will take no responsibility and will reject any requests from shareholders whose identities cannot be confirmed within the specified time or cannot be confirmed at all. Nor will the Company handle any disputes arising from the arrangement of withholding tax. However, the Company may provide assistance to the extent of its ability as appropriate.

As at 31 December 2012, as for the Company’s 2011 final dividends, there were 69 cases of unclaimed final dividends, amounting to HK\$50,812.99.

This announcement is not applicable to the payment of dividends to A shareholders.

4. DIRECTORS AND SUPERVISORS

The directors and supervisors* who held office during the Year and up to the date of this announcement are as follows:

Executive Directors:

Wei Jian Jun (*Chairman*)

Liu Ping Fu

Wang Feng Ying

Hu Ke Gang

Yang Zhi Juan

Non-executive Directors:

He Ping

Niu Jun

Independent Non-executive Directors:

Wei Lin

He Bao Yin

Li Ke Qiang

Wong Chi Hung, Stanley

Supervisor:

Zhu En Ze

Independent Supervisors:

Yuan Hong Li

Luo Jin Li

* *All Directors and Supervisors were re-appointed on 10 May 2011.*

5. MATERIAL LITIGATIONS

During the Year, the Company was not involved in any material litigation.

6. PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

7. CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Listing Rules for the year ended 31 December 2012.

8. AUDIT COMMITTEE

The Company has set up an audit committee (the “**Audit Committee**”) for the purposes of reviewing and supervising over financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors of the Company. At the meeting held on 20 March 2013, the Audit Committee reviewed the 2012 annual results announcement, annual report and annual financial statements of the Group and given their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2012 annual results announcement, annual report and annual financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

9. REMUNERATION COMMITTEE

The Remuneration Committee of the Company comprises two independent non-executive directors and one executive director. The Remuneration Committee is responsible for making recommendations on the remuneration policies in relation to the directors and senior management of the Group, and determining the remuneration packages of executive directors and senior management, including benefits in kind, pensions and compensation payments.

10. NOMINATION COMMITTEE

The Nomination Committee of the Company comprises two independent non-executive directors and one executive director. The Nomination Committee is responsible for making recommendations to the Board regarding its size and composition based on business activities, asset scale and shareholding structure of the Company and making recommendations to the Board about the standards and procedures for selecting directors and management members.

11. STRATEGY COMMITTEE

The Strategy Committee of the Company comprises two executive directors, one non-executive director and two independent non-executive directors. The Strategy Committee provides recommendations to the management from time to time in accordance with the prevailing market environment and changes in policies and is responsible for reviewing and making recommendations for the Company’s long term development strategies and material investment decisions.

12. 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 (the “**Model Code**”) as set out in Appendix 10 to the Listing Rules as its own 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 have complied with the provisions under the Model Code during the Year.

13. PUBLICATION OF ANNUAL REPORT ON THE STOCK EXCHANGE’S WEBSITE

The Company’s 2012 annual report and results announcement containing the information required by the Listing Rules will be submitted to the Hong Kong Stock Exchange for publication on the Hong Kong Stock Exchange’s website (www.hkexnews.hk) and the Company’s website (www.gwm.com.cn).

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

Baoding, the PRC, 21 March 2013

As at the date of this announcement, members of the Board comprise:

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: *Ms. Wei Lin, Mr. He Bao Yin, Mr. Li Ke Qiang and Mr. Wong Chi Hung, Stanley*

* *For identification purpose only*