



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)

H Share Stock Code: 2333

A Share Stock Code: 601633

2013

Interim Report



* For identification purposes only

IMPORTANT NOTICE

I. The Board, the Supervisory Committee and the directors, supervisors and senior management of the Company warrant that the information in this interim report is true, accurate and complete and does not contain any false representations, misleading statements or material omissions, and jointly and severally take responsibility for its contents.

II. Director who was absent from the board meeting

Position of director who was absent from the board meeting	Name of director who was absent from the board meeting	Reasons for absent from the board meeting	Representative
Independent director	Li Ke Qiang (Independent non-executive director)	Work commitment	He Bao Yin

III. This interim report of the Company has not been audited.

The financial information in the interim report was prepared in accordance with China Accounting Standards for Business Enterprises and the relevant laws and regulations.

IV. Wei Jian Jun, person-in-charge of the Company, Li Feng Zhen, person-in-charge of the accounting affairs and Ji Wen Jun, person-in-charge of the accounting department (head of the accounting department), declare that they warrant the truthfulness, accuracy and completeness of the financial report in this interim report.

V. Forward-looking statements such as plans for the future described in this report do not constitute an actual commitment of the Company to investors. Investors should be aware of the relevant risks.

VI. Was there any non-operational appropriation of the Company's funds by its controlling shareholders and related parties?

No

VII. Was there any provision of guarantee to external parties in violation of the stipulated decision-making procedures?

No



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Section 1 Definitions

I. DEFINITIONS

In this report, the following expressions shall, unless the context otherwise requires, have the following meanings:

Definitions

“Articles”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Board”	the board of directors of the Company;
“Company” or “Great Wall Motor”	Great Wall Motor Company Limited (長城汽車股份有限公司);
“Company Law”	Company Law of the PRC;
“CSRC”	China Securities Regulatory Commission;
“Group”	Great Wall Motor Company Limited and its subsidiaries;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules;
“PRC”	the People’s Republic of China;
“Reporting Period”	six months ended 30 June 2013;
“Securities Laws”	securities laws of the PRC;
“SFC”	The Securities and Futures Commission in Hong Kong;
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time; and
“Shanghai Stock Exchange”	Shanghai Stock Exchange in the PRC.

Section 2 Corporate Profile

I. CORPORATE INFORMATION

Chinese name of the Company	長城汽車股份有限公司
Abbreviation of Chinese name of the Company	長城汽車
English name of the Company	Great Wall Motor Company Limited
Abbreviation of English name of the Company	Great Wall Motor
Legal representative	Wei Jian Jun

II. CONTACT PERSONS AND CONTACT METHODS

	Secretary to the Board	Representative of Securities Affairs
Name	Xu Hui (Company Secretary)	Chen Yong Jun
Address	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Telephone	86(312)-2197813	86(312)-2197815
Fax	86(312)-2197812	86(312)-2197812
E-mail address	zqb@gwm.com.cn	zqb@gwm.com.cn

III. BASIC INFORMATION

Registered address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the registered address of the Company	071000
Office address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the office address of the Company	071000
Company's website	www.gwm.com.cn
E-mail address	zqb@gwm.com.cn
Principal place of business in Hong Kong	Suite 2703, 27th Floor, 100QRC, 100 Queen's Road Central, Hong Kong

IV. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

Designated newspapers for information disclosure	China Securities Journal, Shanghai Securities News
Website designated by the CSRC for publishing this interim report	www.sse.com.cn
Place for inspection of this interim report	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Website designated by Hong Kong Stock Exchange for publishing this interim report	www.hkexnews.hk
The Company's website for publishing this interim report	www.gwm.com.cn

Section 2 Corporate Profile

V. INFORMATION ON THE COMPANY'S SHARES

Information on the Company's Shares

Stock classes	Stock exchanges for the listing of the Company's Shares	Stock abbreviation	Stock code	Previous stock abbreviation
A Shares	Shanghai Stock Exchange	Great Wall Motor	601633	—
H Shares	Hong Kong Stock Exchange	Great Wall Motor	2333	—

Stock Classes	Stock exchanges for the listing of the Company's Shares	Listing date	Number of issued shares	Board lot
A Shares	Shanghai Stock Exchange	28 September 2011	2,009,243,000 A Shares (Total shares: 3,042,423,000 shares, H Shares: 1,033,180,000 shares)	100
H Shares	Hong Kong Stock Exchange	15 December 2003	1,033,180,000 H Shares (Total shares: 3,042,423,000 shares, A Shares: 2,009,243,000 shares)	500

VI. CHANGES IN REGISTRATION DETAILS OF THE COMPANY DURING THE REPORTING PERIOD

There was no change in registration details of the Company during the Reporting Period.

VII. OTHER RELEVANT INFORMATION

Accounting firm appointed by the Company	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Business address of the accounting firm appointed by the Company	30/F, 222 Yan An Road East, Shanghai
Legal Adviser to the Company (As to Hong Kong law)	Joseph P.C. Lee & Associates in association with Cadwalader, Wickersham & Taft LLP
Legal Adviser to the Company (As to PRC law)	King & Wood Mallesons
H Share Registrar and Transfer Office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong
Investor and Media Relations Consultant (H Shares)	CorporateLink Limited 18/F, Shun Ho Tower, Nos 24–30 Ice House Street, Central, Hong Kong
Principal Bankers	Agricultural Bank of China, Baoding Xinbei sub-branch Bank of China, Baoding Yuhua sub-branch The Industrial and Commercial Bank of China, Baoding Yonghua Road sub-branch China Construction Bank, Baoding Yudong office
Authorised Representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial Year-end Date	31 December
Executive Directors	Mr. Wei Jian Jun (<i>Chairman</i>) Mr. Liu Ping Fu Ms. Wang Feng Ying Mr. Hu Ke Gang Ms. Yang Zhi Juan
Non-Executive Directors	Mr. He Ping Mr. Niu Jun
Independent Non-Executive Directors	Ms. Wei Lin Mr. He Bao Yin Mr. Li Ke Qiang Mr. Wong Chi Hung, Stanley

Section 2 Corporate Profile

Supervisor	Mr. Zhu En Ze
Independent Supervisors	Ms. Yuan Hong Li Ms. Luo Jin Li
Audit Committee	Ms. Wei Lin Mr. He Bao Yin Mr. Li Ke Qiang Mr. Wong Chi Hung, Stanley
Remuneration Committee	Ms. Wei Lin Mr. He Bao Yin Mr. Wei Jian Jun
Nomination Committee	Mr. Li Ke Qiang Mr. Wei Jian Jun Mr. He Bao Yin
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Mr. He Bao Yin Mr. Li Ke Qiang

Section 3 Highlights of Accounting Data and Financial Indicators

I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY

(I) Key accounting data

Unit: RMB Currency: RMB

Key accounting data	Reporting Period (January–June)	Corresponding period last year	Increase/ decrease for the Reporting Period over the corresponding period last year (%)
Operating revenue	26,416,838,569.72	18,287,571,441.06	44.45
Net profit attributable to shareholders of the Company	4,087,332,094.33	2,353,515,940.60	73.67
Net profit attributable to shareholders of the Company after extraordinary gains/losses	4,013,749,048.72	2,319,819,349.04	73.02
Net cash flow from operating activities	4,953,260,185.00	2,432,211,432.14	103.65

Key accounting data	As at the end of the Reporting Period	As at the end of last year	Increase/ decrease for the Reporting Period over the end of last year (%)
Net assets attributable to shareholders of the Company	23,867,364,109.50	21,514,243,992.83	10.94
Total assets	44,882,280,910.17	42,569,396,536.78	5.43

Section 3 Highlights of Accounting Data and Financial Indicators

(II) Key financial indicators

Key financial indicators	Reporting Period (January–June)	Corresponding period last year	Increase/ decrease for the Reporting Period over the corresponding period last year (%)
Basic earnings per share (RMB/share)	1.34	0.77	73.67
Diluted earnings per share (RMB/share)			N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	1.32	0.76	73.02
			Increased by 4.32 percentage points
Weighted average return on net assets (%)	17.57	13.25	Increased by 4.18 percentage points
Weighted average return on net assets after extraordinary gains/losses (%)	17.25	13.07	percentage points

The operating revenue, profit and relevant data and indicators of the Company for the Reporting Period increased as compared with the corresponding period last year, which was attributable to the economy of scale brought by the growth in the sales of automobiles and the increased sales proportion of SUV which has a higher profit margin during the Reporting Period.

Section 3 Highlights of Accounting Data and Financial Indicators

II. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

Unit: RMB Currency: RMB

Item of extraordinary gains/losses	Amount
Profit or loss from disposal of non-current assets	-4,353,424.62
Government grants accounted for in profit and loss account of the current period except for government grants closely related to the corporate business and in compliance with the State policies that were given at a fixed standard amount or quantity as stipulated by the State	45,475,445.04
Non-operating gains and losses other than the above items	17,669,423.50
Investment losses from the disposal of long-term equity investments and investment gains from the disposal of held-for-trading financial assets and available-for-sale financial assets	26,539,575.37
Gains (losses) from changes in fair value	4,619,575.59
Effect of minority interests	-380,258.24
Effect of income tax	-15,987,291.03
Total	73,583,045.61

Section 4 Report of the Board

I. DIRECTORS' DISCUSSION AND ANALYSIS OF THE OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

Operating Environment

Since 2013, the PRC's automobile industry has been faced with complex and volatile domestic and overseas economic environments. However, driven by the gradual improvements of the world's two largest economies — United States of America and the PRC, the PRC's automobile industry had continued its upward trend since 2012 and maintained a steady and rapid growth momentum since the beginning of this year.

According to the statistics of China Association of Automobile Manufacturers, the production and sales volume of automobiles in the PRC in the first half of 2013 reached 10,751,700 units and 10,782,200 units respectively, representing increases of 12.83% and 12.34% respectively when compared with those of the corresponding period in 2012, which were higher than those expected at the beginning of this year. The production and sales volume of passenger vehicles amounted to 8,664,500 units and 8,665,100 units respectively, representing increases of 14.02% and 13.81% respectively from those of the corresponding period in 2012. The aforementioned data indicated not only the steady growth in sales volume of and demand for automobiles, but also the gradual enhancement of car purchasing power of domestic consumers.

SUV models, especially those that boasted high price-performance, brand equity and stunning exterior design, continued to maintain a relatively high growth, with aggregate sales volume growth surpassing the overall growth rate of the PRC automobile market for several years in a row. Simultaneously, consumers were offered with a wider choice of selection, with the further development of the automobile market, enhancement of production capacity of domestic car enterprises and more diverse product lines. Against the backdrop of increasingly intensified market competition, domestic automobile manufacturers inevitably had to keep increasing their investments in technology and research and development to cope with new market challenges.

Owing to volatility in overseas economies in the first half of 2013, exports of domestic automobiles had also been suppressed. According to the statistics of the China Association of Automobile Manufacturers, the PRC's automobile export volume decreased by 0.6% year-on-year to 486,800 units in the first half of 2013. Nonetheless, domestic automobile enterprises continued to put strong emphasis on international market development and their competitiveness enhancement.

Financial Review

Operating revenue

During the Reporting Period, the operating revenue of the Group amounted to RMB26,416,838,569.72, representing a 44.45% increase from the corresponding period in 2012 (corresponding period of 2012: RMB18,287,571,441.06). The increase in operating revenue was mainly due to an increase in the overall sales volume as a result of the Group's commitment to develop high price-performance products, emphasis on customers' demands, and product quality enhancement.

Sale of automobiles

During the Reporting Period, the Group's revenue from sale of automobiles amounted to RMB25,019,954,911.74, representing a 46.50% increase from the corresponding period in 2012 (corresponding period of 2012: RMB17,078,913,330.97). This was mainly due to an increase in the Group's overall sales volume and increase in SUV's sales proportion. During the Reporting Period, the Group sold 370,301 units of automobiles, representing a 41.33% increase from the corresponding period in 2012 (corresponding period of 2012: 262,018 units).

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 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 Reporting Period, the revenue generated from the sales of automotive parts and components and others was RMB1,396,883,657.98, representing a 15.57% increase from the corresponding period of 2012 (corresponding period of 2012: RMB1,208,658,110.09). The increase was mainly attributable to an increase in the revenue generated from sales of parts and components for after-sales services, as a result of a significant growth in the sales volume of automobiles.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit amounted to RMB7,651,298,457.50, representing a 59.02% increase from the corresponding period of 2012 (corresponding period of 2012: RMB4,811,466,035.29). The increase in the Group's gross profit was mainly due to increases in the Group's overall sales volume and in the gross profit margin of automobiles. The Group's gross profit margin increased from 26.31% in the first half of 2012 to 28.96% in the first half of 2013, which was mainly due to economies of scale as a result of enlarged sales volume and increase in the sales proportion of SUV, which had a higher gross profit margin.

Net profit attributable to shareholders of the Company and earnings per share

During the Reporting Period, the Group's net profit attributable to shareholders of the Company increased by 73.67% to RMB4,087,332,094.33 when compared with that of the corresponding period of 2012 (corresponding period of 2012: RMB2,353,515,940.60). The increase was mainly due to an increase in profit driven by growth in sales.

Basic earnings per share of the Group for the Reporting Period were RMB1.34 (corresponding period of 2012: RMB0.77). During the Reporting Period, the Group did not present any diluted earnings per share as there was no ordinary share which may cause any dilution effect.

Section 4 Report of the Board

Selling and administrative expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB855,302,745.69, representing a 34.97% increase from the corresponding period of 2012 (corresponding period of 2012: RMB633,718,965.41). 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. The percentage of selling expenses to operating revenue decreased from 3.47% in the first half of 2012 to 3.24% in the first half of 2013. During the Reporting Period, the administrative expenses of the Group amounted to RMB1,033,999,951.06, representing a 50.45% increase from the corresponding period of 2012 (corresponding period of 2012: RMB687,249,111.85). The increase in administrative expenses was mainly due to an increase in technology development expenses. The percentage of administrative expenses to operating revenue increased from 3.76% in the first half of 2012 to 3.91% in the first half of 2013.

Finance costs

During the Reporting Period, the Group's finance costs were RMB-30,447,573.94, as compared to RMB-47,845,214.00 for the corresponding period of 2012. The increase in finance costs was mainly due to an increase in the gains and losses from foreign exchange resulting from exchange rate fluctuations during the Reporting Period.

Current assets and current liabilities

As at 30 June 2013, the Group's current assets were RMB26,200,070,435.60 (31 December 2012: RMB25,847,677,215.69), mainly included cash and bank balances of RMB7,364,146,110.61, bills receivable of RMB13,658,096,216.54, accounts receivable of RMB672,077,683.61, inventories of RMB2,684,634,280.74, prepayments of RMB378,721,420.57 and other receivables of RMB1,347,886,715.64. As at 30 June 2013, the Group's current liabilities were RMB19,247,254,562.27 (31 December 2012: RMB19,319,167,273.16), mainly included advances from customers of RMB2,904,060,199.28, salaries payable of RMB383,436,463.02, other payables of RMB1,558,958,212.68, taxes payable of RMB542,649,160.43, bills payable of RMB4,275,374,132.24, accounts payable of RMB8,864,123,786.19, and other current liabilities of RMB576,569,223.56.

Gearing Ratio

Gearing ratio refers to the proportion of total liabilities to the total equity in the consolidated balance sheet. As at 30 June 2013, the Group's total liabilities amounted to RMB20,983,374,911.57 (31 December 2012: RMB20,926,027,128.42) and the Group's total equity was RMB23,898,905,998.60 (31 December 2012: RMB21,643,369,408.36). As at 30 June 2013, the gearing ratio of the Group was 0.88 (31 December 2012: 0.97).

Acquisition and disposal of assets

On 21 January 2013, the Company entered into an equity transfer agreement with Hebei Lizhong Non-ferrous Metal Group Co., Ltd. (河北立中有色金屬集團有限公司), pursuant to which the Company transferred the 100% equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司), a wholly owned subsidiary of the Company, to Hebei Lizhong Non-ferrous Metal Group Co., Ltd.. According to the assets appraisal report "Northern Yashi Assets Appraisal Document (2013) No. 009" (北方亞事評報字(2013)第009號) from Beijing Northern Yashi Assets Appraisal Co., Ltd. (北京北方亞事資產評估有限責任公司), the consideration for the equity transfer was determined at RMB98,450,000. Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd (保定精工汽車鋁合金製造有限公司) completed the change of business license on 30 January 2013. Upon completion of the equity transfer, the Company will concentrate on enhancing its automobile business.

On 10 May 2013, the Company entered into an equity transfer agreement with its wholly owned subsidiary Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司). According to the agreement, Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司) agreed to transfer to the Company the 45% equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) held by it. According to the assets appraisal report “Jian Assets Appraisal Document (2013) No. 022” (建評報字(2013)第022號) from Beijing Jian He Xin Assets Appraisal Company Limited (北京建和信資產評估有限責任公司), the consideration for the equity transfer was determined at RMB23,394,600. Following the completion of the change in business licence on 13 May 2013, Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) becomes a wholly owned subsidiary directly held by the Company. The completion of the equity transfer is conducive to optimising internal management structure and streamlining management.

As the aforementioned acquisition and disposal were neither connected transactions nor notifiable transactions as defined under the Hong Kong Listing Rules, it is therefore not required to publish any announcements under Chapters 14 and 14A of the Hong Kong Listing Rules.

Save as the aforementioned acquisition and disposal, the Company, its subsidiaries and associates did not have other material acquisitions or disposals of assets during the Reporting Period.

Capital structure

The Group generally finances its operations with its internal cash flows. As at 30 June 2013, 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 Reporting 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 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 30 June 2013, the Group employed a total of 58,207 employees (30 June 2012: 48,502 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 employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 6.78% of the Group's operating revenue as at 30 June 2013 (30 June 2012: 6.73%).

Taxation

During the Reporting Period, income tax of the Group was RMB839,694,409.12 (corresponding period of 2012: RMB478,584,495.98).

Section 4 Report of the Board

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.

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

	For the six months ended 30 June	
	2013 RMB (Unaudited)	2012 RMB (Unaudited)
China	23,708,486,663.55	15,235,337,994.11
Russia	895,510,075.46	800,351,060.71
Australia	311,586,360.75	485,501,765.06
Chile	249,900,651.35	279,686,832.04
Algeria	234,084,249.65	149,470,524.98
Iraq	174,056,268.48	222,316,425.06
Other countries	843,214,300.48	1,114,906,839.10
Total	26,416,838,569.72	18,287,571,441.06

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 operating 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.

The Group has automobile production plants in Baoding, Tianjin and Xushui. Its total capacity is expected to reach approximately 800,000 units at the end of 2013.

During the Reporting Period, the Group's total sales volume of automobiles was 370,301 units, representing a 41.33 % increase from the corresponding period of 2012 (corresponding period of 2012: 262,018 units). The continued and steady growth in the Group's automobile sales volume was attributable to the strong branding effect and constant upgrade of product quality. Great Wall Motor 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 truck

According to the statistics 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 Reporting Period, the sales volume of pick-up trucks was 72,226 units, representing a 5.74% increase from the corresponding period of 2012 (corresponding period of 2012: 68,307 units). The Group will continue to launch new models in order to further strengthen its leading position in the pick-up truck market.

(2) SUV

During the Reporting Period, the Group achieved outstanding performance in the domestic SUV market, with rapid growth in sales volume, which was higher than that of the entire SUV market. In March 2013, the Group established Haval SUV as an independent brand. Great Wall Motor's Haval M4, a small SUV model, was well received by the market after its launch last year, while Haval H6, benefiting from robust demand, achieved satisfactory growth in sales volume during the Reporting Period. All these enabled the Group's SUV models to maintain a leading position in the domestic SUV market. During the Reporting Period, the sales volume of SUVs amounted to 186,113 units, representing a 77.96% increase from the corresponding period of 2012 (corresponding period of 2012: 104,584 units).

(3) Sedan

During the Reporting Period, the sales volume of Great Wall Motor's sedans reached 107,561 units, representing a 23.01% increase from the corresponding period of 2012 (corresponding period of 2012: 87,443 units). The sales volume of Great Wall C30 model reached 69,670 units during the Reporting Period, while sales of Great Wall C50 gradually increased, with 32,246 units sold during the Reporting Period. Through specialization and with its professionalism and expertise, the Group will continue to step up its efforts to enhance the quality of its sedans, thereby further consolidating Great Wall Motor's stylish compact car brand image.

(4) Other vehicles

During the Reporting Period, the Group sold a total of 4,401 units of other vehicles (including MPVs, special vehicles), representing a 161.34% increase from the corresponding period of 2012 (corresponding period of 2012: 1,684 units).

(5) Automotive parts and components and others

During the Reporting Period, the revenue generated from the sale of automotive parts and components and others amounted to RMB1,396,883,657.98, representing a 15.57% increase from the corresponding period of 2012 (corresponding period of 2012: RMB1,208,658,110.09) and accounting for 5.29% of the Group's total operating revenue.

Section 4 Report of the Board

Domestic market

With the idea of “new form of urbanisation” first mentioned at the 18th National Congress of the Communist Party of China at the end of last year, it is expected that purchasing power in more domestic rural villages will unleash, thereby further fuelling domestic economic development and internal demand. The automobile industry, among others, will benefit from this. In fact, since the beginning of this year, the relevant policies have begun to stimulate the development of the domestic automobile industry; during the Reporting Period, the Group continued to expand its markets and improved the price-performance of its products to adapt to market environment and to meet consumers’ demand.

During the Reporting Period, the Group’s domestic sales volume and revenue generated from the sale of automobiles amounted to 328,387 units and RMB22,427,227,262.09 respectively, representing increases of 51.63% and 57.59% respectively from those of the corresponding period of 2012 (corresponding period of 2012: 216,575 units and RMB14,231,783,591.01 respectively). During the Reporting Period, 53,987 units, 169,706 units and 100,296 units of pick-up trucks, SUVs and sedans were sold domestically respectively.

In addition, according to market data, the Group had a higher growth rate in automobile sales than the national one during the Reporting Period, reflecting market’s confidence in the Group’s brand.

Overseas markets

In the first half of 2013, export of automobiles from the PRC was slightly under pressure amid severe competition in overseas markets. During the Reporting Period, the Group accelerated product technology innovation, and continued to develop new products while improving product quality to help drive overseas sales.

During the Reporting Period, the Group’s export sales volume of automobiles was 41,914 units, representing a 7.77% decrease from the corresponding period of 2012 (corresponding period of 2012: 45,443 units). Of the total export volume, 18,239 units, 16,407 units and 7,265 units of pick-up trucks, SUVs and sedans were sold respectively. The total export value of automobiles amounted to RMB2,592,727,649.65, representing a 8.94% decrease from the corresponding period of 2012 (corresponding period of 2012: RMB2,847,129,739.96) and accounting for 9.81% of the Group’s operating revenue.

The Group’s export markets were located mainly in the Middle East, Africa, Asia Pacific, South America and Europe, forming a solid international sales network.

Launch of new products

The Group launched a 2013 Great Wall C30 during the Reporting Period, with exterior and accessories upgrades, which further boosted sedan sales. Meanwhile, the Group also upgraded its SUV and pickup truck models.

At the Shanghai International Automobile Industry Exhibition held in April 2013, the Group showcased its Haval H8, Haval H7, Haval H6 (sports version), Haval H5 (redesigned model), and Haval H2 etc.. The Haval H8, targeting the high-end consumer market, is equipped with simulated wood and electroplated trims, and advanced equipment such as anti-collision radar and engine start-button. Haval H2, on the other hand, is a compact SUV. On display, there was also a new zero-emission electric car model — Kulla.

Outlook

Despite market concerns over the PRC's economic growth prospects, it is expected that domestic consumption will continue to grow steadily due to the country's colossal potential purchasing power. Regarding export markets, as the second half of this year will be the peak season for overseas markets, the Group will concentrate more of its resources in developing key markets and upgrading quality and product technology.

In response to market beliefs that the PRC automobile market has reached a mild and steady development stage, Great Wall Motor will continue to bolster its brand recognition through constant improvement of product mix. With respect to product development, the Group will continue to put emphasis on three major categories, namely pick-up trucks, SUVs and sedans. For SUVs, the Group will further improve the brand visibility of this product category following the spin-off of Haval as a stand-alone brand, as well as continue to upgrade and replace existing products. Under the guidance of the PRC's industrial policy, the Group will step up its efforts to develop energy-saving and environmentally-friendly, high-quality and high-performance automobiles and relevant automotive parts and components.

The Group will increase investment in in-house research and development of products, and will constantly enhance the research capacity for automobiles and automotive parts and components, thereby making constant improvement of core parts and components as well as spare parts, with the aim to improve the performance of automobiles in all aspects. At the same time, the Group plans to increase the use of automation to improve overall production efficiency.

In addition, the Group will strengthen technical cooperation with world-renowned automotive parts and components manufacturing enterprises to ensure greater improvement in the quality of all of its car models. The Group will strive to become an automobile manufacturer with global recognition. During the Reporting Period, the Group and German Kostal entered into a strategic alliance agreement, pursuant to which both parties will collaborate strategically on areas including traditional mechanical and electrical products, comfortable and safe electronic products and innovative technology.

Meanwhile, the Group will continue to focus on strengthening the Company's technology innovation, building a world-leading talented workforce that enhances product innovation and price-performance. Through expanding the portfolio of high-growth products, further consolidation of after-sales services and strengthening the research and development unit, the Group's overall competitiveness will be heightened.

New products

With respect to new product development, Great Wall Motor will continue to focus on the research and development of energy-saving and environmental-friendly car models, as well as product quality and competitiveness enhancement. The Group expects to further improve its product lines in the second half of 2013, and within the next two years launch more car models under Haval brand including Haval H2, Haval H8, Haval H7, as well as a new model of Great Wall C50, 2014 year models M2, and M4. Haval 8 is installed with 2.0 L direct injection engine and six-speed auto transmission.

Section 4 Report of the Board

The Group is committed to further increase investment in the research and development of SUV, to facilitate further segmentation of the SUV market, by introducing off-road SUV, urban SUV, cross-over SUV and more high-end models that are in line with the PRC's policies. The Group expects that there is considerable room for SUV development in the domestic market, and will therefore continue to expand its market share and enhance its brand image. Moreover, since Haval has just been recently made as a stand-alone brand, the Group is still fine-tuning the sales network and scale of marketing for the brand. It will take two to three years to complete the establishment of a separate sales network for Haval, which will provide sales as well as after-sales services. It is the desire of the Group that Haval will be put on a par with other joint-venture brands of SUV.

With respect to sedans, the Group will continue to develop affordable models with energy-saving and environmental-friendly features under the guidance of the PRC's policy to promote energy-saving products. Moreover, the Group will gradually enlarge its market share in the sedan sector through upgrade and replacement of existing products.

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

Export markets

The Group has made progress in its business in overseas markets, with products sold to a number of countries and regions around the world. The Group expects its export volume will rise gradually while income from export as a percentage of the operating 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 coverage, the Group will intensify its penetration of the markets in South Asia and Oceania, while maintaining its established position in the traditional markets in Middle East, Africa, Asia Pacific and South America.

The Group will continue to step up its efforts to develop the international market. In addition to continued expansion of the export volume of automobiles, the Group will also keep increasing the export volume of complete knock-down kits and semi-knocked down 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

The second phase of the Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area was under construction during the Reporting Period, and commenced operation in July this year, thereby increasing the Group's production capacity. The new facilities and advanced equipment lay a solid foundation for the Group's future research and development of new car models and production expansion.

In addition, the Group's new factory in Xushui, Baoding is under construction, and is expected to commence production at the end of this year. Except for certain testing grounds and the plants for producing parts and components, the construction of the factory has been completed basically and is ready for the production of automobiles. In future, Great Wall Motor's high-end car models will be produced and tested at the Xushui factory. It is expected that Haval H8, Haval H7 and subsequent products will be produced here. The commencement of the production of the Xushui factory will further lift the Group's production capacity.

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 PRC" 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 paid its income tax at the rate of 15% from 2010 to 2012. In accordance with the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法), enterprises may submit applications for the renewal of their High-Tech Enterprise Certificates within three months before their expiration. An enterprise whose application is approved will be granted with the renewed High-Tech Enterprise Certificate and may enjoy the aforesaid tax preference. The Company's application for the renewal of its High-Tech Enterprise Certificate has been approved by the Hebei Provincial Department of Science and Technology.

Interim Dividend

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

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 Reporting Period.

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 Hong Kong Listing Rules during the Reporting Period.

Section 4 Report of the Board

Audit Committee

The Company has set up 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. The Audit Committee held a meeting on 21 August 2013, at which the Audit Committee reviewed the 2013 interim results announcement, 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 2013 interim results announcement, interim report and interim financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

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 Company, and determining the remuneration packages of executive directors and senior management, including benefits in kind, pensions and compensation payments.

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.

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.

Compliance with the Model Code

The Company has adopted the Model Code 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 Reporting Period.

(I) Analysis of major businesses

1. Analysis of changes of relevant items in the financial statements

Unit: RMB Currency: RMB

Item	For the Reporting Period	For the corresponding period last year	Changes (%)	Reason
Operating revenue	26,416,838,569.72	18,287,571,441.06	44.45	The change in the operating revenue was mainly attributable to the increase in the overall sales volume of the Group.
Operating costs	18,765,540,112.22	13,476,105,405.77	39.25	The change in the operating costs was mainly attributable to the increase in the overall sales volume of the Group.
Selling expenses	855,302,745.69	633,718,965.41	34.97	The change in the selling expenses was mainly attributable to the increases in the transportation fees and after-sales service fees as a result of an increase in sales volume of the Group.
Administrative expenses	1,033,999,951.06	687,249,111.85	50.45	The change in the administrative expenses was mainly attributable to the increase in research and development expenses of the Group.
Financial expenses	-30,447,573.94	-47,845,214.00	-36.36	The change in the financial expenses was mainly attributable to the increase in the loss of foreign exchange of the Group.
Net cash flows from operating activities	4,953,260,185.00	2,432,211,432.14	103.65	The change in the net cash flows from operating activities was mainly attributable to the increase in sales revenue of the Group.
Net cash flows from investing activities	-2,179,015,190.80	-2,333,459,903.95	-6.62	The change in the net cash flows from investing activities was mainly attributable to the cash received from disposal of subsidiaries and investments and subsidies for research and development projects.
Net cash flows from financing activities	-1,680,104,781.73	-918,400,803.00	82.94	The change in the net cash flows from financing activities was mainly attributable to the increase in dividend payable by the Group.
Research and Development expenses	580,671,564.12	363,735,613.46	59.64	The change in research and development expenses was mainly attributable to the increase in investment in research and development of the Group.

Section 4 Report of the Board

2. Others

- (1) Analysis and description of the progress of various types of financing and major asset reorganization of the Company in the previous period

In 2011, the Company issued 304,243,000 RMB-denominated ordinary shares (A Shares) and raised proceeds of approximately RMB3.955 billion in total. Such proceeds were mainly used in seven projects, namely “GW4D20 diesel engine project with annual production of 100,000 sets”, “EG engine project with annual production of 300,000 sets”, “six-speed manual transmission project with annual production of 200,000 sets”, “aluminium alloy casting project with annual production of 400,000 sets”, “axles and brakes project with annual production of 400,000 sets”, “interior and exterior decoration project with annual production of 400,000 sets” and “automotive lighting project with annual production of 400,000 sets”. For details of the progress of the above seven projects, please refer to “Specific Report of the Allocation and Actual Use of Proceeds of Great Wall Motor Company Limited” (Announcement No.: 2013-026) issued by the Company on 22 August 2013.

- (2) Implementation of business plans

During the Reporting Period, the Company has strictly implemented the “12th 5-year strategic plan” according to the discussion among the Strategy Committee, the Board and the management at the beginning of this year, and has achieved the expected results of the development strategies as at the end of the Reporting Period. Meanwhile, the implementation of the annual business plan formulated by the Company at the beginning of this year is on schedule.

(II) Operation analysis by industries, products and regions

1. Major businesses by industries and products

Unit: RMB Currency: RMB

Industry	Major businesses by industries					
	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobile industry	26,225,491,736.72	18,639,282,037.40	28.93	45.54	40.38	Increased by 2.61 percentage points

Section 4 Report of the Board

Major businesses by products						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/ decrease in operating revenue over last year (%)	Increase/ decrease in operating costs over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Automobiles	25,019,954,911.74	17,698,062,841.17	29.26	46.50	42.50	Increased by 1.98 percentage points
Automotive parts and components	898,589,027.30	692,588,267.38	22.92	54.91	28.17	Increased by 16.08 percentage points
Moulds and others	240,404,101.52	193,774,612.70	19.40	-23.95	-30.29	Increased by 7.33 percentage points
Services	66,543,696.16	54,856,316.15	17.56	50.61	37.59	Increased by 7.80 percentage points

The Company is mainly engaged in research and development, manufacture and sale of automobiles and key automotive parts and components. The principal business of the Company belongs to the automobile industry and its products include automobiles, automotive parts and components, services, moulds and others.

2. Major businesses by regions

Region	Unit: RMB Currency: RMB	
	Operating revenue	Increase/ decrease in operating revenue over last year (%)
Domestic	23,572,467,906.21	57.42
Overseas	2,653,023,830.51	-8.92

The domestic business was mainly located in the mainland China.

(III) Analysis of the core competitiveness

In spite of the fierce market competition, Great Wall Motor maintains its leading position in the market segments where it operates, which is mainly attributable to the following key factors: 1. highly-recognized corporate culture; 2. excellent management and leadership; 3. outstanding production management standards; 4. sound sales and service system; 5. vertical integration of supply chain; 6. good brand image, trustworthy quality and dominant market position. With the development strategies of "focusing on three major products and enhancing brand values by leveraging on its quality products", Great Wall Motor has strengthened the leading position in the market segments and established a solid foundation for the overseas expansion of "Chinese automobiles".

Section 4 Report of the Board

(IV) Analysis of investments

1. Analysis of external equity investments

Unit: RMB10,000

Investment during the Reporting Period	11,800.00
Changes in investment	-29,907.38
Investment during the corresponding period last year	41,707.38
Changes in investment (%)	-71.71

Name of investee	Major Business	Percentage of shareholding in the investee
Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司)	Production and supply of heat, installation of heat supply system, maintenance of facilities (operating activities will only be allowed upon obtaining qualification certificates) design of heat supply system and selling of ashes.	100%
Baoding Great Wall Automotive Rental Co.,Ltd. (保定市長城汽車出租有限公司)	Passenger car rental (only in Baoding, subject to the area specified by Ji Zheng Han (1998) No. 97 document) (road transport license valid until 22 March 2017), automobile rental and sale of second-hand automobiles.	100%
Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	Design and development of car seat slide way and frame and leasing of its own properties.	100%

2. Entrusted wealth management and derivatives investments of non-financial companies

(1) Entrusted wealth management

There was no entrusted wealth management of the Company during the Reporting Period.

(2) Entrusted loans

There were no entrusted loans of the Company during the Reporting Period.

3. Use of proceeds

Please refer to the "Specific Report of the Allocation and Actual Use of Proceeds of Great Wall Motor Company Limited" (Announcement No.: 2013-026) issued by the Company on 22 August 2013.

Section 4 Report of the Board

4. Major subsidiaries and investees

Unit: RMB Currency: RMB

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets	Total net assets	Net profit from January to June 2013
Tianjin Boxin Automotive Parts Company Limited (天津博信汽車零部件有限公司)	Manufacturing of automotive parts and components	1,776,497,273.00	100	100	3,128,975,664.35	2,049,292,571.98	239,119,467.06
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司)	Marketing and sale of automobiles	8,000,000.00	100	100	3,736,838,483.65	186,555,101.73	129,930,650.25
Great Wall Baoding Huabei Automotive Company Limited (保定長城華北汽車有限責任公司)	Manufacturing of automotive parts and components	177,550,000.00	100	100	2,382,568,021.26	390,294,964.60	129,513,859.07
Baoding Xincheng Automotive Development Company Limited (保定市信誠汽車發展有限公司)	Manufacturing of automotive parts and components	69,210,000.00	100	100	527,786,404.15	288,163,021.66	84,070,454.57
Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司)	Manufacturing of automotive parts and components	282,720,000.00	100	100	1,140,296,547.50	447,902,535.37	59,024,458.40
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司)	Manufacturing of automotive parts and components	452,716,300.00	100	100	1,559,543,426.58	578,190,500.31	53,438,477.97
Baoding Nuobo Rubber Production Co., Ltd. (保定市諾博橡膠製品有限公司)	Manufacturing of automotive parts and components	72,240,000.00	100	100	422,854,893.39	333,542,391.22	35,495,800.20
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司)	Manufacturing of automotive parts and components	140,000,000.00	100	100	764,106,893.50	443,999,243.49	34,545,472.97
Baoding Mind Auto Component Co., Ltd. (保定曼德汽車配件有限公司)	Manufacturing of automotive parts and components	600,000.00	100	100	265,235,973.16	83,010,207.32	29,410,708.38
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Manufacturing of automotive parts and components	23,000,000.00	100	100	153,763,890.99	105,294,172.02	23,635,369.84

Section 4 Report of the Board

5. Non-fund raising projects

Unit: RMB Currency: RMB

Project	Total amount of investments	Progress	Amount invested during the Reporting Period	Accumulated amount invested	Revenue
Phase II of Construction Project of Tianjin Production Base for Great Wall Motor Passenger Vehicles	2,389,419,675.42	56.54%	173,966,470.51	1,351,078,858.66	No revenue has been generated as the project is under construction
Construction Project of Great Wall Motor Technology Centre	2,063,355,700.00	11.46%	114,975,479.21	236,509,008.26	No revenue has been generated as the project is under construction
Total	4,452,775,375.42	—	288,941,949.72	1,587,587,866.92	—

Due to changes in the market prices of the construction of infrastructure facilities and equipment, there have been adjustments to the total amount of investments in Phase II of Construction Project of Tianjin Production Base for Great Wall Motor Passenger Vehicles and Construction Project of Great Wall Motor Technology Centre as disclosed in the Company's 2012 annual report. The total amount of investments in Phase II of Construction Project of Tianjin Production Base for Great Wall Motor Passenger Vehicles and Construction Project of Great Wall Motor Technology Centre have changed to RMB2,389,419,675.42 and RMB2,063,355,700.00 respectively.

II. PROPOSAL OF PROFIT DISTRIBUTION OR CAPITALIZATION OF CAPITAL RESERVE FOR THE ISSUANCE OF ADDITIONAL SHARES

(I) Implementation or adjustment of profit distribution proposal during the Reporting Period

At the 2012 annual general meeting held on 10 May 2013, the Profit Distribution Proposal for the Year 2012 was considered and approved, pursuant to which the Company would pay cash dividend of RMB1,734,181,110.00 or RMB0.57 per share (tax inclusive) to the shareholders for the year of 2012. As of the date of this report, the cash dividend for the year of 2012 has been paid to all the shareholders of the Company.

III. OTHER DISCLOSURE

(I) Explanation of the Board and the Supervisory Committee for the non-standard auditor's report from the accounting firm

√ Not applicable

Section 5 Significant Events

I. MATERIAL LITIGATION, ARBITRATION AND MATTERS QUESTIONED BY THE MEDIA.

During the Reporting Period, the Company had no material litigation, arbitration or matters questioned by the media.

II. BANKRUPTCY AND RESTRUCTURING

During the Reporting Period, there were no events relating to bankruptcy or restructuring of the Company.

III. ASSET TRANSACTIONS AND MERGERS

(I) Transactions not required for disclosure by preliminary announcements or their subsequent development

1. Asset acquisitions

Unit: RMB Currency: RMB

Counterparty or ultimate controller	Assets acquired	Date of acquisition	Acquisition price	Net profit contributed to the Company by the assets from the beginning of this year to the end of the Reporting Period (applicable to business combination of enterprises under common control)	Is it a related party transaction? (If yes, state the basis of pricing)	Basis of pricing for the asset acquisition	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the Company by the assets over the total profit of the Company (%)	Relationship	
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司)	45% of the equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	13 May 2013	23,394,600	-7,245.85	—	No	Asset valuation	—	—	0.00	—

The Company acquired 45% of the equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) from Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司), a wholly-owned subsidiary of the Company. The acquisition has been completed as at the date of this interim report.

Section 5 Significant Events

2. Asset disposals

Unit: RMB Currency: RMB

Counterparty	Assets disposed of	Date of disposal	Disposal Price	Net profit contributed to the Company by the assets from the beginning of this year to the date of disposal	Gain or loss from the disposal	Is it a related party transaction? (If yes, state the basis of pricing)	Basis of pricing for the asset disposal	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the Company by the asset disposal over the total profit of the Company (%)	Relationship
Hebei Lizhong Nonferrous Metal Group Co., Ltd. (河北立中有色金屬集團有限公司)	100% of the equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司)	30 January 2013	98,450,000	4,579,158.92	10,972,610.88	No	Asset Valuation	—	—	0.26	—

The Company disposed of 100% of the equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司), a wholly-owned subsidiary of the Company. The disposal has been completed as at the date of this interim report.

3. Merger of enterprises

On 10 May 2013, the Company issued an announcement regarding the proposed absorption and merger of Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司), Baoding Great Wall Botai Electrical Appliance Manufacturing Co., Ltd. (保定長城博泰電器製造有限公司) and Baoding Xincheng Automotive Development Company Limited (保定市信誠汽車發展有限公司), which are wholly-owned subsidiaries of the Company. Such merger was considered and approved at the first extraordinary general meeting of the Company for 2013 held on 26 June 2013. The merger is in progress currently.

IV. SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS IMPLICATIONS

√ N/A

V. MATERIAL RELATED PARTY TRANSACTIONS

(I) Related party transactions relating to daily operations of the Company

1. *Related party transactions disclosed in preliminary announcements with subsequent development or changes*

Related parties	Relationship	Category of related party transaction	Related party transaction	Basis of pricing of related party transaction	Amount of related party transaction (RMB)	Percentage of total amount of similar transactions (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Jointly controlled entity	Purchase of goods	Purchase of automotive parts and components including automobile seating	mutually agreed price	210,842,541.42	0.97

Except for the related party transactions entered into between the Group and Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司), between the Group and Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司), and between the Group and He Bei Bao Cang Expressway Co., Ltd. (河北保滄高速公路有限公司), the material related party transactions set out above and in Note (VII) to the financial statements also constitute connected transactions and continuing connected transactions under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules or is exempt from the compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

VI. MATERIAL CONTRACTS AND PERFORMANCE THEREOF

(I) Trust, contracting and leasing

√ N/A

(II) Guarantee

√ N/A

(III) Other material contracts or transactions

During the Reporting Period, the Company had no other material contracts or transactions.

Section 5 Significant Events

VII. PERFORMANCE OF UNDERTAKINGS

(I) Undertakings of the Company, its shareholders holding 5% or more of shares, controlling shareholders and de facto controller during the Reporting Period or subsisting to the Reporting Period

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Time and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
Undertakings relating to the initial public offering of the shares of the Company	Restriction on trading of shares	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	For a period of 36 months from the date of listing, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) would not transfer or entrust others to manage any of the shares issued before the initial public offering of shares by the issuer, which is directly or indirectly held by it, nor allow such shares to be repurchased by the issuer.	36 months from the date of listing	Yes	Yes	—	—

Section 5 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Time and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
Undertakings relating to the initial public offering of the shares of the Company	Restriction on trading of shares	Wei Jian Jun	For a period of 36 months from the date of listing, Mr. Wei Jian Jun would not transfer or entrust others to manage any of the shares issued before the initial public offering of shares by the issuer, which is directly or indirectly held by him, nor allow such shares to be repurchased by the issuer.	36 months from the date of listing	Yes	Yes	—	—
Undertakings relating to the initial public offering of the shares of the Company	Termination of related party transaction	Great Wall Motor	From 1 January 2012, Great Wall Motor would not enter into any transactions relating to automotive parts and components with Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司) and Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司).	From 1 January 2012	No	Yes	—	—

VIII. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Change of accounting firm: No

Current appointment

Name of local accounting firm: Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)

Remuneration for local accounting firm: RMB480,000

Audit years of local accounting firm: 3.5 years

Section 5 Significant Events

IX. PUNISHMENT AND CORRECTION OF THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, SHAREHOLDERS HOLDING 5% OR MORE OF SHARES, DE FACTO CONTROLLER AND ACQUIRING PARTIES

During the Reporting Period, the Company and its directors, supervisors, senior management, shareholders holding 5% or more of shares and de facto controller were not subject to investigation, administrative punishment and reprimand by the CSRC and the SFC or public censure by the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

X. CORPORATE GOVERNANCE

During the Reporting Period, the Company was in strict compliance with the Company Law, Securities Law and regulations of the CSRC, and had in place a sound corporate governance structure. The operations, management and internal control system of the Company were further improved. Disclosure was made timely and fully. The Company also continued to take various effective measures to further strengthen its work on investor relations.

During the Reporting Period, the Company held two general meetings, four Board meetings and three supervisory meetings. The convening, holding and voting procedures of the meetings were in strict compliance with the Articles, the Rules of Procedures of General Meetings, the Rules of Procedures of Board Meetings, the Rules of Procedures of Supervisory Meetings of the Company and the relevant laws, rules and regulations. Interested directors strictly followed the rules and abstained from voting with respect to related party transactions.

During the Reporting Period, the controlling shareholders and de facto controller of the Company were in strict compliance with the Company Law and the Articles in exercising their rights and performing their obligations. In respect of business, staff, assets, organization and finance of the Company, the Company was totally independent from the controlling shareholders and the de facto controller, and had completely independent business and autonomy in its operations.

The corporate governance of the Company meets the requirements of the Standards on Corporate Governance of Listed Companies and other regulatory documents issued by the CSRC.

XI. OTHER SIGNIFICANT EVENTS

(I) Others

1. Financial expenses

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Interest expenses	—	—
Less: interest income	(45,042,131.64)	(49,492,819.66)
Exchange (gain)loss	7,705,927.33	(8,010,238.51)
Interests on discounted bills	2,221,235.16	3,621,076.18
Others	4,667,395.21	6,036,767.99
Total	(30,447,573.94)	(47,845,214.00)

2. Segment reporting

The Group is mainly engaged in the manufacture and sales of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The Group determined the reporting segments and disclosed the segment information according to No.3 Interpretation of Accounting Standards for Business Enterprises. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.

Section 5 Significant Events

Revenue from external customers by location of revenue sources:

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Revenue from external customers in China	23,708,486,663.55	15,235,337,994.11
Northeast China	2,191,588,151.53	1,382,686,870.36
Northern China	5,507,124,513.40	3,585,425,901.68
Eastern China	5,821,549,597.97	3,705,563,354.62
Central China	4,299,327,394.29	2,740,292,358.02
Northwest China	2,555,970,342.30	1,659,234,018.95
Southwest China	3,332,926,664.06	2,162,135,490.48
Revenue from external customers in other countries	2,708,351,906.17	3,052,233,446.95
Russia	895,510,075.46	800,351,060.71
Australia	311,586,360.75	485,501,765.06
Chile	249,900,651.35	279,686,832.04
Algeria	234,084,249.65	149,470,524.98
Iraq	174,056,268.48	222,316,425.06
South Africa	122,345,050.21	230,198,541.44
Other overseas countries	720,869,250.27	884,708,297.66
Total	26,416,838,569.72	18,287,571,441.06

Majority of the non-current assets required to be disclosed in the segment report, including fixed assets, real estate held-for-investment, construction in progress and investment in jointly controlled entities were located in the PRC.

The Group is not dependent on one or a few major customers.

3. *Financial instruments and risk management*

Major financial instruments of the Group include cash and bank balances, derivative financial instruments, receivables, and payables. Detailed descriptions of these financial instruments are set out in Note (VI). The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate such risks are set out below. The management of the Group manages and monitors such risk exposures to ensure such risks are limited to a prescribed level.

3.1 Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so as to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of the shareholders and other stakeholders. Based on such objective, the principal strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

3.1.1 Market risk

3.1.1.1 Foreign exchange risk

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. The purchases and sales of the domestic subsidiaries of the Group are denominated in RMB and other principal business activities of the Group are settled in RMB. As at the balance sheet date, except for the balances of assets denominated in USD and EUR and other insignificant amount in HKD as shown in the following table, all assets and liabilities of the Group were denominated in RMB. The impact of the foreign exchange risk arising from the balances of assets and liabilities denominated in such foreign currencies on the operating results of the Group was minimal.

Item	<i>RMB</i>	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Cash and cash equivalents	306,941,781.49	172,700,291.21
Accounts receivable	408,413,026.52	519,302,471.21
Other receivables	944,694.32	1,285,510.00
Accounts payable	(19,165,102.11)	(25,187,989.68)
Other payables	(66,741,023.02)	(56,774,846.01)
Total	630,393,377.20	611,325,436.73

The Group closely monitors the changes in foreign exchange rates as to their effects to the Group's exposure to foreign exchange risk.

3.1.2 Credit risk

The Group only conducts sales with third-party customers with good credit records. In order to minimize credit risk, the Group has established a team responsible for formulating credit limit, credit approval and implementing other monitoring procedures to ensure necessary follow-up measures are carried out to recover the overdue debts. As such, the risk of bad debts is low.

Section 5 Significant Events

Credit risk of other financial assets (including cash and other receivables), coming from money can not be returned from the other side, with a maximum risk equal to the carrying value of the financial assets.

The Group does not require any collateral from its customers as it only conducts sales with the third-party customers with good credit records. During the Reporting Period, the Group had a certain level of concentration of credit risk, and the balance of accounts receivable from top five customers of the Group accounted for 60.23% (31 December 2012: 61.52%) of the total accounts receivable. As the Group only granted credit period to certain third parties with good creditability and the closing balance of the Group's accounts receivable represented 2.54% of the Group's revenue as at 30 June 2013, the credit risk of the Group is not significant.

Further details regarding the quantified data of the credit risk arising from the accounts receivable and other receivables of the Group are disclosed in Note (VI) (4) and (VI) (6) to the financial statements.

3.1.3 Liquidity risk

In managing liquidity risk, the Group maintains and monitors cash and cash equivalents at a level considered to be sufficient by the management in order to satisfy the operating needs of the Group and lower the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and the compliance of the relevant borrowing agreements.

Analysis of the maturity profile of financial assets and financial liabilities of the Group based on the undiscounted remaining contractual obligations as at the end of each period are set out as follows:

RMB

Item	2013.6.30			Total
	Within 6 months	6-12 months	Over one year	
Bills receivable	13,658,096,216.54	—	—	13,658,096,216.54
Accounts receivable	655,578,336.87	16,499,346.74	—	672,077,683.61
Other receivables	1,291,930,888.44	55,955,827.20	—	1,347,886,715.64
Trading financial assets	8,200,707.10	8,070,175.75	—	16,270,882.85
Bills payable	(4,275,374,132.24)	—	—	(4,275,374,132.24)
Accounts payable	(8,852,211,903.49)	(11,911,882.70)	—	(8,864,123,786.19)
Other payables	(447,811,547.86)	(1,111,146,664.82)	—	(1,558,958,212.68)

Section 5 Significant Events

RMB

Item	2012.12.31			Total
	Within 6 months	6-12 months	Over one year	
Bills receivable	14,789,887,422.30	1,000,000.00	—	14,790,887,422.30
Accounts receivable	675,113,196.85	16,375,482.32	—	691,488,679.17
Other receivables	849,667,903.33	4,721,766.19	—	854,389,669.52
Dividend receivable	15,280,463.03	—	—	15,280,463.03
Trading financial assets	11,651,307.26	—	—	11,651,307.26
Bills payable	(4,292,950,154.90)	(48,721,960.01)	—	(4,341,672,114.91)
Accounts payable	(8,673,761,772.79)	(23,669,028.24)	—	(8,697,430,801.03)
Other payables	(973,934,856.83)	(245,705,968.16)	—	(1,219,640,824.99)

3.1.4 Fair value

Fair values of financial assets and financial liabilities are determined as follows:

Fair values of financial assets and financial liabilities (excluding derivative instruments) are determined by using the generally accepted pricing model based on future cash flow discounting method or according to the prevailing observable market transaction prices.

Fair values of derivative instruments are determined based on the publicly quoted price in an active market. If public quotation does not exist, the fair value of derivatives without options is estimated on the basis of appropriate revenue curve using future cash flow discounting method.

In the opinion of the Group's management, the book value for financial assets and financial liabilities in the financial statements are approximate to the fair value of those assets and liabilities.

Analysis of the three levels of fair value measurement for subsequent measurement of financial assets and financial liabilities at fair values is as follows:

- Level one: unadjusted quoted prices for similar assets or liabilities in active markets;
- Level two: valuations of relevant assets or liabilities directly (such as prices) or indirectly (such as estimations based on prices) observable from the markets except market prices;
- Level three: inputs for assets or liabilities based on variables other than observable market data, i.e. unobservable inputs.

Section 5 Significant Events

RMB

	2013.6.30 (unaudited)			Total
	Level one	Level two	Level three	
Financial liabilities held for trading	—	16,270,882.85	—	16,270,882.85

RMB

	2012.12.31 (audited)			Total
	Level one	Level two	Level three	
Financial liabilities held for trading	—	11,651,307.26	—	11,651,307.26

3.2 Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze the possible effects of rational and probable changes in risk variables to profit and loss for the current period or to the interests of shareholders. Since risk variables seldom change on a stand-alone basis, while the correlation between variables may have significant influence to the ultimate amount of change effected by the change in a single risk variable, the analysis below is based on the assumption that the changes in each variable occurred separately.

3.2.1 Foreign exchange risk

3.2.1.1 Holding other variables constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the period are set out below:

RMB

Item	Changes in exchange rates	Six months ended 30 June 2013 (unaudited)	
		Effects on profits	Effects on shareholders' equity interests
USD	5% strengthening against RMB	27,632,474.85	27,632,474.85
USD	5% weakening against RMB	(27,632,474.85)	(27,632,474.85)
EUR	5% strengthening against RMB	4,363,184.77	4,363,184.77
EUR	5% weakening against RMB	(4,363,184.77)	(4,363,184.77)
HKD	5% strengthening against RMB	(21,157.48)	(21,157.48)
HKD	5% weakening against RMB	21,157.48	21,157.48
GBP	5% strengthening against RMB	(4,398.44)	(4,398.44)
GBP	5% weakening against RMB	4,398.44	4,398.44
JPY	5% strengthening against RMB	(193,164.12)	(193,164.12)
JPY	5% weakening against RMB	193,164.12	193,164.12

Section 5 Significant Events

RMB

Item	Changes in exchange rates	Six months ended 30 June 2012 (unaudited)	
		Effects on profits	Effects on shareholders' equity interests
USD	5% strengthening against RMB	30,073,174.51	30,073,174.51
USD	5% weakening against RMB	(30,073,174.51)	(30,073,174.51)
HKD	5% strengthening against RMB	(42,152.24)	(42,152.24)
HKD	5% weakening against RMB	42,152.24	42,152.24
EUR	5% strengthening against RMB	848,075.26	848,075.26
EUR	5% weakening against RMB	(848,075.26)	(848,075.26)
GBP	5% strengthening against RMB	(98,691.39)	(98,691.39)
GBP	5% weakening against RMB	98,691.39	98,691.39
JPY	5% strengthening against RMB	5,684.03	5,684.03
JPY	5% weakening against RMB	(5,684.03)	(5,684.03)

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests after tax for the period are relatively small.

3.2.2 Sensitivity analysis of interest rate risk

3.2.2.1 Sensitivity analysis of interest rate risk is based on the assumption that changes in market rate will affect the interest income or expense of financial instruments at floating rates;

3.2.2.2 Based on the above assumption, holding all other variables constant, the effects of possible reasonable changes in interest rates to the profit and loss and interest before tax for the period are relatively small.

Section 6 Changes in Equity and Shareholders

I. CHANGES IN SHARE CAPITAL

(I) Table of changes in equity

1. *Table of changes in equity*

During the Reporting Period, there was no change in the total number of shares and the capital structure of the Company.

2. *Explanation for changes in equity*

During the Reporting Period, there was no change in the total number of shares and the capital structure of the Company.

(II) Changes in shares with selling restrictions

During the Reporting Period, there was no change in the shares with selling restrictions of the Company.

Section 6 Changes in Equity and Shareholders

II. SHAREHOLDERS

(I) Number of shareholders and shareholdings

Unit: shares

Total number of shareholders as at the end of the Reporting Period							18,554
Shareholding of the top 10 shareholders							
Name of shareholder	Type of shareholder	Percentage of shareholding (%)	Total number of shares held	Increase/decrease during the Reporting Period	Number of shares with selling restrictions held	Number of shares pledged or frozen	
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Domestic non-state-owned legal person	56.04	1,705,000,000 (A Shares)	0	1,705,000,000 (A Shares)	Nil	
HKSCC NOMINEES LIMITED	Overseas legal person	33.17	1,009,261,845 (H Shares)	279,300 (H Shares)	—	Unknown	
Bank of China — Jiashi Stable Open Stock Investment Fund	Others	0.72	22,034,128 (A Shares)	19,418,388 (A Shares)	—	Unknown	
The Industrial and Commercial Bank of China — CIFM Domestic Demand Motivation Stock Securities Investment Fund	Others	0.59	17,990,000 (A Shares)	2,986,875 (A Shares)	—	Unknown	
WU FEE PHILIP	Others	0.58	17,555,000 (H Shares)	0	—	Unknown	
Shanghai Pudong Development Bank — Jiashi High Quality Enterprises Open Stock Investment Fund	Others	0.46	14,121,377 (A Shares)	-3,754,540 (A Shares)	—	Unknown	
Bank of China — Jiashi Income Growth Securities Investment Fund	Others	0.34	10,488,624 (A Shares)	2,294,735 (A Shares)	—	Unknown	
The Industrial and Commercial Bank of China — Bosera Third Industrial Growth Equity Securities Investment Fund	Others	0.27	8,303,865 (A Shares)	804,568 (A Shares)	—	Unknown	
National Social Security Fund 103 Package	Others	0.25	7,601,034 (A Shares)	1,313,058 (A Shares)	—	Unknown	
China Construction Bank — Bosera Theme Industry Stock Securities Investment Fund	Others	0.24	7,287,176 (A Shares)	1,205,536 (A Shares)	—	Unknown	

Section 6 Changes in Equity and Shareholders

Shareholding of the top 10 shareholders of shares without selling restrictions

Name of shareholder	Number of shares without selling restrictions held	Class and number of shares
HKSCC NOMINEES LIMITED	1,009,261,845 (H Shares)	Overseas listed foreign shares
Bank of China — Jiashi Stable Open Stock Investment Fund	22,034,128 (A Shares)	RMB-denominated ordinary shares
The Industrial and Commercial Bank of China — CIFM Domestic Demand Motivation Stock Securities Investment Fund	17,990,000 (A Shares)	RMB-denominated ordinary shares
WU FEE PHILIP	17,555,000 (H Shares)	Overseas listed foreign shares
Shanghai Pudong Development Bank — Jiashi High Quality Enterprises Open Stock Investment Fund	14,121,377 (A Shares)	RMB-denominated ordinary shares
Bank of China — Jiashi Income Growth Securities Investment Fund	10,488,624 (A Shares)	RMB-denominated ordinary shares
The Industrial and Commercial Bank of China — Boser Third Industrial Growth Equity Securities Investment Fund	8,303,865 (A Shares)	RMB-denominated ordinary shares
National Social Security Fund 103 Package	7,601,034 (A Shares)	RMB-denominated ordinary shares
China Construction Bank — Boser Theme Industry Stock Securities Investment Fund	7,287,176 (A Shares)	RMB-denominated ordinary shares
Huaxia Growth Securities Investment Fund	5,500,000 (A Shares)	RMB-denominated ordinary shares
Description of the related party relationship or acting in concert relationship among the above shareholders	There is no related party relationship between Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, and the other shareholders. In addition, the Company is not aware of any related party relationship among the other shareholders mentioned above.	

Shareholdings of the top ten shareholders of shares with selling restrictions and the selling restrictions

Unit: shares

Serial No.	Name of shareholder of shares with selling restrictions	Number of shares with selling restrictions held	Listing and trading of shares with selling restrictions		Selling restrictions
			Date permitted to be listed and traded in the market	Number of shares newly permitted to be listed and traded in the market	
1	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	1,705,000,000 (A Shares)	28 September 2014	1,705,000,000 (A Shares)	The shareholder who was the promoter undertook not to sell its shares within 36 months after the listing of A Shares.

Section 6 Changes in Equity and Shareholders

Shares Held by Substantial Shareholders (SFO Requirements)

As at 30 June 2013, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	No. of shares	Approximate	Approximate	Approximate
		percentage of A Shares %	percentage of H Shares %	percentage of total number of shares %
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (Note 1)	1,705,000,000(L) (A Shares)	84.86	—	56.04
Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) (Note 2)	1,705,000,000(L) (A Shares)	84.86	—	56.04
JPMorgan Chase & Co.	145,195,328(L) (H Shares)	—	14.05(L)	4.77
	65,500(S) (H Shares)	—	0.01(S)	0.00
	73,972,465(P) (H Shares)	—	7.16(P)	2.43
BlackRock, Inc.	60,788,327(L) (H Shares)	—	5.88(L)	2.00
	313,500(S) (H Shares)	—	0.03(S)	0.01
Han Xue Juan (Note 3)	1,705,000,000(L) (A Shares)	84.86	—	56.04
Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經營中心) (Note 4)	1,705,000,000(L) (A Shares)	84.86	—	56.04

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

(S) denotes a short position in shares of the Company

(P) denotes shares available for lending

Section 6 Changes in Equity and Shareholders

Notes:

- (1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 1588 Chang Cheng South Road, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations and as prescribed by the State Council can only be conducted after obtaining approvals). As at 30 June 2013, 61.365%, 1.599%, 0.016% and 37.020% of the equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) respectively. Further, 99% and 1% of the equity interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) were held by Mr. Wei Jian Jun and Ms. Han Xue Juan respectively. Therefore, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is a company controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which is in turn controlled by Mr. Wei Jian Jun and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.
- (2) As at 30 June 2013, Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) held 61.365% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.
- (3) As at 30 June 2013, Ms. Han Xue Juan held 0.016% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 1% interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), and is the spouse of Mr. Wei Jian Jun. Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested for the purposes of the SFO.
- (4) As at 30 June 2013, Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) held 37.02% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.

Save as disclosed above, as at 30 June 2013, so far as the directors, supervisors or chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Directors' and Supervisors' Interests in Securities

As at 30 June 2013, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of SFO, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the

Section 6 Changes in Equity and Shareholders

SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

Name of director/ supervisor	Capacity/nature of interest	No. of shares	Approximate percentage of A Shares %	Approximate percentage of H Shares %	Approximate percentage of total number of shares %
Wei Jian Jun	Interests in controlled companies	1,705,000,000(L) (A Shares)	84.86	—	56.04
Total		1,705,000,000(L) (A Shares)	84.86	—	56.04

Notes:

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

Interests in Controlled Companies

As at 30 June 2013, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun is deemed to be interested in the 1,705,000,000 A Shares held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司).

Save as disclosed above, so far as the directors of the Company are aware, as at 30 June 2013, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

(II) Change in controlling shareholders or de facto controller

During the Reporting Period, there was no change in controlling shareholders or de facto controller of the Company.

Section 7 Directors, Supervisors and Senior Management

I. CHANGES IN SHAREHOLDINGS

(I) Changes in the shareholding of current and resigned directors, supervisors and senior management during the Reporting Period

During the Reporting Period, there was no change in the shareholding of the directors, supervisors and senior management of the Company.

II. CHANGES IN THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

During the Reporting Period, there was no change in the directors, supervisors and senior management of the Company.

III. MISCELLANEOUS

During the Reporting Period, the Company did not appoint nor dismiss any directors, supervisors and members of senior management of the Company.

Section 8 Financial Report (Unaudited)

Review Report

Deloitte.
德勤

De Shi Bao (Yue) Zi (13) No. R0028

TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:

We have reviewed the accompanying financial statements of Great Wall Motor Company Limited (“Great Wall Motor Company”), which comprise the company’s and consolidated balance sheets as at 30 June 2013, and the company’s and consolidated income statements, the company’s and consolidated statements of changes in shareholders’ equity and the company’s and consolidated cash flow statements for the six months then ended, and the notes to the financial statements. The directors are responsible for the preparation and presentation of these interim consolidated financial statements. Our responsibility is to issue a review report on these interim consolidated financial statements based on our review.

We conducted our review in accordance with “China Certified public accountant Review Standard No. 2101 — Review of Financial Statement”. This standard requires us to plan and conduct the review procedures, accordingly provide limited assurance that whether there is no significant misstatement of the entity’s financial statements. A review is limited to procedures as enquiry of entity’s relevant staff and analytical review of financial data, providing lower level of assurance than for an audit. Since we have not conducted audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of Great Wall Motor Company which comprised the company’s and consolidated balance sheets as at 30 June 2013, and the company’s and consolidated income statements, the company’s and consolidated statements of changes in shareholders’ equity and the company’s and consolidated cash flow statements for the six months then ended is not prepared, in all material aspects, in accordance with China Accounting Standards.

Deloitte Touche Tohmatsu CPA LLP.

Shanghai China

Chinese Certified Public Accountants

Tong Chuan Jiang

Zhang Yi Qiang

22 August 2013

Consolidated Balance Sheet

At 30 June 2013

Item	Note	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Current Assets:			
Cash and bank balances	(VI)1	7,364,146,110.61	6,336,981,784.93
Held-for-trading financial assets	(VI)2	16,270,882.85	11,651,307.26
Bills receivable	(VI)3	13,658,096,216.54	14,790,887,422.30
Accounts receivable	(VI)4	672,077,683.61	691,488,679.17
Prepayments	(VI)5	378,721,420.57	391,549,732.29
Dividends receivable		15,280,463.03	15,280,463.03
Other receivables	(VI)6	1,347,886,715.64	854,389,669.52
Inventories	(VI)7	2,684,634,280.74	2,695,117,691.59
Other current assets	(VI)8	62,956,662.01	60,330,465.60
Total Current Assets		26,200,070,435.60	25,847,677,215.69
Non-current Assets:			
Long-term receivables		—	22,970,074.17
Long-term equity investments	(VI)9/(VI)10	45,580,787.32	41,841,473.15
Investment properties	(VI)11	6,171,001.31	6,251,972.88
Fixed assets	(VI)12	10,455,362,839.16	9,019,119,819.20
Construction in progress	(VI)13	5,541,696,260.80	4,989,704,197.26
Intangible assets	(VI)14	2,219,359,118.58	2,214,215,362.85
Goodwill	(VI)15	2,163,713.00	2,163,713.00
Long-term prepaid expenses		15,385,460.54	17,486,693.00
Deferred tax assets	(VI)16	396,491,293.86	407,966,015.58
Total Non-current Assets		18,682,210,474.57	16,721,719,321.09
TOTAL ASSETS		44,882,280,910.17	42,569,396,536.78
Current Liabilities:			
Bills payable	(VI)18	4,275,374,132.24	4,341,672,114.91
Accounts payable	(VI)19	8,864,123,786.19	8,697,430,801.03
Advances from customers	(VI)20	2,904,060,199.28	3,195,376,434.87
Salaries payable	(VI)21	383,436,463.02	736,035,068.04
Taxes payable	(VI)22	542,649,160.43	537,079,490.65
Dividends payable	(VI)23	92,177,074.33	—
Other payables	(VI)24	1,558,958,212.68	1,219,640,824.99
Non-current liabilities due within one year	(VI)25	49,906,310.54	51,704,662.45
Other current liabilities	(VI)26	576,569,223.56	540,227,876.22
Total Current Liabilities		19,247,254,562.27	19,319,167,273.16

Consolidated Balance Sheet

At 30 June 2013

Item	Note	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Non-current Liabilities:			
Other non-current liabilities	(VI)27	1,736,120,349.30	1,606,859,855.26
Total Non-current Liabilities		1,736,120,349.30	1,606,859,855.26
TOTAL LIABILITIES		20,983,374,911.57	20,926,027,128.42
SHAREHOLDERS' EQUITY:			
Share capital	(VI)28	3,042,423,000.00	3,042,423,000.00
Capital reserve	(VI)29	4,461,109,309.25	4,461,109,309.25
Surplus reserve	(VI)30	2,217,932,376.40	2,217,932,376.40
Undistributed profits	(VI)31	14,152,160,533.25	11,799,009,548.92
Foreign currency translation differences		(6,261,109.40)	(6,230,241.74)
Total shareholders' equity attributable to equity holders of the Company		23,867,364,109.50	21,514,243,992.83
Minority interests		31,541,889.10	129,125,415.53
TOTAL SHAREHOLDERS' EQUITY		23,898,905,998.60	21,643,369,408.36
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		44,882,280,910.17	42,569,396,536.78

The accompanying notes are parts of the financial statements.

The financial statements as set out from pages 48 to 202 have been signed by:

Legal Representative
Wei Jianjun

General Manager
Wang Fengying

Chief Financial Officer
Li Fengzhen

Head of the Finance Section
Ji Wenjun

Balance Sheet of the Company

At 30 JUNE 2013

Item	Note	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Current Assets:			
Cash and bank balances	(X)1	5,083,607,618.97	3,872,653,468.31
Held-for-trading financial assets		16,270,882.85	11,651,307.26
Bills receivable	(X)2	10,476,720,943.21	11,668,278,186.78
Accounts receivable	(X)3	1,251,881,711.89	1,115,166,030.89
Prepayments		403,422,717.54	411,210,587.23
Dividends receivable		652,306,427.11	173,522,737.27
Other receivables	(X)4	1,354,098,196.93	865,215,527.67
Inventories	(X)5	1,390,125,499.14	1,058,328,245.58
Other current assets		50,876,707.07	34,495,659.37
Total Current Assets		20,679,310,704.71	19,210,521,750.36
Non-current Assets:			
Long-term receivables		—	22,970,074.17
Long-term equity investments	(X)6	3,794,196,073.57	3,763,903,285.10
Investment properties		6,171,001.31	6,251,972.88
Fixed assets	(X)7	8,152,273,143.73	6,697,775,161.70
Construction in progress	(X)8	4,972,739,584.36	4,694,413,290.15
Intangible assets	(X)9	1,914,451,979.61	1,832,616,203.28
Long-term prepaid expenses		11,129,577.84	11,947,859.33
Deferred tax assets		128,399,476.03	111,268,817.57
Total Non-current Assets		18,979,360,836.45	17,141,146,664.18
TOTAL ASSETS		39,658,671,541.16	36,351,668,414.54
Current Liabilities:			
Bills payable	(X)10	2,229,674,040.06	2,240,543,647.68
Accounts payable	(X)11	8,851,872,471.42	8,938,896,912.86
Advances from customers	(X)12	2,773,344,026.96	2,411,539,385.38
Salaries payable		202,118,269.26	434,336,352.42
Taxes payable		402,934,293.16	382,381,688.60
Other payables		1,151,006,479.64	788,228,066.09
Non-current liabilities due within one year	(X)13	31,422,414.00	33,457,430.17
Other current liabilities		213,953,454.25	216,495,363.80
Total Current Liabilities		15,856,325,448.75	15,445,878,847.00

Balance Sheet of the Company

At 30 June 2013

Item	Note	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Non-current Liabilities:			
Other non-current liabilities	(X)13	1,453,909,650.84	1,314,781,614.77
Total Non-current Liabilities		1,453,909,650.84	1,314,781,614.77
TOTAL LIABILITIES		17,310,235,099.59	16,760,660,461.77
SHAREHOLDERS' EQUITY:			
Share capital		3,042,423,000.00	3,042,423,000.00
Capital reserve	(X)14	4,506,077,023.11	4,506,077,023.11
Surplus reserve		1,480,888,012.24	1,480,888,012.24
Undistributed profits	(X)15	13,319,048,406.22	10,561,619,917.42
TOTAL SHAREHOLDERS' EQUITY		22,348,436,441.57	19,591,007,952.77
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		39,658,671,541.16	36,351,668,414.54

Consolidated Income Statement

For the six months ended 30 June 2013

Item	Note	RMB	
		Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
I. Total operating revenue	(VI)32	26,416,838,569.72	18,287,571,441.06
II. Total operating costs		21,579,156,474.77	15,475,020,650.92
Including: Operating costs	(VI)32	18,765,540,112.22	13,476,105,405.77
Business tax and surcharges	(VI)33	955,299,210.84	663,551,215.21
Selling expenses	(VI)34	855,302,745.69	633,718,965.41
Administrative expenses	(VI)35	1,033,999,951.06	687,249,111.85
Financial expenses	(IX)1	(30,447,573.94)	(47,845,214.00)
Impairment loss on assets	(VI)36	(537,971.10)	62,241,166.68
Add: Gains or losses from changes in fair values	(VI)37	4,619,575.59	(8,390,875.32)
Investment income	(VI)38	30,278,889.54	6,932,650.07
Including: share of profit of associates and jointly controlled entities		3,739,314.17	548,445.26
III. Operating profit		4,872,580,560.08	2,811,092,564.89
Add: Non-operating income	(VI)39	70,415,952.21	51,727,417.28
Less: Non-operating expenses	(VI)40	11,624,508.29	7,433,972.04
Including: Losses from disposal of non-current assets		5,304,039.67	1,564,950.05
IV. Total profit		4,931,372,004.00	2,855,386,010.13
Less: Income tax expenses	(VI)41	839,694,409.12	478,584,495.98
V. Net profit		4,091,677,594.88	2,376,801,514.15
Net profit attributable to shareholders of the Company		4,087,332,094.33	2,353,515,940.60
Profit or loss attributable to minority interests		4,345,500.55	23,285,573.55
VI. Earnings per share:			
(I) Basic earnings per share	(VI)42	1.34	0.77
(II) Diluted earnings per share	(VI)42	N/A	N/A
VII. Other comprehensive income	(VI)43	(30,867.66)	110,898.73
VIII. Total comprehensive income:		4,091,646,727.22	2,376,912,412.88
Total comprehensive income attributable to shareholders of the Company		4,087,301,226.67	2,353,626,839.33
Total comprehensive income attributable to minority interests		4,345,500.55	23,285,573.55

Income Statement of the Company

For the six months ended 30 June 2013

Item	Note	RMB	
		Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
I. Total operating revenue	(X)16	25,094,319,631.56	18,029,349,775.21
Less: Operating costs	(X)16	19,483,594,029.33	14,640,844,419.10
Business tax and surcharges	(X)17	907,716,792.12	631,817,255.85
Selling expenses		191,014,898.19	105,075,873.60
Administrative expenses	(X)18	825,461,147.38	502,159,262.04
Financial expenses		(15,906,897.98)	(23,210,771.08)
Impairment loss on assets		3,005,634.84	30,457,724.78
Add: Gains or losses from changes in fair values		4,619,575.59	(8,390,875.32)
Investment income	(X)19	1,296,698,388.92	711,208,927.68
Including: share of profit of associates and jointly controlled entities		1,898,188.47	391,859.86
II. Operating profit		5,000,751,992.19	2,845,024,063.28
Add: Non-operating income		37,296,059.66	38,714,318.32
Less: Non-operating expenses		8,392,278.24	4,952,435.46
Including: Losses from disposal of non-current assets		4,357,313.76	1,071,364.67
III. Total profit		5,029,655,773.61	2,878,785,946.14
Less: Income tax expenses	(X)20	538,046,174.81	313,329,595.59
IV. Net profit		4,491,609,598.80	2,565,456,350.55
V. Earnings per share:			
(I) Basic earnings per share		1.48	0.84
(II) Diluted earnings per share		N/A	N/A
VI. Other comprehensive income		—	—
VII. Total comprehensive income:		4,491,609,598.80	2,565,456,350.55

Consolidated Cash Flow Statement

For the six months ended 30 June 2013

RMB

Item	Note	Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
I. Cash Flows from Operating Activities:			
Cash received from selling goods and rendering services		29,001,855,731.76	19,521,396,381.59
Tax rebate received		33,594,037.96	7,426,380.39
Other cash received relating to operating activities	(VI)44(1)	66,510,440.66	60,270,470.46
Sub-total of cash inflows from operating activities		29,101,960,210.38	19,589,093,232.44
Cash paid for purchasing goods and receiving services		18,071,685,200.52	13,400,882,273.91
Cash payments to and on behalf of employees		2,143,681,856.19	1,463,154,956.49
Taxes and surcharges paid		2,813,261,110.92	1,494,166,831.26
Other cash paid relating to operating activities	(VI)44(2)	1,120,071,857.75	798,677,738.64
Sub-total of cash outflow from operating activities		24,148,700,025.38	17,156,881,800.30
Net cash flows from operating activities	(VI)45(1)	4,953,260,185.00	2,432,211,432.14
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		7,127,000,000.00	2,019,660,000.00
Cash received from return on investments		15,566,964.49	6,384,204.81
Cash received from disposal of subsidiaries and other business units	(VI)45(2)	95,223,076.17	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		8,618,022.89	5,919,881.68
Other cash received relating to investing activities	(VI)44(3)	154,528,000.00	65,700,000.00
Sub-total of cash inflow from investing activities		7,400,936,063.55	2,097,664,086.49
Net cash paid for acquisition of subsidiaries and other business entities		2,452,951,254.35	2,407,192,190.44
Investment in available for sale financial assets		7,127,000,000.00	2,020,931,800.00
Cash paid for equity investment		—	3,000,000.00
Sub-total of cash outflow from investing activities		9,579,951,254.35	4,431,123,990.44
Net Cash Flow from Investing Activities		(2,179,015,190.80)	(2,333,459,903.95)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		—	281,711,678.52
Other cash received from financing activities	(VI)44(4)	58,300,627.70	—
Sub-total of cash inflow from financing activities		58,300,627.70	281,711,678.52
Cash paid for dividends, profits distribution or interest repayment		1,738,405,409.43	933,640,850.16
Including: Dividend and profit paid by subsidiaries to minority shareholders		9,751,952.65	18,682,355.99
Other cash paid relating to financing activities	(VI)44(5)	—	266,471,631.36
Sub-total of cash outflow from financing activities		1,738,405,409.43	1,200,112,481.52
Net Cash Flow from Financing Activities		(1,680,104,781.73)	(918,400,803.00)

Consolidated Cash Flow Statement

For the six months ended 30 June 2013

Item	Note	<i>RMB</i>	
		Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		(8,675,259.09)	2,277,672.62
V. Net Increase in Cash and Cash Equivalents		1,085,464,953.38	(817,371,602.19)
Add: Balance of cash and cash equivalents at the beginning of the period		5,595,535,544.33	6,306,279,224.47
VI. Balance of cash and cash equivalents at the end of the period	(VI)45(3)	6,681,000,497.71	5,488,907,622.28

Cash Flow Statement of the Company

For the six months ended 30 June 2013

RMB

ITEM	Notes	Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
I. Cash Flows from Operating Activities:			
Cash received from selling goods and rendering services		28,332,880,509.79	20,045,432,134.03
Tax rebate received		25,216,750.46	7,040,969.70
Other cash received relating to operating activities		30,825,681.99	235,954,638.62
Sub-total of cash inflow from operating activities		28,388,922,942.24	20,288,427,742.35
Cash paid for purchasing goods and receiving services		20,531,630,784.28	16,162,879,855.13
Cash paid to and on behalf of employees		1,369,484,209.81	881,149,599.72
Taxes and surcharges paid		2,108,564,657.65	1,059,780,585.17
Other cash paid relating to operating activities		347,119,243.73	254,139,030.64
Sub-total of cash outflow from operating activities		24,356,798,895.47	18,357,949,070.66
Net cash flows from operating activities	(X)21(1)	4,032,124,046.77	1,930,478,671.69
II. Cash Flows from Investing Activities:			
Cash received from disposal of investments		5,460,000,000.00	950,360,000.00
Cash received from return on investments		812,566,510.61	518,644,236.74
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		7,281,799.04	1,396,452.64
Net cash received from disposal of subsidiaries and other business entities		98,450,000.00	4,038,195.72
Other cash receipts relating to investing activities		154,528,000.00	65,700,000.00
Sub-total of cash inflow from investing activities		6,532,826,309.65	1,540,138,885.10
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		2,034,578,677.16	2,120,285,585.55
Cash paid for investment in available for sale financial assets		5,460,000,000.00	951,631,800.00
Cash paid for equity investment		123,394,600.00	111,251,200.00
Sub-total of cash outflow from investing activities		7,615,160,828.04	3,183,168,585.55
Net Cash Flow from Investing Activities		(1,085,146,967.51)	(1,643,029,700.45)
III. Cash Flows from Financing Activities:			
Cash received from borrowings		—	281,711,678.52
Sub-total of cash inflow from financing activities		—	281,711,678.52
Cash paid for dividends, profits distribution or interest repayment		1,728,653,456.78	914,958,494.17
Other cash payments relating to financing activities		46,435,455.35	107,925,109.75
Sub-total of cash outflow from financing activities		1,775,088,912.13	1,022,883,603.92
Net Cash Flow from Financing Activities		(1,775,088,912.13)	(741,171,925.40)

Cash Flow Statement of the Company

For the six months ended 30 June 2013

ITEM	Notes	<i>RMB</i>	
		Six months ended 2013.6.30 (unaudited)	Six months ended 2012.6.30 (unaudited)
IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate		(7,369,471.82)	1,972,759.53
V. Net Increase in Cash and Cash Equivalents		1,164,518,695.31	(451,750,194.63)
Add: Balance of cash and cash equivalents at the beginning of the period		3,601,505,562.66	3,775,429,524.51
VI. Balance of cash and cash equivalents at the end of the period	(X)21(2)	4,766,024,257.97	3,323,679,329.88

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2013

RMB

Item	Six months ended 30 June 2013 (unaudited)						
	Attributable to shareholders of the Company						Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained profits	Translation differences arising on translation of financial statements denominated in foreign currencies	Minority interests	
I. Balance at the beginning of the period	3,042,423,000.00	4,461,109,309.25	2,217,932,376.40	11,799,009,548.92	(6,230,241.74)	129,125,415.53	21,643,369,408.36
II. Changes in the period	—	—	—	2,353,150,984.33	(30,867.66)	(97,583,526.43)	2,255,536,590.24
(I) Net profit	—	—	—	4,087,332,094.33	—	4,345,500.55	4,091,677,594.88
(II) Other comprehensive income	—	—	—	—	(30,867.66)	—	(30,867.66)
Subtotal of (I) and (II)	—	—	—	4,087,332,094.33	(30,867.66)	4,345,500.55	4,091,646,727.22
(III) Shareholders' capital injection and capital reduction	—	—	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries	—	—	—	—	—	—	—
(IV) Profit distribution	—	—	—	(1,734,181,110.00)	—	(101,929,026.98)	(1,836,110,136.98)
1. Transfer to statutory reserve	—	—	—	—	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—
3. Transfer to venture expansion fund	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	—	—	—	—	—
5. Distributions to shareholders	—	—	—	(1,734,181,110.00)	—	(101,929,026.98)	(1,836,110,136.98)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—
(V) Transfer of shareholders' equity	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—
2. Transfer of surplus reserves to share capital	—	—	—	—	—	—	—
3. Surplus reserves making up of losses	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
III. Balance at the end of the current period	3,042,423,000.00	4,461,109,309.25	2,217,932,376.40	14,152,160,533.25	(6,261,109.40)	31,541,889.10	23,898,905,998.60

Consolidated Statement of Changes in Shareholders' Equity

For the six months ended 30 June 2013

RMB

Item	Six months ended 30 June 2012 (unaudited)					Translation differences arising on translation of financial statements denominated in foreign currencies	Minority interests	Total shareholders' equity
	Attributable to shareholders of the Company							
	Share capital	Capital reserve	Surplus reserve	Retained profits				
I. Balance at the beginning of the period	3,042,423,000.00	4,463,795,086.95	1,583,245,673.36	7,653,974,196.03	(6,329,603.59)	284,395,390.98	17,021,503,743.73	
II. Changes in the period	—	(2,685,777.70)	—	1,440,789,040.60	110,898.73	(161,606,778.43)	1,276,607,383.20	
(I) Net profit	—	—	—	2,353,515,940.60	—	23,285,573.55	2,376,801,514.15	
(II) Other comprehensive income	—	—	—	—	110,898.73	—	110,898.73	
Subtotal of (I) and (II)	—	—	—	2,353,515,940.60	110,898.73	23,285,573.55	2,376,912,412.88	
(III) Shareholders' capital injection and capital reduction	—	(2,685,777.70)	—	—	—	(125,910,922.29)	(128,596,699.99)	
1. Capital injection from shareholders	—	—	—	—	—	—	—	
2. Acquisition of subsidiaries	—	—	—	—	—	—	—	
3. Acquisition of minority interests of subsidiaries (Note 1)	—	(2,685,777.70)	—	—	—	(125,910,922.29)	(128,596,699.99)	
(IV) Profit distribution	—	—	—	(912,726,900.00)	—	(58,981,429.69)	(971,708,329.69)	
1. Transfer to statutory reserve	—	—	—	—	—	—	—	
2. Transfer to discretionary reserve	—	—	—	—	—	—	—	
3. Transfer to venture expansion fund	—	—	—	—	—	—	—	
4. Transfer to reserve fund	—	—	—	—	—	—	—	
5. Distributions to shareholders	—	—	—	(912,726,900.00)	—	(58,981,429.69)	(971,708,329.69)	
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—	
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—	
(V) Transfer of shareholders' equity	—	—	—	—	—	—	—	
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—	
2. Transfer of surplus reserves to share capital	—	—	—	—	—	—	—	
3. Surplus reserves making up of losses	—	—	—	—	—	—	—	
4. Others	—	—	—	—	—	—	—	
III. Balance at the end of the current period	3,042,423,000.00	4,461,109,309.25	1,583,245,673.36	9,094,763,236.63	(6,218,704.86)	122,788,612.55	18,298,111,126.93	

Note 1: In April 2012, Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development"), a subsidiary of the company, acquired 25% shares of Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司), Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司), and Baoding Xinyuan Automobile Inner Decoration Company Limited (保定信遠汽車內飾件有限公司), which are three subsidiaries of the company, from Dragonet International Company Limited (驕龍國際有限公司) ("Dragonet International") at considerations of RMB109.33 million, RMB2.03 million and RMB17.25 million respectively. The difference between the decrease in minority interest and the consideration was RMB2,685,777.70 and was directly credited to the capital reserve.

Statement of Changes in Shareholders' Equity of the Company

For the six months ended 30 June 2013

RMB

Item	Six months ended 30 June 2013 (unaudited)				Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained profits	
I. Balance at the beginning of the year	3,042,423,000.00	4,506,077,023.11	1,480,888,012.24	10,561,619,917.42	19,591,007,952.77
II. Changes in the period	—	—	—	2,757,428,488.80	2,757,428,488.80
(I) Net profit	—	—	—	4,491,609,598.80	4,491,609,598.80
(II) Other comprehensive income	—	—	—	—	—
Subtotal of (I) and (II)	—	—	—	4,491,609,598.80	4,491,609,598.80
(III) Shareholders' capital injection and capital reduction	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—
2. Equity settled share expenses charged to equity	—	—	—	—	—
3. Others	—	—	—	—	—
(IV) Profit distribution	—	—	—	(1,734,181,110.00)	(1,734,181,110.00)
1. Transfer to surplus	—	—	—	—	—
2. Transfer to general provision	—	—	—	—	—
3. Distribution to shareholders	—	—	—	(1,734,181,110.00)	(1,734,181,110.00)
4. Others	—	—	—	—	—
(V) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserves making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—
1. Extraction in the period	—	—	—	—	—
2. Use in the period	—	—	—	—	—
III. Balance at the end of the period	3,042,423,000.00	4,506,077,023.11	1,480,888,012.24	13,319,048,406.22	22,348,436,441.57

Statement of Changes in Shareholders' Equity of the Company

For the six months ended 30 June 2013

RMB

Item	Six months ended 30 June 2012 (unaudited)				Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained profits	
I. Balance at the beginning of the year	3,042,423,000.00	4,506,077,023.11	952,021,781.87	6,714,550,744.13	15,215,072,549.11
II. Changes in the period	—	—	—	1,652,729,450.55	1,652,729,450.55
(I) Net profit	—	—	—	2,565,456,350.55	2,565,456,350.55
(II) Other comprehensive income	—	—	—	—	—
Subtotal of (I) and (II)	—	—	—	2,565,456,350.55	2,565,456,350.55
(III) Shareholders' capital injection and capital reduction	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—
2. Equity settled share expenses charged to equity	—	—	—	—	—
3. Others	—	—	—	—	—
(IV) Profit distribution	—	—	—	(912,726,900.00)	(912,726,900.00)
1. Transfer to surplus	—	—	—	—	—
2. Transfer to general provision	—	—	—	—	—
3. Distribution to shareholders	—	—	—	(912,726,900.00)	(912,726,900.00)
4. Others	—	—	—	—	—
(V) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserves making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—
1. Extraction in the period	—	—	—	—	—
2. Use in the period	—	—	—	—	—
III. Balance at the end of the period	3,042,423,000.00	4,506,077,023.11	952,021,781.87	8,367,280,194.68	16,867,801,999.66

Notes to the Financial Statements

For the six months ended 30 June 2013

I. BASIC CORPORATE INFORMATION

Great Wall Motor Company Limited (hereunder “the Company”) was originally named as Baoding Great Wall Motor Group Company Limited (保定長城汽車集團有限公司). The Company is registered in Baoding, Hebei Province. The controlling shareholder is Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and the ultimate controlling shareholder is Wei Jian Jun. On 5 June 2001, upon the approval by Office of the Stock Reform Leading Panel of the People’s Government of Hebei Province (河北省人民政府股份制領導小組辦公室) with Ji Gu Ban [2001] No. 62 (冀股辦[2001]62號文), Baoding Great Wall Motor Group Company Limited was reorganized to Baoding Great Wall Motor Company Limited (保定長城汽車股份有限公司) by its five shareholders, namely Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心), Wei Jian Jun, Wei De Yi, Chen Yu Zhi and Han Xue Juan acting as promoters. As at 31 March 2001, as audited by ShineWing Certified Public Accountants, net assets of Baoding Great Wall Motor Group Company Limited amounted to RMB170,500,000.00 which was divided into 170,500,000 shares of the share capital of the Company (RMB1 per share) based on a proportion of 1:1 according to the promoters’ agreement.

On 28 May 2003, upon the approval by Hebei Administration for Industry and Commerce (河北省工商行政管理局), Baoding Great Wall Motor Company Limited was renamed Great Wall Motor Company Limited.

On 21 July 2003, a resolution on the distribution of bonus shares and cash bonus was reviewed and passed at the second extraordinary general meeting of the Company in 2003, pursuant to which, the Company distributed 10 bonus shares and cash bonus of RMB2.5 (tax included) for every 10 shares to all shareholders based on the total share capital of 170,500,000 shares on 31 December 2002. The payout of cash bonus amounted to RMB42,625,000.00 and the bonus shares amounted to RMB170,500,000.00 under such distribution. Upon the completion of change in business registration on 3 September 2003, the registered capital of the Company was RMB341,000,000.00.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Guo He Zi [2003] No. 42 (證監國合字[2003]42號文) on 19 November 2003, the Company issued 131,100,000 H shares with a par value of RMB1 each, including 114,000,000 new shares proposed to be issued and 17,100,000 new over-allotted shares, in December 2003. The additional share capital after this issuance was RMB131,100,000.00.

Upon the approval by the Ministry of Commerce of the PRC with Shang Zi Pi [2004] No. 987 (商資批[2004]987號文), the Company converted into a foreign invested (or Hong Kong invested) joint stock limited company (Shang Wai Zi Zi Shen Zi [2004] No. 0179) (商外資資審字[2004]0179號) in July 2004.

Upon the approval by the Ministry of Commerce of the PRC with Shang Zi Pi [2005] No. 56 (商資批[2005]56號文), the Company transferred capital surplus in capital reserves of RMB472,100,000.00 into share capital on 24 January 2005 and allotted shares to registered shareholders on the basis of the proportion of their respective shareholdings.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Guo He Zi [2007] No. 16 (證監國合字[2007]16號文), the Company issued 151,072,000 additional shares of overseas listed foreign invested ordinary shares under a public offering in May 2007. Upon the completion of such issuance, the share capital of the Company changed to RMB1,095,272,000.00 with a par value of RMB1.00 each.

Notes to the Financial Statements

For the six months ended 30 June 2013

I. BASIC CORPORATE INFORMATION (continued)

Upon the approval by Hebei Provincial Department of Commerce with Ji Shang Wai Zi Zi [2011] No. 19 (冀商外資字[2011]19號文), the Company transferred capital surplus in capital reserves of RMB1,642,908,000.00 into share capital on 26 February 2011 and allotted shares to registered shareholders on the basis of the proportion of their respective shareholdings.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Xu Ke [2011] No. 1370 (證監許可[2011]1370號文), the Company offered 304,243,000 RMB ordinary shares (A Shares) with a par value of RMB1.00 each. on 28 September 2011. Upon the completion of such issuance, the share capital of the Company increased to RMB3,042,423,000 shares.

The Company and its subsidiaries (the "Group") are principally engaged in the manufacturing and sales of automobiles and components and parts of automobiles and related after-sales services, processing and manufacturing of moulds, repairing of automobiles, transportation of general goods and specific transportation (by truck). The legal representative of the Company is Wei Jian Jun.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation

The Company has applied the "Enterprise Accounting Standards — Basic Standards" and 38 accounting standards promulgated by the Ministry of Finance on February 2006 and guidelines, interpretations and other related provisions promulgated afterward for the preparation of the financial statements of the Company since 1 January 2007. In addition, in accordance with the relevant requirements of the "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 15) — General Provisions of Financial Reporting", the group discloses relevant financial information required by the Companies Ordinance of Hong Kong and the Listing Rules of The Stock Exchange of Hong Kong Limited.

Basis of preparation and principle of measurement

The Group's financial statements have been prepared on an accrual basis. Except for certain financial instruments which are measured at fair value, the financial statements are prepared under the historical cost convention. In the event that depreciation of assets occurs, a provision for impairment is made accordingly in accordance with the relevant regulations.

2. Statement of compliance

The financial statements have been prepared in compliance with the Enterprise Accounting Standards to truly and completely reflect the consolidated financial position of the Company as at 30 June 2013 and its consolidated operating results and consolidated cash flows for the six months then ended. The accounting policies employed by the financial statements are consistent with those employed by the financial statements of financial year 2012.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

3. Financial year

The financial year of the Group is from 1 January to 31 December of each calendar year.

4. Reporting currency

Renminbi is the currency of the primary economic environment where the Company and domestic subsidiaries operate, and the Company's and domestic subsidiaries' reporting currencies are both Renminbi. The reporting currency of the overseas subsidiaries of the Company is selected based on the primary economic environment where they operate. The financial statements of the Group have been prepared in Renminbi.

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control

Business combination is a transaction or event in which separate enterprises constitute one reporting entity. Business combinations are classified into business combinations under common control and not under common control.

The Group recognizes the assets and liabilities arising from the business combinations at the merger or acquisition date. Merger or acquisition date is the date on which the control over the net assets or production and operation decisions of the party being combined is transferred to the Group.

5.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. On the date of merger, the enterprise which obtains control of another enterprise participating in the combination is the combining party while such other enterprise participating in the combination is a party being combined.

Assets and liabilities obtained by combining party in the business combination are recognized at their carrying amounts at the date of merger as recorded by the party being combined. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or aggregate face values of the shares issued) is adjusted to capital reserves. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained profits.

Costs that are directly attributable to the combination are charged to profit or loss in the six months in which they are incurred by the combining party.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (continued)

5.2 *Business combinations not involving enterprises under common control and goodwill*

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. For a business combination involving enterprises not under common control, the party that, on the acquisition date, obtains control over another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree.

For the business combinations involving enterprises not under common control, the combination costs shall be the fair value of the assets paid, the liabilities incurred or assumed and the equity instruments issued by the acquirer in exchange for the control over the acquiree on the acquisition date. The overhead for the business combination of the combining party, including the expenses for audit, legal services, assessment, and other administrative expenses, shall be recorded in profit or loss for the current period when incurred. The transaction expenses of the equity securities or liability securities issued as the consideration for the combination shall be recorded as the initial recognition amount of the equity securities or liability securities. As for business combinations which involve enterprises not under common control and are carried out in stages, the accounting treatment of separate financial report and consolidated financial report shall be different:

- (1) In the separate financial report, the initial investment cost shall be the aggregate of the carrying amount of the equity investment held in the acquiree prior to the acquisition date and the cost of additional investment on the acquisition date. If there is other comprehensive income from the equity interest in the acquiree prior to the acquisition date, the comprehensive income shall be stated as investment income for the current period along with other comprehensive income upon the disposal of such investment.
- (2) In the consolidated financial report, the equity interest held in the acquiree before the acquisition date shall be revalued at fair value of the equity interest on the acquisition date. The difference between the carrying amount and the fair value shall be recognized as investment income of current period. If there is other comprehensive income from the equity interest held in the acquiree prior to the acquisition date, the comprehensive income shall be stated as the current investment income incurred on the acquisition date.

Identifiable assets, liabilities and contingent liabilities of acquiree qualifying for the conditions of recognition acquired by the acquirer in business combination involving enterprises not under common control are measured at fair value on the acquisition date.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

5. The accounting treatment of business combinations involving enterprises under common control and business combinations not involving enterprises under common control (continued)

5.2 Business combinations not involving enterprises under common control and goodwill (continued)

For the difference that the combination cost is larger than the portion of fair value of net identifiable assets of acquiree acquired in combination, it is recognized as goodwill as an asset, and initially measured at cost. For those with combination cost lower than the portion of fair value of net identifiable assets of acquiree acquired in combination, re-verification is first carried out on the measurement of the fair value of all identifiable assets, liabilities and contingent liabilities as well as the combination cost. For those with combination cost still lower than the portion of fair value of net identifiable assets of acquiree acquired in combination after re-verification, they are credited to profit or loss for the current period.

Goodwill arising from business combination is presented in the combined financial statements separately, and measured at the amount of cost less accumulated impairment provision. Goodwill is tested for impairment yearly. When conducting the impairment test for goodwill, the test is conducted through combination with its related asset group or portfolio of asset group. That is, the carrying value of goodwill is allocated to the relevant asset group since the acquisition date. If the carrying value of goodwill is unable to be allocated to asset group, the carrying value of goodwill will be allocated to asset portfolio. If the recoverable amount of asset group or portfolio of asset group containing the allocated goodwill is lower than its carrying value, relevant impairment loss is recognized. The amount of impairment loss is first written-down and allocated to the carrying amount of the goodwill of that asset group or portfolio of asset group, and is then written down to the carrying value of all other types of assets proportionally according to the weighting of the carrying value of all other types of assets other than goodwill within asset group or portfolio of asset group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sales agreement in an arm's length transaction. If there is no sales agreement but the asset is traded in an active market, fair value shall be determined based on the bid price. If there is neither sales agreement nor active market for an asset, fair value shall be based on the best available information. Costs of disposal are expenses attributable to disposal of the asset, including legal fee, relevant tax and surcharges, transportation fee and direct expenses incurred to prepare the asset for its intended sale. The present value of the future cash flows expected to be derived from the asset over the course of continued use and final disposal is determined as the amount discounted using an appropriately selected discount rate.

An impairment loss recognized on goodwill shall not be reversed in a subsequent period once recognized.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

6. Basis for preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities.

The date of acquisition and disposal shall be the day on which the Group obtains or loses the controlling right over its subsidiaries. For the subsidiaries being disposed, their operating results and cash flow prior to the disposal have already been properly included in the consolidated income statement and the consolidated cash flow statement. Subsidiaries that are disposed in the current period do not require any adjustment on the opening balance of the six months of the consolidated balance sheet.

Major accounting policies and accounting periods adopted by the subsidiaries are defined according to the standardized accounting policies and accounting periods stipulated by the Company.

All significant intra-group accounts and transactions between the parent company and its subsidiaries or between subsidiaries are eliminated on consolidation.

The portion of a subsidiary's equity that is not attributable to the parent is treated as minority interests and presented as "minority interest" in the consolidated balance sheet within owners' equity. The portion of net profits or losses of subsidiaries for the six months attributable to minority interests is presented in the consolidated income statement under the "net profit" item as "minority interests".

For the transaction of acquiring minority interests of its subsidiaries treated as equity transaction, the book value of shareholder's equity attributed the company and that of minority interest should be adjusted to reflect the change in the company's interest in the subsidiaries. Differences between the adjustment of minority interests and the fair value of consideration are adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

7. Cash and cash equivalents

Cash comprises cash on hand and deposits that can be readily withdrawn on demand. Cash equivalents are the Group's short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

8. Translation of transactions and financial statements denominated in foreign currencies

8.1 Transactions denominated in foreign currencies

On initial recognition, foreign currency transactions are translated into the reporting currency using the spot exchange rate prevailing at the date of transaction.

As at the balance sheet date, monetary items denominated in foreign currency are exchanged to Renminbi by adopting the prevailing exchange rate on that date. Foreign exchange difference arising from the difference between the prevailing exchange rate on that date and the prevailing exchange rate on initial reorganization or on the previous balance sheet date are all credited to profit or loss for the current period, with the exception that foreign exchange differences for specific borrowings denominated in foreign currency and qualifying for conditions of capitalization are capitalized during the capitalization period and credited to the cost of relevant assets.

Non-monetary items denominated in foreign currency that are measured at historical cost are still measured at amount denominated in reporting currency exchanged at the prevailing exchange rate at the transaction date.

8.2 Translation of financial statements denominated in foreign currency

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirement: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity items except for unallocated profits are translated at the spot exchange rates at the dates on which such items arose; income and expenses and profit appropriation items in the income statement are translated at the spot exchange rate at the date of transaction; the unallocated profits brought forward are reported at the prior year's closing balance; the unallocated profits at the end of the period are calculated, based on the translated amounts of profit appropriation items; and all exchange differences of assets, liabilities and shareholders' equity resulting from the translation are recognized separately as "translation reserve" in the shareholders' equity on the balance sheet.

Cash flow dominated in foreign currency or from foreign subsidiaries shall be translated at the spot exchange rate when it incurs. Effects arising from changes of exchange rate of cash and cash equivalents shall be presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

The opening balances of the period and prior year's figures are presented according to the translated amounts of the financial statements of the prior year.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments

The Company, recognizes financial assets or liabilities when becoming a party to a financial instrument contract. The financial assets and liabilities were initially recognized at fair value. For the financial assets and liabilities measured at FVTPL, related transaction expenses are directly charged to the profit or loss, for other financial assets and liabilities, related transaction expenses are included in the initial recognized amount.

9.1 Method of determination of the fair value of financial assets and financial liabilities

The fair value refers to the amount, at which both willing parties to a fair transaction who are familiar with the condition exchange their assets or clear off their debts under fair conditions. Financial instruments exist in an active market. While financial instruments do not exist in an active market, the fair value is determined using valuation techniques. Valuation technologies include reference to be familiar with situation and prices reached in recent market transactions entered into by both willing parties, reference to present fair values of similar other financial instruments, cash flow discounting method and option pricing models.

9.2 Effective interest method

Effective interest method represents the method for calculating the amortized costs and interest income or expense of each period in accordance with the effective interest rate of financial assets or financial liabilities (inclusive of a set of financial assets or financial liabilities). Effective interest rate represents the rate that discounts the future cash flow over the expected subsisting period or shorter period, if appropriate, of the financial asset or financial liability to the current carrying value of such financial asset or financial liability.

When calculating the effective interest rate, the Group will consider the anticipated future cash flow (not considering the future credit loss) on the basis of all contract clauses of financial assets or financial liabilities, as well as consider all kinds of charges, transaction fees and discount or premium paid forming an integral part of the effective interest rate paid or received between both parties of financial asset or financial liability contract.

9.3 Classification, recognition and measurement of the financial assets

Financial assets are divided into financial assets at fair value through profit or loss, held-to-maturity investments, loans and the accounts receivable and available for-sale financial assets when they are initially recognized. Financial assets purchased and sold in regular way are recognized and derecognized based on the accounting at transaction date. Financial assets held by the Company are loans, receivables and financial assets at fair value through profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.3 Classification, recognition and measurement of the financial assets (continued)

9.3.1 Loans and accounts receivable

Loans and accounts receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Financial assets, including entrusted loans, bills receivable, accounts receivable and other receivables, are classified as loans and accounts receivable by the Group.

Trust loans and accounts receivable adopt the actual interest rate method to carry out the ongoing measure based on amortized costs. On de-recognition, profit or loss arising from impairment or amortization is carried at profit or loss for the current period.

9.3.2 Financial assets carried at fair value through profit or loss for the current period

They include financial assets held for trading and financial assets designated as at fair value through profit or loss for the current period. Financial assets carried at FVTPL for the current period for the Company are financial assets held for trading.

Financial assets may be classified as financial assets held for trading if one of the following conditions is met: (1) the financial assets is acquired or incurred principally for the purpose of selling or repurchasing it in the near term; (2) the financial assets is part of a portfolio of identified financial instruments that are managed together and for which there is objective evidence of a recent pattern of short-term profit-taking; or (3) the financial assets is a derivative.

Financial assets carried at FVTPL are subsequently measured at fair value. The gain or loss arising from changes in fair value and dividends and interest income related to such financial assets are charged to profit or loss for the current period.

9.3.3 Available-for-sale financial assets

It includes non-derivative financial assets that are, upon initial recognition designated as available for sale, and financial assets other than those carried at FVTPL, loans and receivables and held-to-maturity investments.

Available-for-sale financial assets are measured on an on-going basis at fair value. Gain or loss on available-for-sale financial assets, except for impairment losses and exchange differences on monetary financial assets and amortized cost carried at profit or loss for the current period, shall be recognized as other comprehensive income and included in capital reserves. The financial assets shall be carried at profit or loss for the current period until they are derecognized.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.4 Impairment of financial assets

In addition to financial assets at FVTPL for the current period, the Group reviews the book value of other financial assets at each balance sheet date and provide for impairment where there is objective evidence that financial assets are impaired.

Objective evidence of impairment on financial asset includes those observable matters listed as follows:

- (1) issuers or debtors encounter severe financial difficulties;
- (2) debtors violate terms of contract, such as breach of covenants or delay during settlement of interests or principal;
- (3) the Group gives way to debtors under financial difficulty based on economic or legal reasons;
- (4) debtors may go into liquidation or conduct other financial reorganization;
- (5) any reduction in cash flow of certain assets among a group of financial assets cannot be identified, while it is discovered that the estimated future cash flow of the financial assets has been reduced and can be measured since initial recognition after an overall evaluation based on disclosed information, including that:
 - the repayment capability of the debtor of the group of financial assets gradually deteriorates;
 - economic difficulties of the country or region where the debtor is staying appear a situation where this group of financial assets cannot be paid;
- (6) other objective evidence showing signs of impairment on financial assets.

For a financial asset that is individually significant, the Group assesses the asset individually for impairment. For a financial asset that is not individually significant, the Group assesses the asset individually for impairment or includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. If it is determined that no impairment exists for an individually assessed financial asset, whether the financial asset is individually significant or not, the financial asset is included in a group of financial assets with similar credit risk characteristics and collectively assessed for impairment again. Financial assets for which an impairment loss is individually recognized are not included in the collective assessment for impairment for a group of financial assets with similar credit risk characteristics.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.4 Impairment of financial assets (continued)

— *Impairment of financial assets measured at amortized cost*

If financial assets carried at amortised cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognised as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortised cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

— *Impairment of available-for-sale financial assets*

When an available-for-sale financial asset is impaired, the cumulative loss arising from decline in fair value previously recognised directly in capital reserve is reclassified from the capital reserve to profit or loss. The amount of the cumulative loss that is reclassified from capital reserve to profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

If, subsequent to the recognition of an impairment loss on available-for-sale financial assets, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognised, the previously recognised impairment loss is reversed. The amount of reversal of impairment loss on available-for-sale equity instruments is recognised as other comprehensive income and included in the capital reserve, while the amount of reversal of impairment loss on available-for-sale debt instruments is recognised in profit or loss.

9.5 The basis of the recognition and measurement of transfer of financial asset

Financial asset that satisfied any of the following criteria shall be derecognized: (1) the contract right to recover the cash flows of the financial asset has terminated; (2) the financial asset, along with substantially all the risk and return arising from the ownership of the financial asset, has been transferred to the transferee; and (3) the financial asset has been transferred to the transferee, and the transferor has given up the control on such financial asset, though it does not transfer or maintain substantially all the risk and return arising from the ownership of the financial asset.

Where the entire transfer of financial assets meets conditions applicable to de-recognition, the difference between the following amounts is recognized in profit or loss for the current period: the carrying amount of the financial asset being transferred and the sum of the consideration received from the transfer and any accumulated gain or loss that had been recognized in equity.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

9. Financial instruments (continued)

9.6 Classification and measurement of financial liabilities

For a financial instrument issued, the Group assesses the financial instrument as financial liabilities or equity instrument according to the substance of the contractual arrangements and the definition of financial liabilities and equity instrument.

At initial recognition, financial liabilities are classified either as "financial liabilities at FVTPL" or "other financial liabilities". Financial liabilities of the Company are other financial liabilities..

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from de-recognition or amortization is recognized in profit or loss for the current period.

9.7 De-recognition of financial liabilities

Financial liabilities are derecognized in full or in part only when the present obligation is discharged in full or in part. An agreement is entered into between the Group (debtor) and a creditor to replace the original financial liabilities with new financial liabilities with substantially different terms, derecognize the original financial liabilities as well as recognize the new financial liabilities.

When financial liabilities is derecognized in full or in part, the difference between the carrying amount of the financial liabilities derecognized and the consideration paid (including transferred non-cash assets or new financial liability) is recognized in profit or loss for the current period.

9.8 Derivative Instruments

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value. Changes of fair value of derivatives are carried at profit or loss for the six months.

9.9 Equity instruments

Equity instruments are any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. For equity instruments, the consideration received during the issue shall be added to shareholder's equity after reducing the transaction fees.

The distribution (excluding the dividends) to the equity instrument holders by the Group shall reduce the shareholder's equity. The Group shall not recognize the changes of the equity instruments' fair value.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

10. Receivables

10.1 Receivables that are individually significant (except for receivables due from subsidiaries that are consolidated) are subject to separate impairment assessment. Recognition criteria and provision method of bad debts of receivables that are individually significant are as follows:

Recognition criteria of receivables that are individually significant	The Group recognized accounts receivable of over RMB3 million and other receivables of over RMB1 million are recognized as individually significant. Receivables due from related parties are recognized as individually significant.
Provision method for bad debts of receivables that are individually significant	The Group conducts impairment test for receivables that are individually significant, and tests financial assets without separate impairment, including conducting impairment test on financial assets group with similar credit risk characteristics. For receivables with impairment loss recognized in a single item test, they cease to be included in the group of receivables with similar risk characteristics for impairment test.

10.2 Receivables that are individually insignificant (except for receivables due from subsidiaries that are consolidated) are classified into certain groups based on the characteristics of credit risk and are provided at a specific ratio of the balance of such groups as at balance sheet date.

The Company provides for bad debts at the following ratios based on the characteristics of its business:

Aging analysis method

Aging	Ratio of the provision for accounts receivable (%)	Ratio of the provision for other receivables (%)
Receivables under the letter of credit	—	—
Receivables due within the normal credit period	—	—
Receivables due within 6 months (including) after the expiry of the normal credit period	50	50
Receivable due over 6 months after the expiry of the normal credit period	100	100

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Inventory

11.1 Classification of inventories

Inventories of the Group mainly include raw materials, products, finished products and low-value consumables. Inventories are initially measured at cost. Cost of inventories includes purchasing cost, processing cost and other expenses that help deliver the inventories to the current location and situation.

11.2 Method for calculating value of inventories delivered

When inventories are delivered, weighed average method is adopted to determine the actual cost of inventories delivered.

11.3 Recognition of net realizable value of inventory and provision for inventory impairment

At the balance sheet date, inventories are calculated at the lower of cost and net realizable value. Provision for inventory impairment is made when the net realizable value is lower than the cost.

For inventories with tremendous number and relatively low unit price, inventory impairment loss is provided according to the type of inventory. For items of inventories relating to a product line that are produced and marketed in the same geographical area with the same or similar end uses or purposes and cannot be practicably evaluated separately from other items in that product line, provision for decline in value of inventories is determined on an aggregate basis. For other inventories, inventory impairment provision is provided at the difference of cost of a single item of inventory exceeding its net realizable value.

After making the provision for inventory impairment, in the event that the factors causing inventory impairment no longer exists, and the net realizable value of an inventory is higher than its book-value, the original provision for inventory impairment shall be transferred back and incorporated into the profit or loss for the current period.

Net realizable value represents the estimated selling price of inventories minus cost estimated to incur upon completion, estimated selling costs and relevant taxes during normal course of business. When determining the net realizable value of inventory, basis is relied on the actual evidences obtained while the objectives of inventories holding and the impact of post balance sheet date event are also considered.

11.4 Inventory taking system

The inventory taking system shall be on a perpetual basis.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

11. Inventory (continued)

11.5 Amortization of low-value consumable and other turnover materials

Turnover materials are materials that can be reused many times and still be remained in original condition after gradual transfer of their value but are not recognized as fixed assets, including low-value consumables and other turnover materials.

Low-value consumables and other turnover materials are amortized by one-time write-off.

12. Long-term equity investments

12.1 Determination of initial investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed at the date of combination. For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition. The long-term equity investment acquired through means other than a business combination shall be initially measured at its cost.

12.2 Method for subsequent measurement and profit or loss recognition

For investees which the investor does not have any joint control or significant influence and without quotation in an active market, and with long-term equity investment with fair value which could not be reliably measured, they are computed by adopting cost method. For investees which the investor has joint control or significant influence long-term equity investment, they are computed by adopting equity method.

In addition, the Company's financial statements adopt cost approach to measure the long-term equity investment in investees over which the Group could impose control.

12.2.1 Long-term equity investments accounted for using the cost method

Under the cost method, a long-term equity investment is measured at its initial investment cost. Except receiving the actual consideration paid for the investment or the declared but not yet distributed cash dividends or profits which is included in the consideration, investment gains for the six months is recognized as the cash dividends or profits declared by the investee.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Long-term equity investments (continued)

12.2 Method for subsequent measurement and profit or loss recognition (continued)

12.2.2 Long-term equity investments accounted for using the equity method

Under the equity method, where the initial investment cost of a long-term equity investment exceeds the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, no adjustment shall be made to the initial investment cost. Where the initial investment cost is less than the investor's interest in the fair value of the investee's identifiable net assets at the acquisition date, the difference shall be charged to profit or loss for the current period, and the cost of the long term equity investment shall be adjusted accordingly.

Under the equity method, investment gain or loss represents the Group's share of the net profits or losses made by the investee for the current period. The Group shall recognize its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Group. The unrealized gain or loss from internal transactions entered into between the Group and joint ventures is offset according to the shareholding attributable to the Group and recognized as investment income and loss according to such basis. However, the unrealized gain or loss from internal transactions entered into between the Group and its investee is not offset if it belongs to impairment loss from assets transferred according to regulations such as Accounting Standards for Business Enterprises No. 8 "Assets impairment".

The Group's share of net losses of the investee shall be recognized to the extent that the carrying amount of the long-term equity investment together with any long-term interests that in substance form part of the investor's net investment in the investee are reduced to zero. If the Group has to assume additional obligations, the estimated obligation assumed shall be provided for and charged to the profit or loss as investment loss for the six months. Where the investee is making profits in subsequent periods, the Group shall resume recognizing its share of profits after offsetting against the share of unrecognized losses.

12.2.3 Disposal of long-term equity investments

On disposal of a long-term investment, the difference between the carrying amount of the investment and the actual consideration paid is recognized in current profit or loss.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

12. Long-term equity investments (continued)

12.3 Recognition of having joint control or significant influence over the investee

The term “control” means that the Group has the power to decide an enterprise’s financial and operating policy, pursuant to which, the Group can get the power to obtain benefits from its operating activities. Joint control is the contractually agreed sharing of control over an economic activity, which only exists when relevant and important financial affairs and management decisions related to such economic activity require sharing of control by investors who unanimously agree upon. Significant influence is the power to participate in the financial and operating policy decisions of an enterprise, except to control or joint control the formulation of such policies together with other parties. In determining whether there is control or significant influence over the investee, potential voting right factors (such as the convertible corporate bonds for the six months and the exercisable stock warrants for the six months of the investee and other invested units held) were taken into account.

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on long-term equity investments shall not be reversed in a subsequent period.

13. Investment property

Investment property refers to real estate held to earn rentals or for capital appreciation, or both, including leased land use rights, land use rights held and provided for transfer after appreciation and leased construction, etc.

Investment property is initially measured at cost. Subsequent expenditures related to an investment property shall be included in cost of investment property only when the economic benefits associated with the asset will likely flow to the Group and its cost can be measured reliably. All other subsequent expenditures on investment property shall be included in profit or loss for the current period when incurred.

The Group adopts cost method for subsequent measurement of investment property, which is depreciated or amortized using the same policy as that for buildings and land use rights.

The Group assesses at each balance sheet date whether there is any indication that any investment properties may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs.

If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

13. Investment property (continued)

An impairment loss recognized on investment properties shall not be reversed in a subsequent accounting period. Upon the conversion of a self-owned property to an investment property (or vice versa), the property shall be stated at the carrying amount prior to the conversion.

When an investment property is sold, transferred, retired or damaged, the amount of proceeds on disposal of the property net of the carrying amount and related taxes and surcharges is recognized in profit or loss for the current period.

14. Fixed assets

14.1 Conditions for recognition of fixed assets

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured. Fixed assets are initially measured at cost.

For subsequent expenses related to fixed assets, if the economic benefits related to such fixed assets is likely to inflow and its cost could be reliably measured, they are capitalised to fixed assets cost and the carrying amount of replacement will be derecognized. Other subsequent expenses other than the above are charged to profit or loss for the current period when incurred.

14.2 Method for depreciation of different fixed assets

Depreciation is provided over their estimated useful lives from the month after they have reached the working condition for their intended use using the straight-line method. The useful life, estimated residual value and annual depreciation rate of each category of fixed assets are as follows:

Category	Depreciable life (year)	Estimated residual value (%)	Annual depreciation rate (%)
Buildings and structures	8–40	5	2.38–11.88
Machinery and equipment	10	5	9.50
Vehicles	4–10	5	9.50–23.75
Electronic equipment and other	3–10	5	9.50–31.67

Estimated net residual value of a fixed asset is the estimated amount that the Group would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the stage and in the condition expected at the end of its useful life.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

14. Fixed assets (continued)

14.3 Impairment testing methods and provision for impairment methods on fixed assets

The Group assesses at each balance sheet date whether there is any indication that any fixed assets may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

14.4 Explanation on other matters

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end. A change in the useful life or estimated net residual value of a fixed asset or the depreciation method used shall be accounted for as a change in accounting estimate.

When a fixed asset is sold, transferred, retired or damaged, the Group shall recognize the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

15. Construction in progress

Construction in progress is recognized based on the actual construction cost, including all expenditures incurred for construction projects, capitalized borrowing costs for the construction in progress before it has reached the working condition for its intended use, and other related expenses during the construction period. A construction in progress is transferred to fixed assets when it has reached the working condition for its intended use.

The Group assesses at each balance sheet date whether there is any indication that any construction in progress may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

16. Borrowing costs

Borrowing costs include interest, amortization of discount or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings. For borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, when expenditures for the asset and borrowing costs are being incurred, activities relating to the acquisition, construction or production of the asset that are necessary to prepare the asset for its intended use or sale have commenced, such borrowing costs shall be capitalized as part of the cost of that asset; and capitalization shall discontinue when the qualifying asset is ready for its intended use or sale. Other borrowing costs shall be recognized as expense in the six months in which they are incurred.

Where funds are borrowed for a specific purpose, the amount of interest to be capitalized shall be the actual interest expense incurred on that borrowing for the six months less any bank interest earned from depositing the borrowed funds before being used into banks or any investment income on the temporary investment of those funds. Where funds are borrowed for general purpose, the Group shall determine the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditures on the asset over and above the amounts of specific-purpose borrowings. The capitalization rate shall be the weighted average of the interest rates applicable to the general-purpose borrowings.

Qualifying assets are assets (fixed assets, inventories, etc) that necessarily take a substantial period of time for acquisition, construction or production to get ready for their intended use or sale.

17. Intangible assets

17.1 Intangible assets

An intangible asset is an identifiable non-monetary asset without physical substance owned or controlled by the Group.

An intangible asset shall be measured initially at cost. Expenditures related to an intangible asset shall be included in cost of intangible asset only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other expenditure on an intangible item shall be included in profit and loss for the current period when incurred.

Land use right acquired shall normally be recognized as an intangible asset. Self-constructed buildings (e.g. plants), related land use right and the buildings shall be separately accounted for as an intangible asset and fixed asset. For buildings and structures purchased, the purchase consideration shall be allocated among the land use right and the buildings on a reasonable basis. If there is any difficulty in making a reasonable allocation, the consideration shall be recognized in full as fixed assets.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible assets (continued)

17.1 Intangible assets (continued)

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method.

The Group shall review the finite useful life of an intangible asset and the amortization method applied at the end of the six months. A change in the useful life or amortization method used shall be accounted for as a change in accounting estimate.

17.2 Research and development expenditure

The internal research and development expenditures of the Group are classified into research phase expenditure and development phase expenditure.

Expenditure arising from the research phase is accounted for in profit or loss for the current period when incurred.

Expenses incurred during the development stage that satisfy the following conditions are recognized as intangible assets, while those that do not satisfy the following conditions are accounted for in the profit or loss for the current period:

- (1) it is technically feasible that the intangible asset can be used or sold upon completion;
- (2) there is intention to complete the intangible asset for use or sale;
- (3) the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;
- (4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) the expenses attributable to the development stage of the intangible asset can be measured reliably.

If the expenses incurred during the research stage and the development stage cannot be distinguished separately, all development expenses incurred are accounted for in the profit or loss for the current period.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

17. Intangible assets (continued)

17.3 Intangible assets impairment test method and their impairment provision

The Group assesses at each balance sheet date whether there is any indication that any intangible assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

18. Long-term deferred expenses

Long-term deferred expenses are expenses which have incurred but shall be amortized over the current year and subsequent periods of more than one year. Long-term deferred expenses are amortized evenly over the estimated benefit period.

19. Contingent liabilities

When related obligations of contingencies are: (1) the obligations currently assumed by the Group; (2) such obligation is likely to result in outflow of economic benefits; (3) and the amount of such obligations can be reliably measured, contingent liabilities will be recognized.

As at the balance sheet date, after considering factors such as the risks related to contingencies, uncertainties and time value of currency, contingent liabilities are measured at the best estimate on the expenses necessary for the performance of the related existing obligations.

If all or part of the cost necessary for the contingent liabilities is expected to be settled by third party, the amount of settlement, when it is basically certain to be received, is recognized as an asset separately, and the settlement amount recognized shall not be more than the carrying amount of contingent liabilities.

20. Revenue

20.1 Revenue from sales of goods

Revenue is recognized when the Company has transferred to the buyer the significant risks and rewards of ownership of the goods, retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and will receive the economic benefits associated with the transaction, and can reliably measure the relevant amount of revenue and costs.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

20. Revenue (continued)

20.2 Revenue from provision of services

When the result of provision of services can be measured reliably, the Group recognizes related revenue from services in accordance with the percentage of completion as at the balance sheet date. The completion progress of service transaction is recognized by service cost incurred as a percentage of estimated total cost.

The result of provision of services can be estimated reliably when all of the following conditions are satisfied: (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be measured reliably; and (4) the cost incurred and to be incurred for the transaction can be measured reliably.

If the result of provision of service transaction cannot be reliably estimated, revenue from provision of service is recognized at the service cost incurred and estimated to receive as compensation, and service cost incurred will be regarded as the current cost. If service cost incurred is compensated as anticipated, no revenue will be recognized.

When the Group enters into contract or agreement with other parties which contains both sales of goods and rendering of services, if the portion of sale of goods and rendering of services can be separately measured, the portion of sale of goods and rendering of services are measured individually. If the portion of sale of goods and rendering of services cannot be separately measured or even if it can be separately measured but cannot be measured individually, it is deemed to be sales of goods.

20.3 Interest income

Interest income is recognized based on the time horizon of the use of the Group's cash by others and effective interest rate.

21. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, excluding investments by the government as shareholder. Government grants are classified as government grants related to an asset and government grants related to income.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the current period.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

21. Government grants (continued)

A government grant related to an asset is recognized as deferred income, and evenly amortized to profit or loss over the useful life of the related asset. For a government grant related to income, if the grant is a compensation for related expenses or losses to be incurred in subsequent periods, the grant is recognized as deferred income, and recognized in profit or loss over the six months in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the current period.

22. Income tax

22.1 Current income tax

At the balance sheet date, current income tax liabilities (or assets) for the current and prior periods shall be measured at the amount expected to be paid (or recovered) according to the requirements of tax laws. Tax payables for the calculation of income tax of the current period are based on relevant adjustments on the profits (before tax) of the six months/period according to relevant tax laws.

22.2 Deferred income tax assets and deferred tax liabilities

Temporary differences arising from the difference between the carrying amount of an asset or liability and its tax base, and the difference between the tax base and the carrying amount of those items that are not recognized as assets or liabilities but have a tax base that can be determined according to tax laws, shall be recognized as deferred income tax assets and deferred tax liabilities using the balance sheet liability method.

All temporary differences are generally recognized for relevant deferred income tax. However, for deductible temporary difference, the Group recognizes relevant deferred income tax assets to the extent of income tax payable available for deducting deductible temporary difference. In addition, for those related to the initial recognition of goodwill and does not belong to business combination, and neither affect the accounting profit nor the temporary difference related to the initial recognition of assets or liabilities incurred in transaction of income tax payable (or deductible loss), related deferred income tax assets or liabilities will not be recognized.

The Company recognizes a deferred income tax asset for the carry forward of deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

The Group recognizes deferred tax liabilities arising from the temporary difference on tax payable related to investment in subsidiaries and joint ventures, unless the Group could control the timing of write back of the temporary difference, and such temporary difference is unlikely to be written back in foreseeable future. For the deductible temporary difference related to investment in subsidiaries and joint ventures, the Group will only recognize deferred income tax assets when temporary difference is likely to be written back in the foreseeable future and income tax payable could be utilized to deduct the deductible temporary difference.

Notes to the Financial Statements

For the six months ended 30 June 2013

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

22. Income tax (continued)

22.2 *Deferred income tax assets and deferred tax liabilities* (continued)

As at the balance sheet date, deferred income tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the six months when the asset is realized or the liability is settled, according to the requirements of tax laws.

As at the balance sheet date, the Company shall review the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred income tax asset to be utilized, the carrying amount of the deferred income tax asset shall be reduced. Any such reduction in amount shall be reversed when it becomes probable that sufficient taxable profits will be available.

22.3 *Income Tax Expenses*

Income tax expense comprises current income tax expense and deferred income tax expense.

Current income tax and deferred income tax derived from transactions and matters of shareholder's equity or directly recognized into other comprehensive income are included into shareholder's equity or other comprehensive income, and deferred income tax arising from business combination should adjust the carrying amount of goodwill, other types of current income tax and deferred income tax are included into profit or loss for the period.

22.4 *Offsetting of Income Tax*

After granted the legal rights of net settlement and with the intention to use net settlement or obtain assets, repay debt, the Group, at the same time, records the net amount after offsetting its current income tax assets and current income tax liabilities.

The Group was granted the legal rights of net settlement of current income tax assets and current income tax liabilities. Deferred income tax assets and deferred tax liabilities are related to income tax to be paid by the same entity liable to pay tax to the same tax collection and management authority or related to different entities liable to pay tax, but the relevant entity liable to pay tax is intended to apply net settlement of current income tax assets and liabilities or, to obtain assets, repay debt at the same time whenever every deferred income tax assets and liabilities with importance would be reversed in the future, the Group records the net amount after offsetting its current income tax assets and current income tax liabilities.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

23. Operating lease

23.1 Operating lease business with the Group recorded as lessee

Lease payment for operating lease is recognized as related asset cost or profits and losses for the current period using the straight-line method over the lease term. The initial direct cost is directly accounted in profit or loss for the current period. Contingent rent is recognized as profit or loss for the current period upon occurrence.

23.2 Operating lease business with the Group recorded as lessor

Rental income of operating lease is recognized in profit or loss for the current period using the straight-line method over the lease term. The initial direct cost where the amount is larger is capitalized when incurred, and accounted for as profit or loss for the current period on the same basis as recognition of rental income over the entire lease period. The initial direct cost where the amount is smaller is accounted for as profit or loss for the current period when incurred. Contingent rental is accounted for as profit or loss for the six months in which it is incurred.

24. Employee Benefits

In the accounting period in which an employee has rendered services, the Group shall recognize the employee benefits payable as a liability.

The Group participates in social security systems operated by the government as required. Payments of social security contributions for employees, such as premiums or contributions on pensions, medical insurance, payments of housing funds and other social welfare contributions shall be included in the cost of related assets or profit or loss for the six months in which they are incurred.

25. Related Party

Where one party has control, joint control, or major impact on the other party, or where the two parties or more are or will be under control of the same party, the two parties shall constitute related parties.

Notes to the Financial Statements

For the six months ended 30 June 2013

III. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

In the application of the Group's accounting policies, which are described in Note II, the Group is required to make judgements, estimates and assumptions about the carrying amounts of items in the financial statements that cannot be measured accurately, due to the internal uncertainty of the operating activities. These judgements, estimates and assumptions are based on historical experiences of the Group's management as well as other factors that are considered to be relevant. Actual results may differ from these estimates of the Group.

The Group regularly reviews the aforesaid judgments, estimates and assumptions on the basis of continuous operation. Where the changes in accounting estimates only impact the current period, the impact shall be recognized during the current period; where such changes impact both the current and future periods, the impact shall be confirmed during the current and future periods when such changes occur.

Critical assumptions and uncertainties in the application of accounting estimates

The following are the critical assumptions and uncertainties which may cause material adjustments to the carrying amounts of assets and liabilities concerning the future at the date of balance sheet:

Provision for bad debt

The Group recognizes provision for bad debts according to the recoverability of receivables. When there is sign showing that a receivable item cannot be collected, provision for bad debts is required to be recognized. Judgements and estimates are required in recognition of bad debts. If the result of new estimation differs from current estimation, such difference will impact the book value of receivables for the corresponding period.

Provision for inventory impairment

The Group recognizes provision for inventory impairment according to net realizable value of the inventory. Provision for inventory impairment is required to be recognized when there is sign showing that the net realizable value is lower than cost. Recognition of net realizable value involves judgment and estimation. If the result of new estimation differs from current estimation, such difference will impact the book value of inventory for the corresponding period.

Useful life and depreciation of fixed assets

The Group estimates the useful life of fixed assets based on experience of actual useful life of fixed asset of similar nature and function. If the useful life of a fixed asset is shortened, the Company will adopt measures to accelerate the depreciation of the fixed asset or eliminate fixed assets which are idle or technologically obsolete.

III. SIGNIFICANT JUDGEMENTS MADE IN THE APPLICATION OF ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES (continued)

Critical assumptions and uncertainties in the application of accounting estimates (continued)

Useful life and depreciation of fixed assets (continued)

Impairments of fixed assets are stated at the lower of book value and recoverable amount. The recoverable amount of an asset is determined at the higher of the net amount after deducting the disposal expenses from the assets' fair value and the current value of the assets' estimated future cash flow. When discounting future cash flow into current value, the pre-tax discount rate will be adopted to reflect the time value of currency in the current market and the specific risks related to the relevant asset. When calculating the net amount after deducting the disposal expenses from the fair value, the prices used in arms-length transactions between voluntarily transacting parties who are familiar with the conditions as at the date of the balance sheet will be adopted. If the result of new estimation differs from that of the current estimation, such difference will influence the carrying amount of the fixed assets during the adjusting period.

Recognition of deferred tax assets

As at 30 June 2013, the Company recognized deferred tax assets at RMB396,491,293.86 (as at 31 December 2012: RMB407,966,015.58) in the consolidated balance sheet. The realization of deferred tax assets is mainly determined by future actual earnings and actual tax rate of temporary difference in future utilization year. If the actual future earning is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred income tax asset shall be reversed, and be recognized in the income statement in the six months in which the reversal is incurred. If the actual earnings accrued in the future is more than estimates, or the actual tax rate is higher than estimates, such deferred tax asset shall be recognized in the consolidated income statement in the six months in which they are incurred.

Fees for after-sale services

Generally, the Group provides one, two or more free maintenance services to its domestic customers and provides a warranty period to their domestic customers for a certain period since the date of purchase, during which period free repairs and maintenance services are provided. The Group makes provisions for after-sale services annually according to the sales volumes of vehicles and history of repairs and maintenances. As at 30 June 2013, provisions for after-sale services amounted to RMB441,811,621.66 (as at 31 December 2012: RMB418,296,611.32). If the actual fees for after-sale services are more or less than the estimates, profits and losses of the six months will be affected.

Income taxes

Subsidiaries of the Group are subject to income taxes according to different tax rates of different regions in the PRC. As certain tax affairs are pending the confirmation of relevant tax authorities, the Group shall make reliable estimates and judgements for the expected tax adjustments and amounts resulting from such affairs based on the current tax laws and relevant policies. Subsequently, if differences exist between the initial estimates of such affairs and the actual amount of tax payable due to certain objective reasons, such difference will affect the taxes for the current period and tax payables of the Group.

Notes to the Financial Statements

For the six months ended 30 June 2013

IV. TAXATION

1. Major tax types and tax rates

Tax type	Basis	Tax rate
Business tax	Turnover	3%.5%
Value-added tax (Note 1)	Sales/Purchase	3%.17%
Consumption tax	Sales	3%.5%.9%.12%
Urban maintenance and construction tax	Value-added tax, consumption tax and business tax	5%.7%
Education surtax	Value-added tax, consumption tax and business tax	3%
Enterprise income tax (Note 1)	Taxable income	25%
Real estate tax	Original cost/rental income of the real estate	For self-occupied real estate of the Company, the tax is calculated at 70% of the original cost and a tax rate of 1.2%. For leased real estate, the tax is calculated at 12% of the rental income
Land use tax	Usable area of the land	Relevant tax rate

Note 1: Saved from the tax incentives set out in Note (IV) 2, the applicable tax rates of the relevant companies of the Group in 2012 and for the six months end 30 June 2013 are listed on the above table.

2. Tax incentives and approvals

2.1 Income tax incentives

2.1.1 Enterprise income tax for foreign investment enterprises

Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established on 7 November 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No.39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rates in 2010, 2011 and 2012 are 11%, 12% and 12.5% respectively. Its applicable income tax rate in 2013 is 25%.

IV. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.1 Enterprise income tax for foreign investment enterprises (continued)

Tianjin Great Wall Wantong Automotive Parts Company Limited (天津長城萬通汽車零部件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established on 11 December 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rates in 2010, 2011 and 2012 are 11%, 12% and 12.5% respectively. Its applicable income tax rate in 2013 is 25%.

Baoding Yixin Auto Parts Company Limited (保定億新汽車配件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established on 11 December 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rate in 2010, 2011 and 2012 is 12.5%. Its applicable income tax rate in 2013 is 25%.

2.1.2 Income tax incentive policy for recruitment of disabled

Pursuant to the Circular on Granting Tax Credit and Exemption relating to Enterprise Income Tax on the Recruitment of Disabled (關於安置殘疾人員就業有關企業所得稅優惠政策問題的通知) (Caishui [2009] No. 70) (the "Circular") issued by the Ministry of Finance and the State Administration of Taxation, Baoding Nuobo Rubber Production Company Limited (保定市諾博橡膠製品有限公司), Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司), Baoding Yixin Automotive Parts Company Limited (保定億新汽車配件有限公司), and Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司), all of which are subsidiaries of the Company, satisfied all conditions as prescribed in the Circular for deduction of double of the wages paid to disabled staff from taxable income when determining income tax and passed the examination of relevant authorities, and they were entitled to deduct double of the actual wages paid to disabled staff from the taxable income when determining enterprise income taxes.

Notes to the Financial Statements

For the six months ended 30 June 2013

IV. TAXATION (continued)

2. Tax incentives and approvals (continued)

2.1 Income tax incentives (continued)

2.1.3 Income tax exemption for new and high-tech enterprise

According to the New and 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 Company was recognised as a new and high-technology enterprise in 2010 with a term of three years, and the applicable tax rate of the Company from 2010 to 2012 was 15%. The Company has passed the high-tech enterprises review by the Hebei Provincial Department of Science and Technology, the updated "High-tech Enterprise Certificate" is expected to be issued by the end of 2013.

2.2 Value-added Tax incentives

According to the requirements under the Notice Regarding Taxation Concessionary Policies on Fostering Employment of Disabled People" ([2007]92號文《關於促進殘疾人就業稅收優惠政策的通知》) ("Cai Shui [2007] No. 92) issued by the Ministry of Finance and State Administration of Taxation, Baoding Nuobo Rubber Production Company Limited (保定市諾博橡膠製品有限公司), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司), and Baoding Yixin Automotive Parts Company Limited (保定億新汽車配件有限公司), all of which are subsidiaries of the Company, were entitled to immediate refund of value-added tax based on the number of disabled staff employed upon approval by competent authorities as their respective monthly average proportion of disabled staff to the total headcount was higher than 25% (including 25%), the respective number of disabled staff is more than 10 (including 10), and the income from production and sales of commodities or the provision of processing, repair and maintenance services accounted for 50% of the taxation income for the purposes of value added tax and business tax. The maximum refund of value added tax for each disabled staff employed was no more than RMB35,000 per person each year.

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

As at 30 June 2013, the subsidiaries of the Company did not have any debentures in issue.

1. Subsidiaries

(1) Subsidiaries established by investment

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Great Wall Baoding Huabei Automotive Company Limited (保定長城華北汽車有限責任公司) ("Great Wall Huabei")	LLC	Gaobeidian	Manufacture of automotive parts and components	RMB177,550,000.00	Principally engages in assembling and manufacture of car bodies, automotive parts and components (of Great Wall); sales and maintenance, commissioned processing and sale of purchased parts.	268,092,310.00	—	100.00	100.00	Yes	—	—
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司) ("Baoding Xincheng")	LLC	Baoding	Manufacture of automotive parts and components	RMB69,210,000.00	Manufacture of automotive parts and components, containers and road wrecker equipment, sale of automotive parts and components; engaging in self-operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	73,024,993.00	—	100.00	100.00	Yes	—	—
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司) ("Great Wall Internal Combustion Engine")	LLC	Dingxing, Baoding	Manufacture of automotive parts and components	RMB452,716,300.00	Manufacture and sale of internal combustion engines and relevant parts and components; export of its products and technologies as well as import of auxiliary materials, machinery and equipment, parts and components and relevant technologies required, except goods and technologies which should be operated by companies appointed by the PRC government and restricted for import and export.	583,255,808.00	—	100.00	100.00	Yes	—	—
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司) ("Baoding Great")	LLC	Baoding	Manufacture of automotive parts and components	RMB23,000,000.00	Technological development, manufacture and after-sales service of automotive parts and components, machinery products and construction machineries; leasing and storage services of its properties.	23,000,000.00	—	100.00	100.00	Yes	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車機業有限公司) ("Great Wall Axles")	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB282,720,000.00	Technological development, manufacturing and processing of automotive parts and components; design and manufacturing of automotive mold and fixture; sales of the company's products and after-sales service; leasing of its housing	319,171,814.49	—	100.00	100.00	Yes	—	—
Baoding Nuobo Rubber Production Company Limited (保定市諾博橡膠製品有限公司) ("Baoding Nuobo")	LLC	Baoding	Manufacture of automotive parts and components	RMB72,240,000.00	Design, manufacture, sell and provide selling service of rubber products and automotive parts and components; import and export goods by self and agent, excluding exporting business operated by national joint venture and importing business operated by national approved company.	72,240,000.00	—	100.00	100.00	Yes	—	—
Beijing Great Automotive Components Company Limited (北京格瑞特汽車零部件有限公司) ("Beijing Great")	Sino-foreign joint venture	Beijing	Manufacture of automotive parts and components	RMB1,000,000.00	Production of automotive electrical appliances, parts and components; sale of its products.	750,000.00	—	75.00	75.00	Yes	12,210,297.72	—
Great Wall Baoding Automotive Customer Service Company Limited (保定市長城汽車售後服務有限公司) ("Great Wall After-sales")	LLC	Baoding	Provision of after-sales service	RMB300,000.00	Provision of auto repair and after-sales service; wholesale and retail of automobile parts; import and export business of automotive parts.	150,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司) ("Great Wall Sales")	LLC	Baoding	Marketing and sale of automobiles	RMB8,000,000.00	Wholesale and retail of automobiles, automotive parts, machinery equipment, hardware and electronic products; commissioned sale of second-hand automobiles; automobile leasing; agency services for licence application and transfer; engaging in self operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	8,000,000.00	—	100.00	100.00	Yes	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Macs (Baoding) Auto A/C System Co., Ltd. (麥克斯(保定)汽車空調系統有限公司) ("Macs")	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB20,339,000.00	Production of automobile air-conditioning systems as well as automotive parts and components; mould processing and manufacturing; sale of the Group's products and provision of after-sales service, storage service and technical service; import and export of goods and technologies.	10,372,890.00	—	51.00	51.00	Yes	19,331,591.38	—
Tide Technology and Trade Company Limited (泰德科貿有限公司) ("Tide Technology and Trade")	Overseas company	Hong Kong	Equity investment	USD24,500,000.00	International trading activities, business and financial services.	USD24,500,000.00	—	100.00	100.00	Yes	—	—
Russia Great Wall Closed Joint-Stock Company Limited (俄羅斯長城股份有限公司) ("Russia Great Wall")	Overseas company	Russia	Export and import of automobiles and related spare parts and provision of after-sales services	USD50,000.00	Import and export business of automobiles, automotive parts and components and related spare parts, after-sales service and international trade.	USD50,000.00	—	100.00	100.00	Yes	—	—
Baoding Mind Auto Component Co., Ltd. (保定曼德汽車配件有限公司) ("Mind Component")	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB600,000.00	Manufacture of automotive parts and components; machine processing and rivet processing; sale of the Group's products and provision of after-sales service.	2,475,800.00	—	100.00	100.00	Yes	—	—
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司) ("Tianjin Lean")	Sino-foreign joint venture	Tianjin Development Zone	Manufacture of automotive parts and components	RMB140,000,000.00	Production of automotive parts and components; sale of the Group's products.	140,002,494.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Exquisite Foundry Company Limited (保定長城精工鑄造有限公司) ("Exquisite Foundry")	LLC	Shunping, Baoding	Manufacture of steel casting and provision of after-sales service	RMB85,000,000.00	Steel casting design and casting; sale of its products and after-sales service for the Group's products.	85,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Ants Logistics Co., Ltd. (保定市長城螞蟻物流有限公司) ("Great Wall Ants")	LLC	Baoding	Logistics and ordinary goods transportation	RMB86,000,000.00	General cargo transportation and logistics (storage and transportation)	86,000,000.00	—	100.00	100.00	Yes	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual	Other balance	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
						capital contribution 2013.6.30	items which contribute net investment in subsidiaries					Amount in minority interests used to write down the losses of minority interests
Baoding Lean Automotive Occupational Training School (保定市精益汽車職業培訓學校) ("Lean School")	Private non-enterprise unit	Baoding	Occupational training	RMB100,000.00	Occupational training: automobile manufacturing, NC control processing, NC control programming, auxiliary parts design and fitter.	100,000.00	—	100.00	100.00	Yes	—	—
Tianjin Boxin Automobile Parts Company Limited ("Tianjin Boxin") (天津博信汽車零部件有限公司)	LLC	Tianjin	Manufacture of automotive parts and components	RMB1,776,497,273.00	Research and development, design, production, sale of automotive parts and components and related after-sales service.	1,777,884,771.10	—	100.00	100.00	Yes	—	—
Ningxia Great Wall Automobile Leasing Company Limited (寧夏長城汽車租賃有限公司) ("Ningxia Leasing")	LLC	Yinchuan Economic and Technological Development Zone	Leasing of building, storage and loading	RMB20,000,000.00	Leasing of building, storage and loading and unloading.	20,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司) ("Exquisite Aluminium Alloy")	LLC	Shunping, Baoding	Manufacture of automotive parts and components	RMB95,000,000.00	Aluminium automotive parts, molten aluminium and aluminum alloy ingot manufacturing sales.	—	—	—	—	Note V.2	—	—
Baoding Great Wall Resource Recycling Co., Ltd. (保定長城再生資源利用有限公司) ("Great Wall Resource Recycling")	LLC	Qingyuan, Baoding	Processing, recycling and sale of waste and used material	RMB50,000,000.00	Processing, recycling and sale of waste and used metals, plastic waste, used paper and other waste and used materials (excluding hazardous waste and chemicals); import and export of goods.	50,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Exquisite Automotive Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司) ("Exquisite Mould")	LLC	Baoding	Research and development and manufacture of auto moulds	RMB5,000,000.00	Research and development (not manufacture) and design of auto moulds; technologies transfer, advisory, training and promotion in respect of auto moulds; sales and aftersales service of auto moulds.	5,000,000.00	—	100.00	100.00	Yes	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Nuobo Rubber Production Co., Ltd (諾博橡膠製品有限公司) ("Xushui Nuobo")	LLC	Baoding	Manufacture of automotive parts and components	RMB80,000,000.00	Design, development, sale and after-sales service of rubber products and rubber parts and components for automobiles; engaging in self-operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	80,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Automobile Component Sales Co., Ltd. (保定長城汽車配件銷售有限公司) ("Xushui Component")	LLC	Baoding	Sale of automotive parts and components and lubricants	RMB7,000,000.00	Sale of automotive parts and components and lubricants	7,000,000.00	—	100.00	100.00	Yes	—	—
Beijing Great Wall Dongsheng Business consulting Co., Ltd. 北京長城東晟商務諮詢有限公司 ("Great Wall Dongsheng")	LLC	Beijing	Business information consultation	RMB2,000,000.00	Business information consultation	2,000,000.00	—	100.00	100.00	Yes	—	—
Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司) ("Clean Heat")	LLC	Baoding	Heat production and supply	RMB140,000,000.00	Heat production, supply, thermal power engineering construction, maintenance facilities, heating design, drinking water supply, brick production and sales, ash sales.	140,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Automotive Rental Co., Ltd. (保定市長城汽車出租有限公司) ("Automotive Rental") (Note 1)	LLC	Baoding	Auto Rental	RMB20,000,000.00	Passenger Transport of leasehold motorcar, auto rental, second hand vehicle sales,	20,000,000.00	—	100.00	100.00	Yes	—	—

Note 1. Automotive Rental is a subsidiary wholly owned by the company, and is established in March 2013 in Baoding through investment, with a registered capital of RMB20,000,000.

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(2) Subsidiaries acquired through business combination of enterprises not under common control

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capita	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development") (Note1)	Overseas company	Hong Kong	Investment holding	USD24,000,013.00	Investment holding	USD24,205,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Boxiang Automotive Parts Manufacturing Co., Ltd. (保定長城博翔汽車零件製造有限公司) ("Great Wall Boxiang")	LLC	Baoding	Design, production and sale of automotive parts and components	RMB39,500,000.00	Design, production and sale of automotive parts and components	39,116,124.26	—	100.00	100.00	Yes	—	—
Baoding Xinyuan Automobile Inner Decoration Co., Ltd. (保定信遠汽車內飾件有限公司) ("Baoding Xinyuan") (Note3)	LLC	Baoding	Design, production and sale of automotive parts and components	RMB36,227,000.00	Design, production and sale of automotive parts and components	64,271,420.36	—	100.00	100.00	Yes	—	—
Baoding Great Wall Botai Electrical Appliance Manufacture Co., Ltd. (保定長城博泰電器製造有限公司) ("Great Wall Botai")	LLC	Baoding	Production and sale of electronic parts and components and automotive stamping parts	RMB26,000,000.00	Production and sale of electronic parts and components and automotive stamping parts	26,421,565.05	—	100.00	100.00	Yes	—	—
Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零件有限公司) ("Baoding Xinchang") (Note 4)	LLC	Baoding	Leasing of buildings	RMB40,000,000.00	Car seat slide way and frame design, development, private rental housing.	39,107,975.19	—	100.00	100.00	Yes	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Subsidiaries (continued)

(3) Subsidiaries acquired through business combination of enterprises under common control

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 2013.6.30	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of the minority interests
Tianjin Great Wall Wantong Automotive Parts Company Limited (天津長城萬通汽車零部件有限公司) ("Tianjin Wantong")	Sino-foreign joint venture	Tianjin Development Zone	Manufacture of automotive parts and components	RMB10,000,000.00	Development, design, production and manufacture of stamping parts for automobile bodies and automotive parts and components; sale of products of the Group and provision of relevant after-sales services	10,000,300.43	—	100.00	100.00	Yes	—	—
Baoding Yixin Automotive Parts Company Limited (保定億新汽車配件有限公司) ("Baoding Yixin")	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB13,000,000.00	Production and processing of automotive parts and components; production of moulds; leasing of its remaining equipment; sale of products of the Group and provision of relevant after-sales services	13,000,000.00	—	100.00	100.00	Yes	—	—

2. Statements on the changes after business combination

Name	2013.6.30	Remarks
Exquisite Aluminium Alloy	Separated from the Group from February 2013	Written-off in January 2013
Automotive Rental	Consolidated into the Group	Established in March 2013

3. Entities consolidated into the Group during the period and entities separated from the Group during the period

(1) Entities consolidated into the Group during the period

Name	Net assets as at the end of the period (unaudited)	RMB Net profit during the period (unaudited)
Automotive Rental	20,082,862.15	82,862.15

Notes to the Financial Statements

For the six months ended 30 June 2013

V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Entities consolidated into the Group during the period and entities separated from the Group during the period (continued)

(2) Entities separated from the Group during the period

Name	Net assets as at the disposal date (unaudited)	RMB Net profit From the beginning of the period to the disposal date (unaudited)
Exquisite Aluminium Alloy	87,477,389.12	4,579,158.92

4. Translation of foreign currency of major items in the financial statements of overseas operating entities

All assets and liabilities items of Russia Great Wall, Billion Sunny Development and Tide Technology, which are overseas controlling subsidiaries of the Company, are translated at the spot exchange rate prevailing at the balance sheet date. Except for "Undistributed profits", all equity items are translated at the spot exchange rates of the dates on which such items incurred. The spot exchange rates of RMB against foreign currencies prevailing at the balance sheet date were as follows:

Companies' name	Currency	2013.6.30	2012.12.31
Russia Great Wall	Rouble	0.1876	0.2061
Billion Sunny Development	HK Dollar	0.7966	0.8108
Tide Technology	US Dollar	6.1787	6.2855

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	2013.6.30 (unaudited)		RMB
	Foreign currency	Exchange rate	RMB
Cash:			
RMB			2,378,284.81
USD	3,322.22	6.1787	20,527.00
HKD	19,162.20	0.7966	15,264.61
EUR	10,756.73	8.0536	86,630.40
JPY	543,054.15	0.0626	33,995.19
KRW	7,255.56	0.0054	39.18
GBP	23,716.13	9.4213	223,436.78
RUB	3,542.48	0.1876	664.57
THB	136.65	0.1970	26.92
AUD	13,410.85	5.7061	76,523.65
SGD	313.43	4.8470	1,519.19
Bank deposits:			
RMB			6,451,151,271.70
USD	34,965,680.52	6.1787	216,042,426.60
HKD	6.16	0.7966	4.91
EUR	1,326,253.36	8.0536	10,681,114.05
JPY	2,143,615.65	0.0626	134,190.34
RUB	400,160.66	0.1876	75,085.50
GBP	8,436.65	9.4213	79,484.21
AUD	1.42	5.7061	8.10
Other cash and bank balances:			
RMB			603,674,772.61
USD	3,502,454.60	6.1787	21,640,616.24
EUR	7,180,662.84	8.0536	57,830,224.05
Total			7,364,146,110.61

As at 30 June 2013, the Group had restricted cash and bank balances of RMB683,145,612.90, in which guarantee on bank acceptance notes amounted to RMB553,751,363.00, guarantee on letter of credit amounted to RMB122,094,249.90, and the other guarantees deposit amounted to RMB7,300,000.00.

Among the cash and bank balances of the Group as at 30 June 2013, overseas bank deposits amounted to RMB69,291,555.25.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

1. Cash and bank balances (continued)

Item	Foreign currency	2012.12.31(audited)		RMB
		Exchange rate		RMB
Cash:				
RMB				1,311,244.82
USD	5,083.51	6.2855		31,952.40
HKD	18,844.56	0.8108		15,279.17
EUR	15,876.12	8.3176		132,051.22
JPY	1,557,267.53	0.0730		113,680.53
KRW	6,977.97	0.0059		41.17
GBP	23,716.13	10.1611		240,981.97
RUB	3,541.19	0.2038		729.84
THB	130.72	0.2049		26.64
AUD	400.85	6.5363		2,620.08
SGD	312.91	5.0929		1,593.61
Bank deposits:				
RMB				5,448,872,580.03
USD	21,833,562.47	6.2855		137,234,856.88
HKD	6.17	0.8108		5.00
EUR	889,460.77	8.3176		7,398,178.89
RUB	456,131.93	0.2061		94,008.79
GBP	8,434.52	10.1611		85,704.00
AUD	1.42	6.5363		9.29
Other cash and bank balances:				
RMB				714,097,668.87
USD	3,791,760.00	6.2855		23,833,107.48
EUR	422,653.68	8.3176		3,515,464.25
Total				6,336,981,784.93

As at 31 December 2012, the Group had restricted cash and bank balances of RMB741,446,240.60, in which guarantee on bank acceptance notes amounted to RMB626,458,711.73, guarantee on letter of credit amounted to RMB108,987,528.87 and other guarantees amounted to RMB6,000,000.00.

Among the cash and bank balances of the Group as at 31 December 2012, there is no cash held overseas and overseas bank deposits amounted to RMB62,526,728.14.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

2. Trading financial assets

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Trading financial assets-forward exchange contract	16,270,882.85	11,651,307.26
Total	16,270,882.85	11,651,307.26

3. Bills receivable

(1) Classification of bills receivable:

Category	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Bank acceptance bills	13,658,096,216.54	14,790,887,422.30
Total	13,658,096,216.54	14,790,887,422.30

(2) Pledged bills receivable as at the end of each year:

Category	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Bank acceptance bills	4,215,340,000.00	4,115,239,695.27
Total	4,215,340,000.00	4,115,239,695.27

Note: The Group pledged bills receivable for the issuance of bills payable.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(2) Pledged bills receivable as at the end of each year: (continued)

As at 30 June 2013, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	21 February 2013	21 August 2013	12,000,000.00
Customer 2	14 January 2013	14 July 2013	11,000,000.00
Customer 3	25 January 2013	25 July 2013	10,000,000.00
Customer 4	26 February 2013	26 August 2013	10,000,000.00
Customer 5	11 January 2013	11 July 2013	10,000,000.00
Total			53,000,000.00

As at 31 December 2012, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	8 October 2012	8 April 2013	10,000,000.00
Customer 2	25 October 2012	25 April 2013	10,000,000.00
Customer 3	2 November 2012	2 May 2013	10,000,000.00
Customer 4	5 September 2012	5 March 2013	10,000,000.00
Customer 5	29 November 2012	29 May 2013	10,000,000.00
Total			50,000,000.00

(3) As at the end of the six months, bills endorsed by the Group to other parties but undue were as follows:

Category	2013.6.30	2012.12.31
	(unaudited)	(audited)
Bank acceptance bills	8,930,269,698.09	7,054,955,446.06
Total	8,930,269,698.09	7,054,955,446.06

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

3. Bills receivable (continued)

(3) As at the end of the six months, bills endorsed by the Group to other parties but undue were as follows: (continued)

As at 30 June 2013, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	25 February 2013	25 August 2013	25,000,000.00
Customer 2	16 February 2013	16 August 2013	21,000,000.00
Customer 3	16 April 2013	16 October 2013	15,000,000.00
Customer 4	17 May 2013	17 November 2013	12,000,000.00
Customer 5	21 June 2013	21 December 2013	10,500,000.00
Total			83,500,000.00

As at 31 December 2012, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	27 December 2012	27 June 2013	20,000,000.00
Customer 2	17 December 2012	17 June 2013	15,000,000.00
Customer 3	17 December 2012	17 June 2013	15,000,000.00
Customer 4	19 December 2012	19 June 2013	15,000,000.00
Customer 5	23 October 2012	23 April 2013	14,000,000.00
Total			79,000,000.00

(4) At the end of the reporting period, there was no bills receivable due to shareholders holding 5% or more voting shares of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable

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

RMB

Category	2013.6.30 (unaudited)				2012.12.31 (audited)			
	Book value Amount	Ratio (%)	Provision for bad debts Amount	Ratio (%)	Book value Amount	Ratio (%)	Provision for bad debts Amount	Ratio (%)
Individually significant and subject to separate provision	634,826,010.03	93.50	(1,582,814.60)	23.13	627,157,658.43	87.97	(13,239,602.10)	61.86
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	3,325,356.97	0.49	(2,228,042.66)	32.55	3,978,340.07	0.56	(2,743,849.02)	12.82
Other insignificant accounts receivable	40,770,656.53	6.01	(3,033,482.66)	44.32	81,754,886.33	11.47	(5,418,754.54)	25.32
Subtotal	44,096,013.50	6.50	(5,261,525.32)	76.87	85,733,226.40	12.03	(8,162,603.56)	38.14
Accounts receivable which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	678,922,023.53	100.00	(6,844,339.92)	100.00	712,890,884.83	100.00	(21,402,205.66)	100.00

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:*

RMB

Aging	2013.6.30 (unaudited)				2012.12.31 (audited)			
	Amount	Ratio (%)	Provision for bad debts	Book value	Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	674,764,583.56	99.40	(3,784,214.26)	670,980,369.30	708,917,123.62	99.45	(18,658,356.64)	690,258,766.98
1 to 2 years	3,873,625.97	0.56	(2,935,311.66)	938,314.31	3,871,031.21	0.54	(2,641,119.02)	1,229,912.19
2 to 3 years	283,814.00	0.04	(124,814.00)	159,000.00	102,730.00	0.01	(102,730.00)	—
Total	678,922,023.53	100.00	(6,844,339.92)	672,077,683.61	712,890,884.83	100.00	(21,402,205.66)	691,488,679.17

(3) *There were no accounts receivable which are individually insignificant but subject to separate provision as at the end of the six months.*

(4) *If the contract or agreement of accounts receivable period is agreed, the credit period is from three months to six months; if the period is not agreed, since after the 90 days still not be recovered, we just treated it as beyond the credit period.*

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(5) During the reporting period, provision in full or of a large amount for bad debt made in previous periods but written back or reversed in full or in a large proportion during the current year were as follows:

Accounts receivable	Reason for write-back or recovery	Basis for determination of original provision for bad debts	Accumulated provision for bad debts before write-back or recovery	Amount written-back or recovered
Shanghai hongshui Industrial Co., Ltd. (上海宏旭模具工業有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(1,901,950.00)	1,901,950.00
Guangzhou Yifeng mould manufacturing Co., Ltd. (廣州屹豐模具製造有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(1,232,450.00)	1,232,450.00
Shanghai Yifeng automotive mould manufacturing Co., Ltd. (上海屹豐汽車模具製造有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(494,850.00)	494,850.00
Yantai Zhichu Yifeng mould Co., Ltd. (烟台只楚屹豐模具有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(484,214.50)	484,214.50
Shanghai Qian Yuan Motor Body Die Co., Ltd. (上海千緣汽車車身模具有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(472,005.00)	472,005.00
Chengdu Jianguo Automobile Trading Co., Ltd. (重慶平偉汽車模具股份有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(366,750.00)	366,750.00
Total			(4,952,219.50)	4,952,219.50

(6) During the reporting period, there was no accounts receivable actually written off.

(7) At the end of the reporting period, there was no accounts receivable due to shareholders holding 5% or more voting shares of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

4. Accounts receivable (continued)

(8) Five units with largest amounts of accounts receivable

Name of unit	Relationship with the Group	2013.6.30 (unaudited)	Aging	RMB
				Percentage of total accounts receivable (%)
Customer 1	Non-related party	211,765,325.95	Within one year	31.19
Customer 2	Non-related party	87,664,244.20	Within one year	12.91
Customer 3	Non-related party	62,755,522.31	Within one year	9.25
Customer 4	Non-related party	29,814,327.66	Within one year	4.39
Customer 5	Non-related party	16,883,290.84	Within one year	2.49
Total		408,882,710.96		60.23

(9) Accounts receivable denominated in foreign currencies and RMB equivalent during the reporting period were as follows:

Currency	Original currency	Exchange Rate	RMB equivalent
USD	55,861,422.41	6.1787	345,150,970.64
EUR	7,855,127.63	8.0536	63,262,055.88
Total			408,413,026.52

(10) During the end of the reporting period, there were no overdue but not impaired receivables.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayment

(1) Prepayment by aging

Aging	2013.6.30 (unaudited)		2012.12.31 (audited)	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	373,752,287.65	98.69	389,734,652.33	99.54
1 to 2 years	4,313,868.54	1.14	1,494,411.18	0.38
2 to 3 years	601,190.18	0.16	108,894.58	0.03
Over 3 years	54,074.20	0.01	211,774.20	0.05
Total	378,721,420.57	100.00	391,549,732.29	100.00

Description of aging of prepayment:

Prepayments with aging over one year are mainly prepayments to raw material suppliers which are not settled.

(2) Five units with largest amounts of prepayment

Name of unit	Relationship with the Group	2013.6.30 (unaudited)	Aging	Reason for unsettled
Supplier 1	Non-related party	106,016,217.72	Within 6 months	Prepayment for materials
Supplier 2	Non-related party	50,096,545.18	Within 6 months	Prepayment for materials
Supplier 3	Non-related party	36,950,008.43	Within 6 months	Prepayment for materials
Supplier 4	Non-related party	20,945,360.07	Within 6 months	Prepayment for materials
Supplier 5	Non-related party	10,194,951.93	Within 6 months	Prepayment for electricity bill
Total		224,203,083.33		

(3) At the end of the reporting period, there were no prepayments due to shareholders holding 5% or more voting shares of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

5. Prepayment (continued)

(4) Description of prepayment:

Prepayments were disclosed by category of customers as follows:

The Group recognizes prepayment of over RMB3 million and prepayment from related parties as single item with significant prepayment.

Category	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Individually significant payments	289,779,208.52	315,268,130.31
Prepayments of small amounts with high risks based on the characteristics of credit risk as a group	4,969,132.92	1,815,079.96
Other insignificant prepayment	83,973,079.13	74,466,522.02
Total	378,721,420.57	391,549,732.29

6. Other receivables

(1) Other receivables were disclosed by category as follows:

Category	2013.6.30 (unaudited)				2012.12.31 (audited)			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	1,324,107,602.73	98.23	—	—	831,431,318.26	97.28	—	—
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	2,097,510.37	0.15	(128,287.45)	100.00	3,134,282.31	0.37	(289,137.45)	98.37
Other insignificant Other receivables	21,809,889.99	1.62	—	—	20,117,988.90	2.35	(4,782.50)	1.63
Subtotal	23,907,400.36	1.77	(128,287.45)	100.00	23,252,271.21	2.72	(293,919.95)	100.00
Other receivables which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	1,348,015,003.09	100.00	(128,287.45)	100.00	854,683,589.47	100.00	(293,919.95)	100.00

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(2) *Aging analysis of other receivables and corresponding provision for bad debts were as follows:*

Aging	2013.6.30 (unaudited)				2012.12.31 (audited)				RMB
	Amount	Ratio (%)	Provision		Amount	Ratio (%)	Provision		Book Value
			for bad debts	Book Value			for bad debts	Book Value	
Within 1 year	996,184,510.68	73.90	—	996,184,510.68	781,490,618.57	91.44	(4,782.50)	781,485,836.07	
1 to 2 years	350,790,904.24	26.02	—	350,790,904.24	71,841,828.18	8.41	—	71,841,828.18	
2 to 3 years	515,064.80	0.04	—	515,064.80	349,056.80	0.04	(39,420.00)	309,636.80	
Over 3 years	524,523.37	0.04	(128,287.45)	396,235.92	1,002,085.92	0.12	(249,717.45)	752,368.47	
Total	1,348,015,003.09	100.00	(128,287.45)	1,347,886,715.64	854,683,589.47	100.00	(293,919.95)	854,389,669.52	

(3) *During the reporting period, provision in full or of a large amount for bad debt made in previous periods but written back or reversed in full or in a large proportion during the current year were as follows:*

Other receivables	Reason for write-back	Accounts receivable	Reason for write-back	RMB
				Accounts receivable
Feng Xiangyang	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(4,782.50)	4,782.50

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(4) Other receivable actually written off during the reporting period:

Name of unit	Nature of other receivables	Amount written off	Reason for write-off	RMB	Whether arising from related party transaction
Shijiazhuang Shangdong warehousing and logistics equipment Co., Ltd (石家莊尚東倉儲物流設備有限公司)	Payment for goods	52,200.00	Unrecoverable		No
Baoding Guoliang mould machinery Co., Ltd (保定市國良精密模具機械有限公司)	Payment for goods	12,800.00	Unrecoverable		No
Liaocheng Tianshun machine tool factory (聊城市東昌府區天順機床廠)	Prepaid equipment	9,100.00	Unrecoverable		No
Jiangdu Xinzhenwei Machinery Co. Ltd. (江都市新真威實驗機械有限公司)	Prepaid equipment	5,500.00	Unrecoverable		No
Tianjin Yibao mould processing factory (天津市藝寶模具加工廠)	Payment for goods	13,800.00	Unrecoverable		No
Ninghai Jialihua moulding Co., Ltd (寧海嘉利華模塑有限公司)	Prepaid equipment	34,800.00	Unrecoverable		No
Wuhan Lingdian Automobile Electronics Co.,Ltd (武漢市菱電汽車電子有限責任公司)	Prepaid equipment	30,000.00	Unrecoverable		No
Taizhou Huangyanjinyi moulding Co.,Ltd (台州市黃岩進一模具有限公司)	Prepaid equipment	14,550.00	Unrecoverable		No
Baoding Zhaolong moulding manufacture Co.,Ltd (保定兆龍模具塑業製造有限公司)	Prepaid equipment	5,000.00	Unrecoverable		No
Jiangyin Jinghua moulding Co.,Ltd (江陰市精華模業有限公司)	Prepaid equipment	57,000.00	Unrecoverable		No
Tianjin Youli electronic Co., Ltd (天津佑理電子有限公司)	Prepaid equipment	19,500.00	Unrecoverable		No
Total		254,250.00			

(5) At the end of the reporting period, there were no other receivables due to shareholders holding 5% or more voting shares of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

6. Other receivables (continued)

(6) Five units with the largest amounts of other receivables

Name of unit	Relationship with the Group	Amount	Nature	Aging	RMB
					Percentage of the total other receivables (%)
Unit 1	No-related party	602,599,000.00	Energy-saving subsidies	Within one year and one to two years	44.70
Unit 2	No-related party	553,892,966.00	Performance bond	Within one year and one to two years	41.09
Unit 3	No-related party	107,650,000.00	Performance bond	Within one year and one to two years	7.99
Unit 4	No-related party	52,000,000.00	Reparation for withdrawal of land-use right and real fixture	Within one year	3.86
Unit 5	No-related party	5,520,438.69	Tax refund for export	Within one year	0.41
Total		1,321,662,404.69			98.05

(7) At the end of reporting period, there were no other receivables which are not overdue but not impaired.

7. Inventory

(1) Inventory categories

Item	2013.6.30 (unaudited)		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	678,505,925.82	(5,428,274.15)	673,077,651.67
Work in progress	388,684,527.49	—	388,684,527.49
Finished goods	1,580,399,209.88	(2,872,286.37)	1,577,526,923.51
Low-valued consumables	44,021,919.90	(187,768.78)	43,834,151.12
Outsourced processing materials	1,511,026.95	—	1,511,026.95
Total	2,693,122,610.04	(8,488,329.30)	2,684,634,280.74

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventory (continued)

(1) Inventory categories (continued)

Item	Book balance	2012.12.31 (audited)	
		Provision for obsolete stocks	Book value
Raw materials	738,228,979.29	(2,024,492.07)	736,204,487.22
Work in progress	212,584,209.70	—	212,584,209.70
Finished goods	1,701,628,176.07	(1,361,731.68)	1,700,266,444.39
Low-valued consumables	44,066,419.00	(177,168.78)	43,889,250.22
Outsourced processing materials	2,173,300.05	—	2,173,300.05
Total	2,698,681,084.12	(3,563,392.53)	2,695,117,691.59

(2) Provision for obsolete stocks

Inventory categories	2013.1.1 (audited)	Provision for the period	Decrease for the period		2013.6.30
			Reversals	Write-offs	(unaudited)
Raw materials	2,024,492.07	3,695,114.39	(95,532.73)	(195,799.58)	5,428,274.15
Work in progress	—	—	—	—	—
Finished goods	1,361,731.68	2,872,286.37	—	(1,361,731.68)	2,872,286.37
Low-valued consumables	177,168.78	26,533.20	—	(15,933.20)	187,768.78
Total	3,563,392.53	6,593,933.96	(95,532.73)	(1,573,464.46)	8,488,329.30

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

7. Inventory (continued)

(3) Analysis of provision for obsolete stocks Item Basis of provision for obsolete

Item	Basis of provision for obsolete stocks	Reason for reversal or write-off of provision for obsolete stocks during the period	Percentage of the reversal to the closing balance of such inventory during the period (%)
Raw materials	Note 1	Note 2	0.01
Work in progress	—	—	—
Finished goods	Note 1	Note 2	—
Low-valued consumables	Note 1	Note 2	—

Descriptions of inventories:

Note 1: As the estimated net realizable value of whole vehicle products for the reporting period was lower than the inventory cost as at the end of period, provision for obsolete stocks had been made for raw materials, finished goods and low-valued consumables.

Note 2: As the estimated net realizable value of whole vehicle products for the period was higher than the inventory cost as at the end of the period, the provision for obsolete stocks for the previous year was reversed. In addition, as the inventories for which Impairment provision for inventory was made in the previous year had been sold during the period, the provision for obsolete stocks had been written off.

8. Other current assets

	2013.6.30 (unaudited)	RMB 2012.12.31 (audited)
Paint for vehicles	3,690,283.66	3,369,140.05
Taxes to be credited	36,434,073.18	24,156,343.45
Others	22,832,305.17	32,804,982.10
Total	62,956,662.01	60,330,465.60

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

9. Investment in joint ventures and associates

RMB

Name of investee	Type of enterprise	Place of registration	Legal representative	Nature of business	Registered capital	Percentage of Shareholding in the investee held by the Company (%)	Percentage of voting right in the investee held by the Company (%)	Total assets as at the end of the period	Total liabilities as at the end of the period	Total net assets as at the end of the period	Total operating revenue for the period	Net profit for the period
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	Company with limited liabilities	Baoding	Wei Jian Jun	Production of automobile components etc.	31,308 million	50.00	50.00	34,597,947.54	673,178.00	33,924,769.54	945,000.00	114,125.53
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd (保定延鋒江森汽車座椅有限公司)	Company with limited liabilities	Baoding	Wei Jian Jun	Design, development, manufacturing and sales of automobile seating assembly and components and provision of after-sales services for the products	18.16 million	50.00	50.00	352,815,457.88	310,657,814.70	42,157,643.18	278,483,408.33	7,696,701.40

10. Long-term equity investment

(1) The breakdown of long-term equity investment was as follows:

RMB

Name of investee	Accounting method	Initial investment cost	2013.1.1 (audited)	Movements	2013.6.30 (unaudited)	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Reason for difference between percentages of shares held and voting rights	Impairment provision	Provision of impairment for the period	Cash bonuses for the period
Investment in joint ventures											
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	Equity method	15,654,000.00	16,905,321.87	57,062.77	16,962,384.64	50.00	50.00	—	—	—	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd (保定延鋒江森汽車座椅有限公司)	Equity method	12,213,100.00	17,736,151.28	3,682,251.40	21,418,402.68	50.00	50.00	—	—	—	—
Subtotal		27,867,100.00	34,641,473.15	3,739,314.17	38,380,787.32				—	—	—
Investment in other enterprises											
China Automobile Development United Investment Co. Ltd. (中發聯投資有限公司)	Cost method	4,200,000.00	4,200,000.00	—	4,200,000.00	2.07	2.07	—	—	—	—
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (國汽(北京)汽車輕量化技術研究院有限公司)	Cost method	3,000,000.00	3,000,000.00	—	3,000,000.00	6.90	6.90	—	—	—	—
Subtotal		7,200,000.00	7,200,000.00	—	7,200,000.00				—	—	—
Total		35,067,100.00	41,841,473.15	3,739,314.17	45,580,787.32				—	—	—

All of the above investees are non-listed companies.

(2) There is no restriction on the ability of the investee in which the long-term equity investment held by the Group to transfer capital to the Group.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

11. Investment properties

Item	2013.1.1 (audited)	Additions for the period	Deductions for the period	RMB
				2013.6.30 (unaudited)
I. Total original book value:	6,553,769.66	—	—	6,553,769.66
Of which: Buildings and structures	6,553,769.66	—	—	6,553,769.66
Land use rights	—	—	—	—
II. Total accumulated depreciation and accumulated amortization:	(301,796.78)	(80,971.57)	—	(382,768.35)
Of which: Buildings and structures	(301,796.78)	(80,971.57)	—	(382,768.35)
Land use rights	—	—	—	—
III. Total net book value of investment properties	6,251,972.88	(80,971.57)	—	6,171,001.31
Of which: Buildings and structures	6,251,972.88	(80,971.57)	—	6,171,001.31
Land use rights	—	—	—	—
IV. Total accumulated impairment provision of investment properties	—	—	—	—
Of which: Buildings and structures	—	—	—	—
Land use rights	—	—	—	—
V. Total carrying amount of investment properties	6,251,972.88	(80,971.57)	—	6,171,001.31
Of which: Buildings and structures	6,251,972.88	(80,971.57)	—	6,171,001.31
Land use rights	—	—	—	—

Note 1. Accumulated depreciation and amortization for the period increased by RMB80,971.57 due to the depreciation.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets

Fixed assets

Item	RMB			2013.6.30 (unaudited)
	2013.1.1 (audited)	Additions for the period	Deductions for the period	
1. Total original book value:	12,223,390,781.26	1,970,161,632.56	(44,347,099.87)	14,149,205,313.95
Of which: Buildings and structures	4,121,718,229.25	1,003,364,393.29	(1,418,804.39)	5,123,663,818.15
Machinery and equipment	6,343,478,320.96	849,276,105.15	(29,540,942.55)	7,163,213,483.56
Motor vehicles	180,606,382.28	8,749,907.81	(4,440,202.15)	184,916,087.94
Other equipment	1,577,587,848.77	108,771,226.31	(8,947,150.78)	1,677,411,924.30
2. Total accumulated depreciation:	3,145,588,954.61	506,349,118.74	(16,183,454.27)	3,635,754,619.08
Of which: Buildings and structures	445,762,910.57	73,646,423.94	(134,717.99)	519,274,616.52
Machinery and equipment	1,846,083,903.91	299,604,773.85	(8,764,277.58)	2,136,924,400.18
Motor vehicles	77,784,757.44	12,068,013.66	(1,239,173.15)	88,613,597.95
Other equipment	775,957,382.69	121,029,907.29	(6,045,285.55)	890,942,004.43
3. Total net book value of fixed assets	9,077,801,826.65	1,463,812,513.82	(28,163,645.60)	10,513,450,694.87
Of which: Buildings and structures	3,675,955,318.68	929,717,969.35	(1,284,086.40)	4,604,389,201.63
Machinery and equipment	4,497,394,417.05	549,671,331.30	(20,776,664.97)	5,026,289,083.38
Motor vehicles	102,821,624.84	(3,318,105.85)	(3,201,029.00)	96,302,489.99
Other equipment	801,630,466.08	(12,258,680.98)	(2,901,865.23)	786,469,919.87
4. Total impairment provision	58,682,007.45	160,518.38	(754,670.12)	58,087,855.71
Of which: Buildings and structures	—	—	—	—
Machinery and equipment	33,014,024.79	124,131.47	(684,329.64)	32,453,826.62
Motor vehicles	—	—	—	—
Other equipment	25,667,982.66	36,386.91	(70,340.48)	25,634,029.09
V. Total net carrying amount of fixed assets	9,019,119,819.20	1,463,651,995.44	(27,408,975.48)	10,455,362,839.16
Of which: Buildings and structures	3,675,955,318.68	929,717,969.35	(1,284,086.40)	4,604,389,201.63
Machinery and equipment	4,464,380,392.26	549,547,199.83	(20,092,335.33)	4,993,835,256.76
Motor vehicles	102,821,624.84	(3,318,105.85)	(3,201,029.00)	96,302,489.99
Other equipment	775,962,483.42	(12,295,067.89)	(2,831,524.75)	760,835,890.78

During the six months, the original book value of fixed assets increased by RMB102,238,482.48, RMB1,866,506,397.94, and RMB1,416,752.14 due to additions, transfer from construction in progress and transfer from self-produced moulds, respectively.

During the six months, the original book value of fixed assets decreased by RMB18,482,435.65 due to disposals, with RMB21,033,007.44 and RMB4,831,656.78 decreased due to disposal of subsidiaries and transfer into construction in progress, respectively.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

12. Fixed assets (continued)

Fixed assets (continued)

During the six months, the accumulated depreciation increased by RMB506,349,118.74 due to provisions.

During the six months, the accumulated depreciation decreased by RMB12,591,885.23 due to disposals, with RMB3,093,631.33 and RMB497,937.71 decreased due to disposal of subsidiaries and transfer into construction in progress, respectively.

During the six months, the impairment provision increased by RMB160,518.38, due to provisions, and decreased by RMB754,670.12 due to write-off.

As at 30 June 2013, among the fixed assets, the net book value of properties without title certificates amounted to RMB2,849,911,155.44, and the application of relevant title certificates is in progress.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress

(1) The breakdown of construction in progress was as follows

Project	2013.6.30 (unaudited)			2012.12.31 (audited)			RMB
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value	
Annual production of 100,000 sets of diesel engines of model number GW4D20	1,043,940.03	—	1,043,940.03	12,464,254.34	—	12,464,254.34	
Annual production of 400,000 sets of axles and brakes	82,222,739.18	—	82,222,739.18	25,103,108.04	—	25,103,108.04	
Annual production of 400,000 sets of interior and exterior decorations	174,438,463.30	—	174,438,463.30	96,517,016.53	—	96,517,016.53	
Annual production of 300,000 sets of EG engines	123,132,739.05	—	123,132,739.05	96,091,287.55	—	96,091,287.55	
Annual production of 200,000 sets of six-speed manual transmissions	70,936,963.94	—	70,936,963.94	84,746,488.00	—	84,746,488.00	
Annual production of 400,000 sets of aluminium alloy casting	40,511,186.84	—	40,511,186.84	86,877,225.41	—	86,877,225.41	
Annual production of 400,000 sets of automotive lightings	17,994,236.38	—	17,994,236.38	104,642,256.33	—	104,642,256.33	
Tianjin Automobile project phase	983,356,413.01	—	983,356,413.01	1,465,528,487.44	(2,812,449.12)	1,462,716,038.32	
Tianjin branch's parts and components project	91,180,829.17	(82,564.10)	91,098,265.07	61,664,742.74	(82,564.10)	61,582,178.64	
Tianjin branch's residential area supporting project	82,771,955.38	—	82,771,955.38	166,097,864.43	—	166,097,864.43	
Industrial park phase I II III Reconstruction and expansion	239,885,255.52	(44,127.80)	239,841,127.72	239,489,752.97	(193,476.82)	239,296,276.15	
Steam project	52,075,462.00	—	52,075,462.00	49,015,462.00	—	49,015,462.00	
Xindatong Reconstruction	49,487,508.02	—	49,487,508.02	40,482,620.93	—	40,482,620.93	
Jiaozhuang infrastructure	2,117,239.15	—	2,117,239.15	774,153.70	—	774,153.70	
Jiaozhuang equipment	58,992,099.90	—	58,992,099.90	104,567,436.94	—	104,567,436.94	
New technology centre	236,509,008.26	—	236,509,008.26	121,533,529.05	—	121,533,529.05	
Xushui Automobile Project	2,014,791,833.66	—	2,014,791,833.66	1,474,374,027.27	—	1,474,374,027.27	
Xushui parts and components project	723,387,616.75	—	723,387,616.75	391,988,731.71	—	391,988,731.71	
Xushui supporting infrastructure project	244,114,863.88	—	244,114,863.88	217,765,938.81	—	217,765,938.81	
Part and Components Department Reconstruction project	253,040,246.21	(167,646.93)	252,872,599.28	153,235,950.04	(167,646.93)	153,235,950.04	
Total	5,541,990,599.63	(294,338.83)	5,541,696,260.80	4,992,960,334.23	(3,256,136.97)	4,989,704,197.26	

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

(2) Changes in major construction in progress

Project	Budget amount	2013.1.1 (audited)	Additions for the period	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount for the period	Ratio of capitalized interest amount for the period (%)	Sources of fund	RMB
											2013.6.30 (unaudited)
Annual production of 100,000 sets of diesel engines of model number GW4D20	320,735,700.00	12,464,254.34	765,078.83	(12,185,393.14)	—	86.69	—	—	—	Fund raised	1,043,940.03
Annual production of 400,000 sets of axles and brakes	588,593,900.00	25,103,108.04	57,279,597.67	(159,966.53)	—	58.45	—	—	—	Fund raised	82,222,739.18
Annual production of 400,000 sets of interior and exterior decorations	575,893,500.00	96,517,016.53	83,177,412.90	(5,255,966.13)	—	82.47	—	—	—	Fund raised	174,438,463.30
Annual production of 300,000 sets of EG engines	547,163,800.00	96,091,287.55	37,455,211.77	(10,413,760.27)	—	88.28	—	—	—	Fund raised	123,132,739.05
Annual production of 200,000 sets of six-speed manual transmissions	432,561,100.00	84,746,488.00	9,281,413.64	(23,090,937.70)	—	97.58	—	—	—	Fund raised	70,936,963.94
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	86,877,225.41	9,542,216.73	(55,908,255.30)	—	81.70	—	—	—	Fund raised	40,511,186.84
Annual production of 400,000 sets of automotive lightings	180,677,200.00	104,642,256.33	16,170,212.11	(72,840,310.69)	(29,977,921.37)	71.84	—	—	—	Fund raised	17,994,236.38
Tianjin Automobile project phase	4,318,892,100.00	1,465,528,487.44	857,650,527.19	(1,339,822,601.62)	—	92.81	—	—	—	Internal resources	983,356,413.01
Tianjin branch's parts and components project	488,408,083.00	61,664,742.74	72,501,903.32	(42,985,816.89)	—	82.85	—	—	—	Internal resources	91,180,829.17
Tianjin branch's residential area supporting project	493,019,700.00	166,097,864.43	15,127,036.99	(98,452,946.04)	—	81.55	—	—	—	Internal resources	82,771,955.38
Industrial park phase I III Reconstruction and expansion	325,496,039.00	239,489,752.97	76,059,764.07	(69,699,798.58)	(5,964,462.94)	99.21	—	—	—	Internal resources	239,885,255.52
Steam project	68,305,540.00	49,015,462.00	3,060,000.00	—	—	76.24	—	—	—	Internal resources	52,075,462.00
Xindatong Reconstruction	223,327,700.00	40,482,620.93	11,756,870.68	(2,751,983.59)	—	32.69	—	—	—	Internal resources	49,487,508.02
Jiaozhuang infrastructure	253,863,000.00	774,153.70	1,470,085.45	(127,000.00)	—	76.10	—	—	—	Internal resources	2,117,239.15
Jiaozhuang equipment	1,210,071,000.00	104,567,436.94	13,203,472.19	(53,125,115.12)	(5,653,694.11)	84.27	—	—	—	Internal resources	58,992,099.90
New technology center	2,063,355,700.00	121,533,529.05	114,975,479.21	—	—	11.46	—	—	—	Internal resources	236,509,008.26
Xushui Automobile Project	2,286,937,400.00	1,474,374,027.27	542,422,237.49	(2,004,431.10)	—	88.16	—	—	—	Internal resources	2,014,791,833.66
Xushui parts and components project	2,108,657,461.00	391,988,731.71	337,676,184.16	(6,277,299.12)	—	34.60	—	—	—	Internal resources	723,387,616.75
Xushui supporting infrastructure project	602,813,552.00	217,765,938.81	26,348,925.07	—	—	40.50	—	—	—	Internal resources	244,114,863.88
Part and Components Department Reconstruction project	888,590,149.90	153,235,950.04	221,833,221.85	(71,404,816.12)	(50,624,109.56)	98.32	—	—	—	Internal resources	253,040,246.21
Total	18,280,739,224.90	4,992,960,334.23	2,507,756,851.32	(1,866,506,397.94)	(92,220,187.98)						5,541,990,599.63

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

13. Construction in progress (continued)

(3) Impairment of construction in progress

Item	1/1/2013	Additions for the period	Deductions for the period	RMB	
				30/6/2013	The reason of provision
Tianjin Automobile project Industrial park phase I II III	2,812,449.12	—	(2,812,449.12)	—	Write-off
Reconstruction and expansion Tianjin parts and components project	193,476.82	—	(149,349.02)	44,127.80	Write-off
Part and Components Department Reconstruction project	82,564.10	—	—	82,564.10	
	167,646.93	—	—	167,646.93	
Total	3,256,136.97	—	(2,961,798.14)	294,338.83	

14. Intangible Assets

(1) Intangible assets

Item	2013.1.1 (audited)	Additions for the period	Deductions for the period	RMB	
				2013.6.30 (unaudited)	
1. Total original book value	2,377,947,922.08	33,730,892.23	(774,501.35)	2,410,904,312.96	
Land use rights	2,317,992,745.82	18,562,434.90	—	2,336,555,180.72	
Others	59,955,176.26	15,168,457.33	(774,501.35)	74,349,132.24	
2. Total accumulated amortization	163,732,559.23	27,826,310.36	(13,675.21)	191,545,194.38	
Land use rights	130,977,749.37	23,532,115.60	—	154,509,864.97	
Others	32,754,809.86	4,294,194.76	(13,675.21)	37,035,329.41	
3. Total net book value of intangible assets	2,214,215,362.85	5,904,581.87	(760,826.14)	2,219,359,118.58	
Land use rights	2,187,014,996.45	(4,969,680.70)	—	2,182,045,315.75	
Others	27,200,366.40	10,874,262.57	(760,826.14)	37,313,802.83	

During the six months, the original book value increased by RMB33,730,892.23 due to additions.

During the six months, the original book value increased by RMB774,501.35 due to disposals.

During the six months, the accumulated amortization increased by RMB27,826,310.36 due to provisions.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

14. Intangible Assets (continued)

(1) Intangible assets (continued)

During the six months, the accumulated amortization decreased by RMB13,675.21 due to disposals.

As at 30 June 2013, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB71,797,578.67, and the application of relevant land use right certificates is in progress.

Analysis on the location and aging of land rental prepayments (land use rights) is as follows:

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Located in mainland China — 10 to 50 years	2,182,045,315.75	2,187,014,996.45

15. Goodwill

Name of investee or matters generating goodwill	RMB				Impairment provision as at the end of the period
	2012.12.31 (audited)	Additions for the period	Deductions for the period	2013.6.30 (unaudited)	
Baoding Changfu Pressings Co., Ltd. (保定長福衝壓件有限公司)	2,163,713.00	—	—	2,163,713.00	—

The above goodwill arose from the acquisition of additional 26% equity interests in Baoding Changfu Pressings Co., Ltd. (保定長福衝壓件有限公司) on 16 January 2003. The goodwill arising from business combination has been allocated to assets used for manufacturing and sales of pick-up trucks, sport utility vehicle (SUV) and cross-border vehicles in purpose of impairment testing. The management of the Group expected that no impairment provision will be required for goodwill during the reporting period.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Deferred tax assets and deferred tax liabilities

(1) Recognized deferred tax assets and deferred tax liabilities

Item	2013.6.30 (unaudited)	RMB 2012.12.31 (audited)
Deferred tax assets:		
Provision for bad debts	1,651,506.38	5,274,009.78
Impairment provision for inventory	1,807,893.42	740,169.33
Impairment provision for inventory	6,693,282.71	6,401,621.45
Impairment of Fixed assets	69,171.93	450,888.89
Accrued expenses which are deductible upon payment	84,346,626.14	77,167,690.54
Advances which are taxable upon receipt	17,252,687.76	39,639,347.22
Deductible losses	155,313.97	2,412,934.77
Deferred income	174,058,346.73	155,891,922.03
Unrealized profit arising from the consolidation of financial statements	98,468,871.03	106,828,625.73
Others	14,428,226.22	14,906,501.93
Subtotal	398,931,926.29	409,713,711.67
Deferred tax liabilities:		
Held-for-trading financial assets	(2,440,632.43)	(1,747,696.09)
Subtotal	(2,440,632.43)	(1,747,696.09)
Deferred tax liabilities after offsetting as at the end of the reporting period	396,491,293.86	407,966,015.58

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

16. Deferred tax assets and deferred tax liabilities (continued)

(2) Temporary difference of deferred tax assets

Item	Temporary difference	
	2013.6.30 (unaudited)	RMB 2012.12.31 (audited)
Deductible temporary difference:		
Provision for bad debts	6,972,627.37	21,696,125.61
Impairment provision for inventory	8,488,329.30	3,563,392.53
Impairment of Fixed assets	35,625,285.01	33,661,979.43
Impairment of construction in progress	294,338.83	3,256,136.97
Accrued expenses which are deductible upon payment	378,558,809.42	369,646,035.59
Advances which are taxable upon receipt	91,695,024.56	169,752,260.67
Deductible losses	621,255.87	9,651,739.09
Deferred income	965,225,972.95	837,333,515.31
Unrealized profit arising from the consolidation of financial statements	438,107,182.08	462,415,971.55
Others	63,277,535.15	64,844,423.02
Subtotal	1,988,866,360.54	1,975,821,579.77
Deferred tax liabilities:		
Held-for-trading financial assets	(16,270,882.85)	(11,651,307.26)
Subtotal	(16,270,882.85)	(11,651,307.26)
Deferred tax liabilities after offsetting as at the end of the reporting period	1,972,595,477.69	1,964,170,272.51

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

17. Impairment provision for assets

Item	RMB				
	2013.1.1 (audited)	Additions for the period	Deductions for the period Reversals	Write-offs	2013.6.30 (unaudited)
1. Provision for bad debts	21,696,125.61	8,252,771.74	(15,449,662.45)	(7,526,607.53)	6,972,627.37
Of which:					
Provision for bad debts of accounts receivable	21,402,205.66	8,159,371.74	(15,444,879.95)	(7,272,357.53)	6,844,339.92
Provision for bad debts of other receivables	293,919.95	93,400.00	(4,782.50)	(254,250.00)	128,287.45
2. Impairment provision for inventory	3,563,392.53	6,593,933.96	(95,532.73)	(1,573,464.46)	8,488,329.30
3. Impairment provision for fixed assets	58,682,007.45	160,518.38	—	(754,670.12)	58,087,855.71
4. Impairment provision for construction work in process	3,256,136.97	—	—	(2,961,798.14)	294,338.83
Total	87,197,662.56	15,007,224.08	(15,545,195.18)	(12,816,540.25)	73,843,151.21

18. Bills payable

Category	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Bank acceptance notes	4,275,374,132.24	4,341,672,114.91
Total	4,275,374,132.24	4,341,672,114.91

19. Accounts payable

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Within 1 year	8,827,723,299.08	8,661,319,765.87
1 to 2 years	21,445,283.22	17,900,819.63
2 to 3 years	11,422,081.64	10,226,566.27
Over 3 years	3,533,122.25	7,983,649.26
Total	8,864,123,786.19	8,697,430,801.03

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

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

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

20. Advance from customers

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Within 1 year	2,880,999,975.96	3,179,680,656.77
1 to 2 years	13,792,631.46	7,350,923.95
2 to 3 years	3,864,671.80	4,332,891.92
Over 3 years	5,402,920.06	4,011,962.23
Total	2,904,060,199.28	3,195,376,434.87

Note 1: Advance receipts aged over one year were primarily the outstanding payment due from customers in previous years.

Note 2: At the end of the reporting period, there were no advances from customers due to shareholders holding 5% or more voting shares of the Company.

21. Salaries payable

Item	RMB			
	2013.1.1 (audited)	Additions for the period	Deductions for the period	2013.6.30 (unaudited)
1. Salaries, bonuses, allowances and subsidies	594,809,879.97	1,438,128,634.26	(1,748,169,055.24)	284,769,458.99
2. Staff welfare	29,703,112.60	145,357,797.87	(173,520,646.60)	1,540,263.87
3. Staff bonuses and welfare fund	69,592,379.84	—	—	69,592,379.84
4. Social insurance premiums				
Of which: Medical insurance	575,026.71	38,808,295.67	(38,852,728.74)	530,593.64
Basic retirement insurance	596,766.15	98,607,768.72	(99,204,534.87)	—
Unemployment insurance	73,100.01	9,938,679.70	(10,006,623.10)	5,156.61
Work-related injury insurance	835,066.81	5,934,459.63	(6,762,964.01)	6,562.43
Maternity insurance	94,977.51	3,057,363.78	(3,056,792.18)	95,549.11
5. Housing provident funds	397,551.44	28,213,956.00	(24,073,658.00)	4,537,849.44
6. Labour union expenditures	33,156,051.68	22,432,797.85	(37,498,813.64)	18,090,035.89
7. Employees' education expenses	6,201,155.32	603,497.69	(2,536,039.81)	4,268,613.20
Total	736,035,068.04	1,791,083,251.17	(2,143,681,856.19)	383,436,463.02

Employees of the Group are required to join a pension plan operated by the local government. Under such plan, the Group is required to make contribution at a fixed percentage of the salaries of its employees. The obligation of Group to such pension plan is limited to the fixed contribution to the plan.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

22. Taxes payable

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Value added tax	34,835,599.03	72,294,502.88
Consumption tax	102,393,072.53	133,833,234.98
Business tax	2,522,789.33	1,550,879.72
Enterprise income tax	354,914,036.80	277,503,240.98
Individual income tax	3,484,711.89	2,495,930.55
Urban maintenance and construction tax	18,862,498.43	25,353,755.29
Education surcharges	13,350,791.22	18,054,962.53
Duty stamp	6,755,808.98	4,989,504.85
Real estate tax	1,713,450.65	664,178.49
Others	3,816,401.57	339,300.38
Total	542,649,160.43	537,079,490.65

23. Dividends payable

Company Name	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Dragonet International Company Limited (驕龍國際有限公司)	655,045.83	—
Automart Holdings Limited (奧拓瑪控股有限公司)	91,522,028.50	—
Total	92,177,074.33	—

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

24. Other payables

(1) The breakdown of other payables was as follows:

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Within 1 year	1,434,468,862.04	1,092,860,141.00
1 to 2 years	71,221,860.09	58,679,237.41
2 to 3 years	29,711,232.31	34,012,719.26
Over 3 years	23,556,258.24	34,088,727.32
Total	1,558,958,212.68	1,219,640,824.99

(2) Descriptions of other significant payables aged over one year

Other payables aged over one year are mainly performance bonds and security deposits. The Group charges such other payables according to agreements entered into with contractors of construction projects. It was agreed that such bonds and deposits will be refunded if no safety incident was involved within a specific period after the completion of relevant projects.

(3) Descriptions of other significant payable

Other significant payable are mainly credit deposits paid by distributors and service credit deposits. Such deposits will be refunded in each year and the Group will charges such deposits when cooperate with distributors in next year.

(4) At the end of the reporting period, there were no other payables due to shareholders holding 5% or more voting shares in the Company.

25. Non-current liabilities due within one year

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Non-current liabilities due within one year	49,906,310.54	51,704,662.45

Note: Such non-current liabilities due within one year were amortization of deferred income in next year.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

26. Other current liabilities

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Accrued after-sale service expenses	441,811,621.66	418,296,611.32
Accrued advertising and media service expenses	12,790,872.75	43,088,890.40
Accrued transportation costs	4,475,773.83	4,285,572.73
Accrued technology development expenditure	26,676,261.77	14,502,254.36
Accrued utilities fees	25,006,799.60	13,164,723.12
Accrued port charges	9,997,659.00	6,331,720.00
Others	55,810,234.95	40,558,104.29
Total	576,569,223.56	540,227,876.22

27. Other non-current liabilities

Type	RMB			
	2013.1.1 (audited)	Additions for the period	Deduction for the period	2013.6.30 (unaudited)
Urban construction fund (Note 1)	60,102,706.97	—	(1,159,914.17)	58,942,792.80
Tax refund for purchasing domestic manufactured equipment (Note 2)	82,325,705.46	—	(9,130,316.05)	73,195,389.41
Government industrial policy supporting fund (Note 3)	411,078,956.33	—	(10,522,515.33)	400,556,441.00
Soft soil foundation subsidy (Note 4)	287,590,440.14	—	(3,057,486.98)	284,532,953.16
Infrastructure supporting fund (Note 5)	786,666,750.00	—	—	786,666,750.00
Subsidies for material technological innovation projects (Note 6)	8,816,666.57	151,300,000.00	(575,000.02)	159,541,666.55
Development fund for SMEs (Note 7)	5,589,493.84	—	(147,739.92)	5,441,753.92
Capital for technical centre infrastructure construction (Note 8)	11,393,798.40	—	(118,685.40)	11,275,113.00
Diesel engine development project fund (Note 9)	900,000.00	—	(50,000.00)	850,000.00
863 National High Technology Research and Development Program of subsidies (Note 10)	—	2,268,000.00	(212,400.00)	2,055,600.00
C20 pure electric car research and development (Note 11)	1,500,000.00	500,000.00	(1,500,000.00)	500,000.00
863 plan (pure electronic motor) (Note 12)	2,600,000.00	460,000.00	(591,800.00)	2,468,200.00
Total	1,658,564,517.71	154,528,000.00	(27,065,857.87)	1,786,026,659.84
Less: Non-current liabilities due within one year	(51,704,662.45)	—	—	(49,906,310.54)
Other non-current liabilities	1,606,859,855.26	154,528,000.00	(27,065,857.87)	1,736,120,349.30

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

27. Other non-current liabilities (continued)

Note 1: According to “Minutes of the Meeting Regarding Coordination of the Relevant Issues of New Factory Construction of Baoding Great Wall Motor Company Limited” (Baoding Zheng [2002] No.170) (保定政[2002]170號) issued by the office of Baoding government, Baoding Municipal Bureau of Finance allocated urban construction fund to the Group for land and related infrastructure construction exclusively.

Note 2: This refers to value-added tax refunded to the Company and Great Wall Axles, a subsidiary of the Company, for the purchase of domestic manufactured equipment by foreign-invested enterprises.

Note 3: According to the “Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area” and the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, the Company and Tianjin Wantong and Tianjin Lean, subsidiaries of the Company, received industrial policy supporting fund from Tianjin Economic-Technological Development Area in 2009.

Note 4: According to the “Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area”, the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, and “Payment agreement of soft soil foundation treatment subsidy” of Tianjin Economic and Technological Development Zone Development Bureau, the Company and two subsidiaries of the company, Tianjin Wantong and Tianjin Lean, received soft soil foundation subsidiary from Tianjin Economic-Technological Development Area.

Note 5: According to the “Circular Regarding the Allocation of Infrastructure Construction Fund to Great Wall Motor Company Limited” issued by Baoding Xushui government, Xushui government allocated some supporting fund for the infrastructure construction of 500,000-automobile and components and parts production base project in new Great Wall industrial area in Baoding.

Note 6: According to “Notice regarding improving the ability of independent innovation and high-tech industry development projects in 2012 the second batch of the central budget for investment projects” issued by Hebei Development and Reform Commission and forwarded by Baoding Development and Reform Commission, Baoding Development and Reform Commission allocated RMB51.3 million to the company for innovation project of Automobile safety and environmental protection.

According to the “Notice Regarding reward fund appropriations of new energy automobile industry technological innovation project”, “New plug-in hybrid SUV development project” developed by Changcheng Motor is shortlisted for the new energy automobile industry technological innovation project, and the company was granted funding amounted to RMB100 million during the reporting period.

Note 7: According to “Circular regarding the Granting of the Development Fund for SMEs to Baoding Great Wall Resource Recycling Co., Ltd., the Bureau of Finance in Qingyuan granted a fund to Great Wall Resource Recycling, a subsidiary of the Company, in 2010. The fund was used for the construction of infrastructure of a scrap steel project with annual capacity of 80,000 tons.

Note 8: According to the “Notice regarding the allocation of infrastructure construction fund to the new technology centre of Great Wall Motor Company Limited by the Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated some funds for the infrastructure construction of the new technology center of the Company exclusively.

Note 9: According to “Notice regarding the projects and funding of Hebei Province Scientific and technological research and development program (the first batch)”, the company’s GW4D20 Diesel product development project was granted funding directly from the Bureau of Finance in Hebei Province.

Note 10: According to “Mission statement of National High Technology Research and Development Program (Program 863) (Project No. 2012AA111704)”, in critical automotive powertrain technology projects of Modern transport technology areas, the company’s development on diesel for high pressure beard common rail car was granted project research funding amounted to RMB2.27 million during the reporting period.

Note 11: According to “Mission statement of Hebei Province’s Major technological innovation projects (Project No. 2012AA111702)”, the company’s research on project of “Research and development, and Research on industrialized technology of Great Wall Tengyi C20 pure electric car” assigned by Science and Technology Agency of Hebei Province, was granted project funding amounted to RMB500,000 during the current period.

Note 12: According to “Mission statement of National High Technology Research and Development Program (Program 863)”, the company’s research on project of “Research and development of A0 small city pure electric car” was granted project funding amounted to RMB460,000 during the reporting period.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

28. Share capital

As at 30 June 2013, the registered capital of the Company amounted to RMB3,042,423,000.00 and the paid up share capital amounted to RMB3,042,423,000.00. The par value of the each share was RMB1.00. The type of shares and the capital structure were as follows:

Item	Changes for the period						RMB
	Opening balance	New issue	Bonus shares	Shares transfer from reserve	Others	Subtotal	Closing balance
For the six months ended 30 June 2013 (unaudited):							
Promoters' shares	1,705,000,000.00						1,705,000,000.00
Outstanding overseas listed foreign shares	1,033,180,000.00						1,033,180,000.00
Outstanding domestic listed RMB ordinary shares	304,243,000.00						304,243,000.00
Total number of shares	3,042,423,000.00						3,042,423,000.00
For the six months ended 30 June 2012 (unaudited):							
Promoters' shares	1,705,000,000.00	—	—	—	—	—	1,705,000,000.00
Outstanding overseas listed foreign shares	1,033,180,000.00	—	—	—	—	—	1,033,180,000.00
Outstanding domestic listed RMB ordinary shares	304,243,000.00	—	—	—	—	—	304,243,000.00
Total number of shares	3,042,423,000.00	—	—	—	—	—	3,042,423,000.00

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

29. Capital reserves

Item				RMB
	Opening balance	Additions for the period	Deductions for the period	Closing balance
For the six months ended 30 June 2013				
(unaudited):				
Capital premiums	4,509,010,149.89			4,509,010,149.89
Other capital reserves	(47,900,840.64)			(47,900,840.64)
Of which: Transfer from capital reserves under the previous standards	14,823,095.08			14,823,095.08
Difference between the consideration of acquiring minority interest in subsidiary and the decreased amount on minority interest	(31,236,284.46)			(31,236,284.46)
Translation differences of foreign capital	27,752.39			27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)			(31,515,403.65)
Total	4,461,109,309.25			4,461,109,309.25
For the six months ended 30 June 2012				
(unaudited):				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(45,215,062.94)	—	(2,685,777.70)	(47,900,840.64)
Of which: Transfer from capital reserves under the previous standards	14,823,095.08	—	—	14,823,095.08
Difference between the consideration of acquiring minority interest in subsidiary and the decreased amount on minority interest	(28,550,506.76)	—	(2,685,777.70)	(31,236,284.46)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
Total	4,463,795,086.95	—	(2,685,777.70)	4,461,109,309.25

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

30. Surplus reserves

Item	RMB			
	Opening balance	Additions for the period	Deductions for the period	Closing balance
For the six months ended 30 June 2013 (unaudited):				
Statutory surplus reserves	1,780,400,059.35	—	—	1,780,400,059.35
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	129,719,165.95	—	—	129,719,165.95
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	2,217,932,376.40	—	—	2,217,932,376.40
For the six months ended 30 June 2012 (unaudited):				
Statutory surplus reserves	1,170,268,598.53	—	—	1,170,268,598.53
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	105,163,923.73	—	—	105,163,923.73
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
Total	1,583,245,673.36	—	—	1,583,245,673.36

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Undistributed profits

Item	RMB	
	Amount	Proportion of appropriation or allocation
For the six months ended 30 June 2013 (unaudited):		
Undistributed profits at the beginning of the period	11,799,009,548.92	
Add: Net profits attributable to the shareholders of the Company of the period	4,087,332,094.33	
Less: Appropriation of statutory surplus reserves		(1)
Appropriation of discretionary surplus reserves		(2)
Appropriation of enterprise expansion fund		(2)
Appropriation of reserve fund		(2)
Distribution of cash dividends	(1,734,181,110.00)	(3)
Appropriation of staff incentive bonus and welfare fund		(2)
Undistributed profits at the end of the period	14,152,160,533.25	
For the six months ended 30 June 2012 (unaudited):		
Undistributed profits at the beginning of the period	7,653,974,196.03	
Add: Net profits attributable to the shareholders of the Company of the period	2,353,515,940.60	
Less: Appropriation of statutory surplus reserves	—	(1)
Appropriation of discretionary surplus reserves	—	(2)
Appropriation of enterprise expansion fund	—	(2)
Appropriation of reserve fund	—	(2)
Distribution of cash dividends	(912,726,900.00)	(3)
Appropriation of staff incentive bonus and welfare fund	—	(2)
Undistributed profits at the end of the period	9,094,763,236.63	

(1) Appropriation of statutory surplus reserves

As required by the Articles of Association, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory surplus reserve is over 50% of its registered capital, no withdrawal would be allowed. Subject to certain provisions of the Company Law and the Articles of Association, part of the statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

31. Undistributed profits (continued)

(2) Appropriation of enterprise expansion fund, reserve fund and staff bonus and welfare fund

Certain subsidiaries of the Company are Sino-foreign equity joint ventures. Pursuant to the law of the People's Republic of China on Sino-foreign Equity Joint Ventures and relevant provisions of the articles of association of relevant companies, such subsidiaries shall appropriate enterprise expansion fund, reserve fund and staff incentive bonus and welfare fund based on the net profits calculated under the China Enterprise Accounting Standards and relevant requirements. The ratio of appropriation shall be determined by the Board of Directors.

(3) Cash dividend as approved at the shareholders' meeting for the year

The 2012 Annual General Meeting of the Company held on 10 May 2013 considered and approved the resolution regarding the profit distribution proposal for the year 2012. The Company declared the 2012 annual cash dividend of RMB0.57 per share (tax inclusive) to all shareholders, aggregating to RMB1,734,181,110.00 based on the total of 3,042,423,000 shares with a par value of RMB1 each.

32. Operating revenue and operating costs

(1) Operating revenue

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Revenue from principal businesses	26,225,491,736.72	18,019,271,698.88
Of which: Revenue from the sale of automobiles	25,019,954,911.74	17,078,913,330.97
Revenue from the sale of automotive parts and components	898,589,027.30	580,061,503.72
Revenue from the sale of moulds and others	240,404,101.52	316,113,295.00
Revenue from providing services	66,543,696.16	44,183,569.19
Revenue from other businesses	191,346,833.00	268,299,742.18
Total	26,416,838,569.72	18,287,571,441.06

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

32. Operating revenue and operating costs (continued)

(2) Operating costs

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Costs from principal businesses	18,639,282,037.40	13,277,731,419.08
Of which: Expenses from the sales of automobiles	17,698,062,841.17	12,419,539,720.43
Expenses from the sales of automotive parts and components	692,588,267.38	540,357,916.35
Expenses from the sales of moulds and others	193,774,612.70	277,963,404.56
Expenses from providing services	54,856,316.15	39,870,377.74
Expenses from other businesses	126,258,074.82	198,373,986.69
Total	18,765,540,112.22	13,476,105,405.77

(3) Operating revenue from top five customers of the Company

Name of customer	Operating revenue	RMB
		Percentage of the total operating revenue of the Company (%)
Customer 1	895,510,075.46	3.39
Customer 2	661,530,872.72	2.50
Customer 3	504,297,108.05	1.91
Customer 4	490,316,758.10	1.86
Customer 5	488,774,559.27	1.85
Total	3,040,429,373.60	11.51

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

33. Business tax and surcharges

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Business tax	8,208,625.55	5,094,762.47
Consumption tax	700,911,436.93	512,855,704.53
Urban maintenances and construction tax	138,495,954.60	82,632,258.73
Educational surcharges	99,604,863.24	59,203,020.91
Others	8,078,330.52	3,765,468.57
Total	955,299,210.84	663,551,215.21

34. Selling expenses

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Transportation expenses	391,809,997.82	281,012,345.96
After-sale services expenses	218,916,337.37	125,576,996.32
Wages and salaries	67,115,789.53	54,724,957.74
Taxes	16,155,177.51	9,247,143.00
Advertising and media services fees	99,305,349.94	108,972,121.61
Port charges	28,562,440.67	23,647,796.16
Travelling expenses	6,663,000.98	6,168,696.95
Others	26,774,651.87	24,368,907.67
Total	855,302,745.69	633,718,965.41

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

35. Administrative expenses

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Technology development expenditures	580,671,564.12	363,735,613.46
Wages and salaries	269,891,505.16	170,692,125.52
Taxes	42,794,208.67	35,757,737.63
Depreciation and Amortization	41,082,540.61	37,432,752.41
Business reception fees	4,865,276.46	3,048,831.80
Office expenses	21,061,812.35	21,581,368.93
Repair and maintenance fees	28,371,313.26	23,842,136.91
Auditors' remuneration (Note 1)	818,874.68	480,000.00
Service charges	12,628,166.14	6,994,575.77
Others	31,814,689.61	23,683,969.42
Total	1,033,999,951.06	687,249,111.85

Note 1: Among them, the Company paid RMB480,000 for interim review to Deloitte Touche Tohmatsu CPA LLP this period.

36. Impairment loss on assets

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
1. Loss on bad debts	(7,196,890.71)	23,349,401.15
2. Loss on impairment of inventory	6,498,401.23	7,223,421.29
3. Loss on impairment of fixed assets	160,518.38	31,668,344.24
Total	(537,971.10)	62,241,166.68

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

37. Profit or loss from changes in fair value

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Derivative financial instruments measured at fair value	4,619,575.59	(8,390,875.32)
Total	4,619,575.59	(8,390,875.32)

38. Investment income

(1) Breakdown of investment income

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Income from long-term equity investments under equity method	3,739,314.17	548,445.26
Income from available-for-sale financial asset investment	15,566,964.49	6,384,204.81
Income generated from the equity interests in acquirees held prior to the date of acquisition and measured at fair value	10,972,610.88	—
Total	30,278,889.54	6,932,650.07

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

38. Investment income (continued)

(2) Income from long-term equity investments under equity method:

Investee	Six months ended 30 June 2013 (unaudited)	RMB	
		Six months ended 30 June 2012 (unaudited)	
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	57,062.77	47,655.88	
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	3,682,251.40	344,203.98	
Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	—	156,585.40	
Total	3,739,314.17	548,445.26	

There are no significant restrictions on remittance of investment gains back to the Company.

39. Non-operating income

(1) Breakdown of non-operating income was as follows:

Item	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)	RMB	
			Amount included in extraordinary gains and losses in the period	
Total gains from disposal of non-current assets	950,615.05	2,523,865.07	950,615.05	
Of which: Gains from disposal of fixed assets	950,615.05	2,523,865.07	950,615.05	
Gains from disposal of intangible assets	—	—	—	
Government grants	45,475,445.04	23,987,387.54	45,475,445.04	
Gains from compensation	5,295,760.97	2,819,680.72	5,295,760.97	
Unpayable amount	11,181,928.29	17,540,964.26	11,181,928.29	
Others	7,512,202.86	4,855,519.69	7,512,202.86	
Total	70,415,952.21	51,727,417.28	70,415,952.21	

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Non-operating income (continued)

(2) Government grants:

Government grants related to the assets

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Funds in support of the industrial policy of the government	10,522,515.33	—
Domestic equipment rebate	9,130,316.05	10,709,377.55
Subsidies for soft soil foundation section	3,057,486.98	2,347,750.32
Urban construction funds	1,159,914.17	1,159,914.17
Research and development of C20 pure C20 pure electric car	1,500,000.00	—
863 Plan	804,200.00	—
Significant technical innovation project grant	575,000.02	575,000.02
Special funds for SME development	147,739.92	147,739.92
Technology center	118,685.40	118,685.40
Engine development	50,000.00	50,000.00
Total	27,065,857.87	15,108,467.38

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

39. Non-operating income (continued)

(2) Government grants: (continued)

Government grants related to the revenues

Item	Six months ended 30 June 2013 (unaudited)	RMB Six months ended 30 June 2012 (unaudited)
Welfare enterprises VAT refund (Note 1)	8,382,505.98	385,000.00
Other government grants	10,027,081.19	8,493,920.16
Includes: Fiscal subsidy	7,150,564.55	3,049,200.00
Technology development bonus	930,000.00	300,000.00
Technical transformation project funds and foreign trade service	130,000.00	1,820,000.00
Innovation subsidy	9,750.00	1,821,900.00
The national famous trademark enterprise award	—	500,000.00
Others	1,806,766.64	1,002,820.16
Total	18,409,587.17	8,878,920.16

Notes 1: During the reporting period, Baoding Nuobo, Baoding Great and Baoding Yixin, subsidiaries of the Group, were recognized as social welfare enterprises by Department of Civil Affairs of Hebei Province. 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 (Caishui [2007] No.92)", subject to relevant conditions, the above social welfare enterprises enjoy value added tax refund based on the maximum amount specified by relevant taxation authorities and the number of disabled employees.

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

40. Non-operating expenses

Item	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)	RMB
			Amount included in extraordinary gains and losses in the period
Total loss on disposal of non-current assets	5,304,039.67	1,564,950.05	5,304,039.67
Of which: Loss on disposal of fixed assets	5,304,039.67	1,562,824.53	5,304,039.67
Loss on disposal of intangible assets	—	2,125.52	—
Donations	3,988,809.17	3,797,520.41	3,988,809.17
Expenses for compensations and fines	1,771,569.76	1,479,901.00	1,771,569.76
Others	560,089.69	591,600.58	560,089.69
Total	11,624,508.29	7,433,972.04	11,624,508.29

41. Income tax expenses

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Current income tax calculated according to tax laws and relevant rules	832,059,647.24	508,662,375.31
Deferred income tax	7,634,761.88	(30,077,879.33)
Total	839,694,409.12	478,584,495.98

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

41. Income tax expenses (continued)

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

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Accounting profit/loss	4,931,372,004.00	2,855,386,010.13
Income tax rate	25%	25%
Income tax calculated at tax rate of 25%	1,232,843,001.00	713,846,502.53
Tax holidays, exemptions and concessionary rates	(352,506,878.34)	(214,529,259.80)
Additional tax deduction for research and development expenses	(46,232,703.49)	(33,468,152.46)
Tax effect of non-taxable income	(934,828.54)	(137,111.32)
Tax effect of non-deductible expenses	6,525,818.49	12,872,517.03
Total	839,694,409.12	478,584,495.98

42. Calculation of basic and diluted earnings per share

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

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Net profit attributable to ordinary shareholders	4,087,332,094.33	2,353,515,940.60
Of which: Net profit attributable to continuing operations	4,087,332,094.33	2,353,515,940.60
Total	4,087,332,094.33	2,353,515,940.60

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

42. Calculation of basic and diluted earnings per share (continued)

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

Item	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Number of outstanding ordinary shares at the beginning of the period	3,042,423,000.00	3,042,423,000.00
Add: Weighted number of ordinary shares issued in the period	—	—
Less: Weighted number of ordinary shares repurchased in the period	—	—
Weighted number of outstanding ordinary shares at the end of the period	3,042,423,000.00	3,042,423,000.00

Item	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Based on the net profit attributable to shareholders of the Company:		<i>RMB</i>
Basic earnings per share	4,087,332,094.33	2,353,515,940.60
Diluted earnings per share	1.34	0.77
Based on the net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	4,087,332,094.33	2,353,515,940.60
Diluted earnings per share	1.34	0.77
Diluted earnings per share	N/A	N/A

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

43. Other comprehensive income

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
1. Translation difference of financial statements denominated in foreign currency	(30,867.66)	110,898.73
Less: Net income from disposal of foreign operations recognized in profit or loss in the current period	—	—
Subtotal	(30,867.66)	110,898.73
2. Others	—	—
Less: Income tax effect from other incomes recognized in other comprehensive income	—	—
Net income recognized in other comprehensive income in previous periods but recognized in profit or loss in the current period	—	—
Subtotal	—	—
Total	(30,867.66)	110,898.73

44. Notes to cash flow statements

(1) Other cash received relating to operating activities

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Interest income	45,042,131.64	49,492,819.66
Government grants	10,027,081.19	8,493,920.16
Others	11,441,227.83	2,283,730.64
Total	66,510,440.66	60,270,470.46

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Notes to cash flow statements (continued)

(2) Other cash paid relating to operating activities

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Advertising and media services fee	129,603,367.59	145,673,271.66
Transportation costs and port charges	416,516,298.39	299,473,521.32
Technology development expenditures	245,691,946.00	136,264,423.43
After-sales charges and repairs charges	223,772,640.29	114,520,451.99
Business entertainment expenses and office expenses	29,741,728.83	42,277,804.29
Travelling expenses	6,663,000.98	6,168,696.95
Consultation fees	12,628,166.14	7,020,195.77
Others	55,454,709.53	47,279,373.23
Total	1,120,071,857.75	798,677,738.64

(3) Other cash received relating to investing activities

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Government grants	154,528,000.00	65,700,000.00
Total	154,528,000.00	65,700,000.00

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

44. Notes to cash flow statements (continued)

(4) Other cash received from financing activities

Item	Six months ended 30 June 2013 (unaudited)	<i>RMB</i> Six months ended 30 June 2012 (unaudited)
Restricted bank deposits	58,300,627.70	—
Total	58,300,627.70	—

(5) Other cash paid relating to financing activities

Item	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Restricted bank deposits	—	137,874,931.36
Acquisition of minority interests of a subsidiary	—	128,596,700.00
Total	—	266,471,631.36

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Supplemental information of cash flow statements

(1) Supplemental information of cash flow statements

Supplemental information	Six months ended 30 June 2013 (unaudited)	RMB Six months ended 30 June 2012 (unaudited)
1.Reconciliation of net profits and cash flow from operating activities:		
Net profits	4,091,677,594.88	2,376,801,514.15
Add: Impairment provisions for assets	(537,971.10)	62,241,166.68
Depreciation of fixed assets	506,349,118.74	420,490,906.13
Amortization of intangible assets	27,826,310.36	25,854,387.03
Amortization of long-term prepaid expenses	3,439,633.64	2,491,601.14
Depreciation of real estate held for investment	80,971.57	80,971.57
(Gains)/losses from change of fair value	(4,619,575.59)	8,390,875.32
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	4,353,424.62	(958,915.02)
Amortization of deferred gains	(27,065,857.87)	(15,108,467.38)
Financing costs/(gains)	8,644,391.43	1,668,754.01
Investment losses/(gains)	(30,278,889.54)	(6,932,650.07)
(Increase)/decrease in deferred tax assets	7,480,696.09	(42,033,495.63)
(Decrease)/increase in deferred tax liabilities	—	11,955,616.30
(Increase)/decrease in inventories	(100,994,477.36)	(705,911,723.48)
(Increase)/decrease in operating receivables	757,791,132.23	(2,053,197,972.09)
Increase/(decrease) in operating payables	(290,886,317.10)	2,346,378,863.48
Net cash flows from operating activities	4,953,260,185.00	2,432,211,432.14
2.Net change in cash and cash equivalents:		
Cash balance at the end of the period	6,681,000,497.71	5,488,907,622.28
Less: Cash balance at the beginning of the period	5,595,535,544.33	6,306,279,224.47
Add: Cash equivalents balance at the end of the period	—	—
Less: Cash equivalents balance at the beginning of the period	—	—
Net increase in cash and cash equivalents	1,085,464,953.38	(817,371,602.19)

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Supplemental information of cash flow statements (continued)

(2) Relative information of the acquisition and disposal of subsidiaries and other business units

Item	Six months ended 30 June 2013 (unaudited)	RMB Six months ended 30 June 2012 (unaudited)
I. Acquisition of subsidiaries and other business units:		
1. Price of acquisition of subsidiaries and other business units	—	—
2. Cash and cash equivalents paid for acquisition of subsidiaries and other business units	—	—
Less: Cash and cash equivalents held by subsidiaries and other business units	—	—
3. Net cash paid (received) for acquisition of subsidiaries and other business units	—	—
4. Net asset of aquired subsidiaries	—	—
Current assets	—	—
Non-current assets	—	—
Current liabilities	—	—
Non-current liabilities	—	—
II. Disposal of subsidiaries and other business units:		
1. Price of disposal of subsidiaries and other business units	98,450,000.00	—
2. Cash and cash equivalents received from acquisition of subsidiaries and other business units	98,450,000.00	—
Less: Net cash paid (received) for disposal of subsidiaries and other business units	(3,226,923.83)	—
3. Net cash received form disposal of subsidiaries and other business units	95,223,076.17	—
4. Net asset of subsidiaries disposed	87,477,389.12	—
Current assets	79,012,259.69	—
Non-current assets	21,933,401.74	—
Current liabilities	(13,468,272.31)	—
Non-current liabilities	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

45. Supplemental information of cash flow statements (continued)

(3) Components of cash and cash equivalents

Item	RMB	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
I. Cash	6,681,000,497.71	5,488,907,622.28
Of which: Cash in hand	2,836,912.30	1,390,697.73
Bank deposits readily available for payment	6,678,163,585.41	5,487,516,924.55
Other cash and bank balances readily available for payment	—	—
II. Cash and cash equivalent balance as at the end of the period	6,681,000,497.71	5,488,907,622.28

46. Net current assets

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Current assets	26,200,070,435.60	25,847,677,215.69
Less: Current liabilities	(19,247,254,562.27)	(19,319,167,273.16)
Net current assets	6,952,815,873.33	6,528,509,942.53

47. Total assets less current assets

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Total assets	44,882,280,910.17	42,569,396,536.78
Less: Current liabilities	(19,247,254,562.27)	(19,319,167,273.16)
Total assets less current liabilities	25,635,026,347.90	23,250,229,263.62

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS

1. Related parties with controlling interests

											RMB
Name of company	Relationship	Form of corporation	Place of registration	Authorized representative	Nature of business	Registered capital	Shareholding of holding company (%)	Shareholding of holding company (%)	Ultimate owner	Company code	
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Controlling shareholder	Incorporation	Baoding	Wei Jian Jun	Investment	390,000,000.00	56.04	56.04	Wei Jian Jun	78258703-6	

The ultimate controlling shareholder of the Company is Wei Jian Jun.

2. Subsidiaries of the Company

Details of the subsidiaries of the Company are set out in Note (V).

3. Joint ventures of the Company

Details of the joint ventures of the Company are set out in Note (VI) 9.

4. Other related parties of the Company

Name of other related parties	Relationship	Company code
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司)	Company directly controlled by controlling shareholder	10597749-1
Beijing Weide Automobile System Accessories Company Limited (北京威德汽車系統配套有限公司)	Company indirectly controlled by Wei Jian Jun	71774831-5
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	Company directly controlled by related natural person (Wei De Yi)	10596659-X
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限公司)	Company indirectly controlled by controlling shareholder	60117199-9
Baoding Tai Hang Rosemex Engineering Company Limited (保定太行熱士美工業有限公司)	Company significantly influenced by related natural person (Wei De Yi)	60120863-2
He Bei Bao Cang Expressway Co., Ltd (河北保滄高速公路有限公司)	Company significantly influenced by Wei Jian Jun	76982156-1
Beijing Dongfang Riya Kemao Company Limited (北京東方日瓦科貿有限公司)	Company directly controlled by Wei Jian Jun	10299371-X
Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經營中心)	Minority shareholder of the controlling shareholder	72879122-0
Baoding Bo Chuang Real Estate Development Co., Ltd. (保定市博創房地產開發有限公司)	Company indirectly controlled by controlling shareholder	68926059-X

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions

(1) Procurement of raw materials and accessories

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Beijing Weide Automobile System Accessories Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	1,787.80	—
Hebei Baoding Tai Hang Group Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	18,632.48	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Purchase	Purchase of raw materials	Mutually agreed price	210,842,541.42	0.97

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Beijing Weide Automobile System Accessories Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	3,150.00	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Purchase	Purchase of raw materials	Mutually agreed price	97,639,683.00	0.61
Baoding Xinchang Auto Parts Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	53,644,424.18	0.34

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(2) Sales of automobiles and automotive parts

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Sale	Automobiles and automotive parts	Mutually agreed price	6,820.51	—

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Bo Chuang Real Estate Development Co., Ltd.	Sale	Automobiles and automotive parts	Mutually agreed price	247,350.43	—
He Bei Bao Cang Expressway Co., Ltd	Sale	Automobiles and automotive parts	Mutually agreed price	271,282.05	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Sale	Automobiles and automotive parts	Mutually agreed price	7,555.05	—
Baoding Xinchang Auto Parts Company Limited	Sale	Automobiles and automotive parts	Mutually agreed price	165,204.29	—

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(3) Purchase of fixed assets

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	55,665.31	—

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Beijing Weide Automobile System Accessories Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	49,000.00	—
Hebei Baoding Tai Hang Group Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	3,189,234.23	0.15
Baoding Xinchang Auto Parts Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	18,831,450.77	0.89
Baoding Tai Hang Pump Manufacturing Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	4,790.00	—
Baoding Tai Hang Steel Structure Construction Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	403,060.00	0.02

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(4) Purchase of services

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Hebei Baoding Tai Hang Group Company Limited	Purchase of services	Purchase of services	Mutually agreed price	62,905.98	0.02

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Tai Hang Pump Manufacturing Company Limited	Purchase of services	Purchase of services	Mutually agreed price	33,747.86	0.01
Hebei Baoding Tai Hang Group Company Limited	Purchase of services	Purchase of services	Mutually agreed price	2,598.29	—

(5) Rendering of services

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Rendering of services	Rendering of services	Mutually agreed price	1,332,825.81	1.52

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Rendering of services	Rendering of services	Mutually agreed price	102,217.43	0.17

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

5. Related party transactions (continued)

(6) Claims and others

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Bo Chuang Real Estate Development Co., Ltd.	Claims and others	Claims and others	Mutually agreed price	34,831.50	0.04
Baoding Tai Hang Pump Manufacturing Company Limited	Claims and others	Claims and others	Mutually agreed price	21,734.18	0.02
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Claims and others	Claims and others	Mutually agreed price	32,658.37	0.03

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited)	
				Amount	Percentage of total amount (%)
Baoding Bo Chuang Real Estate Development Co., Ltd.	Claims and others	Claims and others	Mutually agreed price	67,393.40	0.11
Baoding Tai Hang Pump Manufacturing Company Limited	Claims and others	Claims and others	Mutually agreed price	(32,758.09)	(0.05)
Hebei Baoding Tai Hang Group Company Limited	Claims and others	Claims and others	Mutually agreed price	(1,965.81)	—
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	Claims and others	Claims and others	Mutually agreed price	81,194.39	0.13
Baoding Xinchang Auto Parts Company Limited	Claims and others	Claims and others	Mutually agreed price	(472,062.35)	(0.77)

(7) Emolument of key management

Item	RMB'000	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Emolument of key management	20,953	14,491

Key management are the persons who are authorized and responsible for planning, supervision and control of corporate activities, including directors, general manager, chief accounting officer, deputy general managers, and other administration officers.

Notes to the Financial Statements

For the six months ended 30 June 2013

VII. RELATED PARTIES AND TRANSACTIONS (continued)

6. Amounts due from/due to related parties

Item	Related parties	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Prepayment	Hebei Baoding Tai Hang Group Company Limited	270,000.00	270,000.00
Sub-total:		270,000.00	270,000.00
Dividends receivable	Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd.	15,280,463.03	15,280,463.03
Sub-total:		15,280,463.03	15,280,463.03
Accounts payable	Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd.	130,905,353.42	123,223,876.28
Accounts payable	Beijing Dongfang Riya Kemao Company Limited	741,188.39	741,188.39
Accounts payable	Hebei Baoding Tai Hang Group Company Limited	187,172.57	194,675.55
Sub-total:		131,833,714.38	124,159,740.22
Other payables	Baoding Tai Hang Steel Structure Construction Company Limited	8,271,511.85	8,271,511.85
Other payables	Hebei Baoding Tai Hang Group Company Limited	215,800.00	36,391.00
Other payables	Baoding Tai Hang Pump Manufacturing Company Limited	35,671.00	2,455.61
Other payables	Baoding Tai Hang Rosemex Engineering Company Limited	2,455.61	215,800.00
Other payables	Baoding Bo Chuang Real Estate Development Company Limited	—	300.00
Other payables	Beijing Weide Automobile System Accessories Company Limited	49,000.00	49,000.00
Other payables	Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding	10,000,000.00	—
Other payables	Baoding Yanfeng Johnson Controls Automobile Seating Company Limited	—	800.00
Sub-total:		18,574,438.46	8,576,258.46
Advances from customers	Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding	34,000.00	34,000.00
Sub-total:		34,000.00	34,000.00
Bills payable	Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd	31,900,000.00	24,550,000.00
Bills payable	Baoding Xinchang Auto Parts Company Limited	—	47,600.00
Bills payable	Hebei Baoding Tai Hang Group Company Limited	2,000.00	—
Sub-total:		31,902,000.00	24,597,600.00

Notes to the Financial Statements

For the six months ended 30 June 2013

VIII. COMMITMENTS

1. Significant Commitments

(1) Capital commitments

Item	RMB'000	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Contracted for but not provided	5,704,072	4,788,509
Authorised by the Board of Directors but not contracted for	4,183,226	6,916,239
Others	—	—
— Capital commitments of joint ventures not included in consolidated financial statements	1,089	5,643

(2) Operating lease commitments

As at balance sheet date, the Group had commitments under non-cancellable operating leases which fall due as follows:

Item	RMB'000	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Minimum lease payments under non-cancellable operating leases:		
Within one year from the balance sheet date	779	1,430
In the second year from the balance sheet date	337	—
In the third year from the balance sheet date	44	—
Subsequent years	276	—
Total	1,436	1,430

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS

1. Financial expenses

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Interest expenses	—	—
Less: interest income	(45,042,131.64)	(49,492,819.66)
Exchange (gain) loss	7,705,927.33	(8,010,238.51)
Interests on discounted bills	2,221,235.16	3,621,076.18
Others	4,667,395.21	6,036,767.99
Total	(30,447,573.94)	(47,845,214.00)

2. Segment reporting

The Group is mainly engaged in the manufacture and sales of automobiles and automotive parts and components in the PRC, and the majority of its assets are located in the PRC. The Group determined the reporting segments and disclosed the segment information according to No.3 Interpretation of Accounting Standards for Business Enterprises. The management determined the reporting segments according to the organization structure, management requirements and internal reporting system of the Group for the purposes of resource allocation and performance evaluation. As the resource allocation and performance evaluation of the Group are carried out based on the overall operation of the production and sales of automobiles and automotive parts and components, the Group has only one business segment for internal reporting purpose.

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

2. Segment reporting (continued)

Revenue from external customers by location of revenue sources:

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Revenue from external customers in China	23,708,486,663.55	15,235,337,994.11
Northeast China	2,191,588,151.53	1,382,686,870.36
Northern China	5,507,124,513.40	3,585,425,901.68
Eastern China	5,821,549,597.97	3,705,563,354.62
Central China	4,299,327,394.29	2,740,292,358.02
Northwest China	2,555,970,342.30	1,659,234,018.95
Southwest China	3,332,926,664.06	2,162,135,490.48
Revenue from external customers in other countries	2,708,351,906.17	3,052,233,446.95
Russia	895,510,075.46	800,351,060.71
Australia	311,586,360.75	485,501,765.06
Chile	249,900,651.35	279,686,832.04
Algeria	234,084,249.65	149,470,524.98
Iraq	174,056,268.48	222,316,425.06
South Africa	122,345,050.21	230,198,541.44
Other overseas countries	720,869,250.27	884,708,297.66
Total	26,416,838,569.72	18,287,571,441.06

Majority of the non-current assets required to be disclosed in the segment report, including fixed assets, real estate held-for-investment, construction in progress and investment in jointly controlled entities were located in the PRC.

The Group is not dependent on one or a few major customers

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management

Major financial instruments of the Group include cash and bank balances, derivative financial instruments, receivables, and payables. Detailed descriptions of these financial instruments are set out in Note (VI). The risks associated with these financial instruments and the risk management policies adopted by the Group to mitigate such risks are set out below. The management of the Group manages and monitors such risk exposures to ensure such risks are limited to a prescribed level.

3.1 Objective and policies of risk management

The objective of the risk management of the Group is to maintain an appropriate balance between risks and return so as to minimize the negative effects of risks against the Group's operating results in order to maximize the benefits of the shareholders and other stakeholders. Based on such objective, the principal strategy of the Group's risk management is to identify and analyze all types of risks of the Group, establish appropriate risk tolerance thresholds, carry out risk management procedures and perform risk monitoring on all kinds of risks in a timely and reliable manner, thus controlling the risk exposures within a prescribed level.

3.1.1 Market risk

3.1.1.1 Foreign exchange risk

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. The purchases and sales of the domestic subsidiaries of the Group are denominated in RMB and other principal business activities of the Group are settled in RMB. As at the balance sheet date, except for the balances of assets denominated in USD and EUR and other insignificant amount in HKD as shown in the following table, all assets and liabilities of the Group were denominated in RMB. The impact of the foreign exchange risk arising from the balances of assets and liabilities denominated in such foreign currencies on the operating results of the Group was minimal.

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Cash and cash equivalents	306,941,781.49	172,700,291.21
Accounts receivable	408,413,026.52	519,302,471.21
Other receivables	944,694.32	1,285,510.00
Accounts payable	(19,165,102.11)	(25,187,989.68)
Other payables	(66,741,023.02)	(56,774,846.01)
Total	630,393,377.20	611,325,436.74

The Group closely monitors the changes in foreign exchange rates as to their effects to the Group's exposure to foreign exchange risk.

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management (continued)

3.1 Objective and policies of risk management (continued)

3.1.2 Credit risk

The Group only conducts sales with third-party customers with good credit records. In order to minimize credit risk, the Group has established a team responsible for formulating credit limit, credit approval and implementing other monitoring procedures to ensure necessary follow-up measures are carried out to recover the overdue debts. As such, the risk of bad debts is low.

Credit risk of other financial assets (including cash and other receivables), coming from money can not be returned from the other side, with a maximum risk equal to the carrying value of the financial assets.

The Group does not require any collateral from its customers as it only conducts sales with the third-party customers with good credit records. During the Reporting Period, the Group had a certain level of concentration of credit risk, and the balance of accounts receivable from top five customers of the Group accounted for 60.23% (31 December 2012: 61.52%) of the total accounts receivable. As the Group only granted credit period to certain third parties with good creditability and the closing balance of the Group's accounts receivable represented 2.54% of the Group's revenue as at 30 June 2013, the credit risk of the Group is not significant.

Further details regarding the quantified data of the credit risk arising from the accounts receivable and other receivables of the Group are disclosed in Note (VI) (4) and (VI) (6) to the financial statements.

3.1.3 Liquidity risk

In managing liquidity risk, the Group maintains and monitors cash and cash equivalents at a level considered to be sufficient by the management in order to satisfy the operating needs of the Group and lower the effects of fluctuations in cash flows. The management of the Group monitors the utilization of bank borrowings and the compliance of the relevant borrowing agreements.

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management (continued)

3.1 Objective and policies of risk management (continued)

3.1.3 Liquidity risk (continued)

Analysis of the maturity profile of financial assets and financial liabilities of the Group based on the undiscounted remaining contractual obligations as at the end of each period are set out as follows:

RMB

Item	2013.6.30			Total
	Within 6 months	6–12 months	Over one year	
Bills receivable	13,658,096,216.54	—	—	13,658,096,216.54
Accounts receivable	655,578,336.87	16,499,346.74	—	672,077,683.61
Other receivables	1,291,930,888.44	55,955,827.20	—	1,347,886,715.64
Trading financial assets	8,200,707.10	8,070,175.75	—	16,270,882.85
Bills payable	(4,275,374,132.24)	—	—	(4,275,374,132.24)
Accounts payable	(8,852,211,903.49)	(11,911,882.70)	—	(8,864,123,786.19)
Other payables	(447,811,547.86)	(1,111,146,664.82)	—	(1,558,958,212.68)

RMB

Item	2012.12.31			Total
	Within 6 months	6–12 months	Over one year	
Bills receivable	14,789,887,422.30	1,000,000.00	—	14,790,887,422.30
Accounts receivable	675,113,196.85	16,375,482.32	—	691,488,679.17
Other receivables	849,667,903.33	4,721,766.19	—	854,389,669.52
Dividend receivable	15,280,463.03	—	—	15,280,463.03
Trading financial assets	11,651,307.26	—	—	11,651,307.26
Bills payable	(4,292,950,154.90)	(48,721,960.01)	—	(4,341,672,114.91)
Accounts payable	(8,673,761,772.79)	(23,669,028.24)	—	(8,697,430,801.03)
Other payables	(973,934,856.83)	(245,705,968.16)	—	(1,219,640,824.99)

3.1.4 Fair value

Fair values of financial assets and financial liabilities are determined as follows:

Fair values of financial assets and financial liabilities (excluding derivative instruments) are determined by using the generally accepted pricing model based on future cash flow discounting method or according to the prevailing observable market transaction prices.

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management (continued)

3.1 Objective and policies of risk management (continued)

3.1.4 Fair value (continued)

Fair values of derivative instruments are determined based on the publicly quoted price in an active market. If public quotation does not exist, the fair value of derivatives without options is estimated on the basis of appropriate revenue curve using future cash flow discounting method.

In the opinion of the Group's management, the book value for financial assets and financial liabilities in the financial statements are approximate to the fair value of those assets and liabilities.

Analysis of the three levels of fair value measurement for subsequent measurement of financial assets and financial liabilities at fair values is as follows:

- Level one: unadjusted quoted prices for similar assets or liabilities in active markets;
- Level two: valuations of relevant assets or liabilities directly (such as prices) or indirectly (such as estimations based on prices) observable from the markets except market prices;
- Level three: inputs for assets or liabilities based on variables other than observable market data, i.e. unobservable inputs.

<i>RMB</i>				
2013.6.30 (unaudited)				
	Level one	Level two	Level three	Total
Financial liabilities held for trading	—	16,270,882.85	—	16,270,882.85
<i>RMB</i>				
2012.12.31 (audited)				
	Level one	Level two	Level three	Total
Financial liabilities held for trading	—	11,651,307.26	—	11,651,307.26

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management (continued)

3.2 Sensitivity analysis

The Group adopts sensitivity analysis techniques to analyze the possible effects of rational and probable changes in risk variables to profit and loss for the current period or to the interests of shareholders. Since risk variables seldom change on a stand-alone basis, while the correlation between variables may have significant influence to the ultimate amount of change effected by the change in a single risk variable, the analysis below is based on the assumption that the changes in each variable occurred separately.

3.2.1 Foreign exchange risk

3.2.1.1 Holding other variables constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the period are set out below:

		RMB	
		Six months ended 30 June 2013 (unaudited)	
Item	Changes in exchange rates	Effects on profits	Effects on shareholders' equity interests
USD	5% strengthening against RMB	27,632,474.85	27,632,474.85
USD	5% weakening against RMB	(27,632,474.85)	(27,632,474.85)
EUR	5% strengthening against RMB	4,363,184.77	4,363,184.77
EUR	5% weakening against RMB	(4,363,184.77)	(4,363,184.77)
HKD	5% strengthening against RMB	(21,157.48)	(21,157.48)
HKD	5% weakening against RMB	21,157.48	21,157.48
GBP	5% strengthening against RMB	(4,398.44)	(4,398.44)
GBP	5% weakening against RMB	4,398.44	4,398.44
JPY	5% strengthening against RMB	(193,164.12)	(193,164.12)
JPY	5% weakening against RMB	193,164.12	193,164.12

Notes to the Financial Statements

For the six months ended 30 June 2013

IX. OTHER SIGNIFICANT ITEMS (continued)

3. Financial instruments and risk management (continued)

3.2 Sensitivity analysis (continued)

3.2.1 Foreign exchange risk (continued)

3.2.1.1 Holding other variables constant, the effects of potential reasonable changes in exchange rates on the profit and loss and equity interests before tax for the period are set out below: (continued)

Item	Changes in exchange rates	RMB	
		Six months ended 30 June 2012 (unaudited)	Effects on shareholders' equity interests
USD	5% strengthening against RMB	30,073,174.51	30,073,174.51
USD	5% weakening against RMB	(30,073,174.51)	(30,073,174.51)
HKD	5% strengthening against RMB	(42,152.24)	(42,152.24)
HKD	5% weakening against RMB	42,152.24	42,152.24
EUR	5% strengthening against RMB	848,075.26	848,075.26
EUR	5% weakening against RMB	(848,075.26)	(848,075.26)
GBP	5% strengthening against RMB	(98,691.39)	(98,691.39)
GBP	5% weakening against RMB	98,691.39	98,691.39
JPY	5% strengthening against RMB	5,684.03	5,684.03
JPY	5% weakening against RMB	(5,684.03)	(5,684.03)

Note: The effects of the possible reasonable changes in the exchange rates of other foreign currencies to the profit and loss and equity interests after tax for the period are relatively small.

3.2.2 Sensitivity analysis of interest rate risk

3.2.2.1 Sensitivity analysis of interest rate risk is based on the assumption that changes in market rate will affect the interest income or expense of financial instruments at floating rates;

3.2.2.2 Based on the above assumption, holding all other variables constant, the effects of possible reasonable changes in interest rates to the profit and loss and interest before tax for the period are relatively small.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

1. Cash and bank balances

RMB

Item	2013.6.30 (unaudited)		
	Foreign currency	Exchange rate	RMB equivalent
Cash:			
RMB			1,304,851.65
USD	3,322.22	6.1787	20,527.00
HKD	19,162.20	0.7966	15,264.61
EUR	10,756.73	8.0536	86,630.40
JPY	96,456.71	0.0626	6,038.19
KRW	7,255.56	0.0054	39.18
GBP	23,716.13	9.4213	223,436.78
RUB	3,542.48	0.1876	664.57
THB	136.65	0.1970	26.92
AUD	13,410.85	5.7061	76,523.65
SGD	313.43	4.8470	1,519.19
Bank deposits:			
RMB			4,606,591,752.21
USD	23,760,458.31	6.1787	146,808,743.77
EUR	1,325,439.32	8.0536	10,674,558.11
JPY	2,143,615.65	0.0626	134,190.34
GBP	8,436.65	9.4213	79,484.21
AUD	1.26	5.7061	7.19
Other cash and bank balances:			
RMB			304,545,068.01
USD	2,110,000.00	6.1787	13,037,057.00
EUR	153.47	8.0536	1,235.99
Total			5,083,607,618.97

As at 30 June 2013, the Company had restricted cash and bank balances of RMB317,583,361.00, in which guarantee on bank acceptance notes amounted to RMB286,159,495.88, guarantee on letter of credit amounted to RMB24,123,865.12 and guarantee on forward foreign exchange amounted to RMB7,300,000.00.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

1. Cash and bank balances (continued)

Item	2013.6.30 (audited)		RMB
	Foreign currency	Exchange rate	RMB equivalent
Cash:			
RMB			546,270.35
USD	5,083.51	6.2855	31,952.40
HKD	18,843.40	0.8108	15,279.17
EUR	15,876.12	8.3176	132,051.22
JPY	1,557,267.53	0.0730	113,680.53
KRW	6,977.97	0.0059	41.17
GBP	23,716.13	10.1611	240,981.97
RUB	3,541.72	0.2061	729.84
THB	130.00	0.2038	26.64
AUD	400.85	6.5363	2,620.08
SGD	312.91	5.0929	1,593.61
Bank deposits:			
RMB			3,518,151,653.06
USD	11,898,014.42	6.2855	74,784,969.64
EUR	889,439.35	8.3176	7,398,000.74
GBP	8,434.52	10.1611	85,704.00
AUD	1.26	6.5363	8.24
Other cash and bank balances:			
RMB			257,052,036.65
USD	2,163,000.00	6.2855	13,595,536.50
EUR	60,153.47	8.3176	500,332.50
Total			3,872,653,468.31

As at 31 December 2012, the Company had restricted cash and bank balances of RMB271,147,905.65, in which guarantee on bank acceptance bills amounted to RMB219,138,486.59, guarantee on letter of credit amounted to RMB46,009,419.06, and other guarantees amounted to RMB6,000,000.00.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Bills receivable

(1) Classification of bills receivable

Category	RMB	
	2013.06.30 (unaudited)	2012.12.31 (audited)
Bank acceptance notes	10,476,720,943.21	11,668,278,186.78
Total	10,476,720,943.21	11,668,278,186.78

(2) Pledged bills receivable as at the end of each year:

Category	RMB	
	2013.06.30 (unaudited)	2012.12.31 (audited)
Bank acceptance notes	2,131,530,000.00	2,102,614,944.00
Total	2,131,530,000.00	2,102,614,944.00

Note: The Group pledged the bills receivable for the issuance of bills payable.

As at 30 June 2013, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	25 January 2012	25 July 2012	10,000,000.00
Customer 2	26 February 2012	26 August 2012	10,000,000.00
Customer 3	4 January 2012	4 July 2012	8,000,000.00
Customer 4	1 February 2012	1 August 2012	8,000,000.00
Customer 5	27 February 2012	27 August 2012	8,000,000.00
Total			44,000,000.00

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Bills receivable (continued)

(2) Pledged bills receivable as at the end of each year: (continued)

As at 31 December 2012, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	<i>RMB</i> Amount
Customer 1	8 October 2012	8 April 2013	10,000,000.00
Customer 2	25 October 2012	25 April 2013	10,000,000.00
Customer 3	2 November 2012	2 May 2013	10,000,000.00
Customer 4	5 September 2012	5 March 2013	10,000,000.00
Customer 5	29 November 2012	29 May 2013	10,000,000.00
Total			50,000,000.00

(3) As at the end of the period, bills endorsed by the Group to other parties but undue were as follows:

Category	2013.06.30 (unaudited)	<i>RMB</i> 2012.12.31 (audited)
Bank acceptance notes	11,638,105,540.00	9,665,789,000.00
Total	11,638,105,540.00	9,665,789,000.00

As at 30 June 2013, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	<i>RMB</i> Amount
Customer 1	25 February 2012	25 August 2012	25,000,000.00
Customer 2	16 February 2012	16 August 2012	21,000,000.00
Customer 3	16 April 2012	16 October 2012	15,000,000.00
Customer 4	17 May 2012	17 November 2012	12,000,000.00
Customer 5	21 February 2012	21 August 2012	12,000,000.00
Total			85,000,000.00

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

2. Bills receivable (continued)

(3) As at the end of the period, bills endorsed by the Group to other parties but undue were as follows: (continued)

As at 31 December 2012, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB Amount
Customer 1	17 December 2012	20 June 2013	15,000,000.00
Customer 2	23 October 2012	23 April 2013	14,000,000.00
Customer 3	31 August 2012	28 February 2013	12,000,000.00
Customer 4	14 September 2012	26 March 2013	10,000,000.00
Customer 5	08 October 2012	08 April 2013	10,000,000.00
Total			61,000,000.00

(4) At the end of the reporting period, there was no bills receivable due to shareholders holding 5% or more voting shares of the Company.

3. Accounts receivable

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

Item	2013.06.30 (unaudited)				2012.12.31 (audited)			
	Book value Amount	Ratio (%)	Provision for bad debt Amount	Ratio (%)	Book value Amount	Ratio (%)	Provision for bad debt Amount	Ratio (%)
Individually significant and subject to separate provision	1,222,817,446.79	97.61	—	—	500,142,915.08	44.81	—	—
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	1,077,314.31	0.09	—	—	1,820,309.05	0.16	(585,818.00)	60.80
Other insignificant accounts receivable	28,819,033.79	2.30	(832,083.00)	100.00	614,166,360.26	55.03	(377,735.50)	39.20
Subtotal	29,896,348.10	2.39	(832,083.00)	100.00	615,986,669.31	55.19	(963,553.50)	100.00
Accounts receivable which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	1,252,713,794.89	100.00	(832,083.00)	100.00	1,116,129,584.39	100.00	(963,553.50)	100.00

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Accounts receivable (continued)

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

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.

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	2013.06.30 (unaudited)				2012.12.31 (audited)				RMB
	Amount	Ratio (%)	Provision for bad debts	Book value	Amount	Ratio (%)	Provision for bad debts	Book value	
Within 1 year	1,240,976,947.58	99.06	—	1,240,976,947.58	1,113,237,523.59	99.74	(377,735.50)	1,112,859,788.09	
1 to 2 years	11,453,033.31	0.92	(707,269.00)	10,745,764.31	2,789,330.80	0.25	(483,088.00)	2,306,242.80	
2 to 3 years	283,814.00	0.02	(124,814.00)	159,000.00	102,730.00	0.01	(102,730.00)	—	
Over 3 years	—	—	—	—	—	—	—	—	
Total	1,252,713,794.89	100.00	(832,083.00)	1,251,881,711.89	1,116,129,584.39	100.00	(963,553.50)	1,115,166,030.89	

(3) There were no accounts receivable which are individually insignificant but subject to separate provision as at the end of the reporting period.

(4) There was no accounts receivable actually written off during the reporting period

(5) Five units with largest amounts of accounts receivable

Name of unit	Relationship with the Group	Amount	Aging	RMB Percentage of the total accounts receivable (%)
Customer 1	Non-related party	211,765,325.95	Within 6 months	16.92
Customer 2	Non-related party	87,664,244.20	Within 6 months	7.00
Customer 3	Non-related party	62,755,522.31	Within 6 months	5.01
Customer 4	Non-related party	16,883,290.84	Within 6 months	1.35
Customer 5	Non-related party	14,790,793.16	Within 6 months	1.18
Total		393,859,176.46		31.46

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

3. Accounts receivable (continued)

(6) *At the end of the reporting period, there was no accounts receivable due to shareholders holding 5% or more voting shares of the Company.*

(7) *Accounts receivable from related parties*

Please refer to item 23 of Note (X) for details of balance of accounts receivable from related parties by the Company as at the end of the period.

4. Other receivables

(1) *Other receivables were disclosed by category as follows:*

Item	2013.06.30 (unaudited)				2012.12.31 (audited)			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	1,318,107,602.73	97.34	—	—	831,431,318.46	96.09	—	—
Subject to provision by groups								
Other receivables of small amounts with high risks based on the characteristics of credit risk as a group	1,309,815.44	0.10	(84,420.00)	100.00	1,405,315.44	0.16	(84,420.00)	94.64
Other insignificant other receivables	34,765,198.76	2.56	—	—	32,468,096.47	3.75	(4,782.50)	5.36
Subtotal	36,075,014.20	2.66	(84,420.00)	100.00	33,873,411.91	3.91	(89,202.50)	100.00
Other receivables which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	1,354,182,616.93	100.00	(84,420.00)	100.00	865,304,730.17	100.00	(89,202.50)	100.00

RMB

(2) *Aging analysis of other receivables and corresponding provision for bad debts were as follows:*

Aging	2013.06.30 (unaudited)				2012.12.31 (audited)			
	Amount	Ratio (%)	Provision for bad debts		Amount	Ratio (%)	Provision for bad debts	
			Amount	Book value			Amount	Book value
Within one year	981,153,037.34	72.45	—	981,153,037.34	792,782,460.86	91.62	(4,782.50)	792,777,678.36
One to two years	371,587,905.35	27.44	—	371,587,905.35	72,437,849.31	8.37	—	72,437,849.31
Two to three years	264,319.12	0.02	—	264,319.12	39,420.00	—	(39,420.00)	—
Over three years	1,177,355.12	0.09	(84,420.00)	1,092,935.12	45,000.00	0.01	(45,000.00)	—
Total	1,354,182,616.93	100.00	(84,420.00)	1,354,098,196.93	865,304,730.17	100.00	(89,202.50)	865,215,527.67

RMB

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

(3) *Provision in full or of a large amount for bad debt made before the Reporting Period but written back or reversed in full or in a large proportion during the current period were as follows:*

Other receivables	Reason for write-back	Accounts receivable	Reason for write-back	Accounts receivable
Feng Xiangyang	The management of the company exerted efforts on collecting accounts receivable in cash	Past due	(4,782.50)	4,782.50

(4) *No other receivables were actually written off during the reporting period*

(5) *At the end of the reporting period, there were no other receivables due to shareholders' holding 5% or more voting shares of the Company.*

(6) *Five units with the largest amounts of other receivables*

Name of unit	Relationship with the Group	Amount	Nature	Aging	RMB Percentage of the total other receivables (%)
Unit 1	Non-related party	602,599,000.00	Energy-saving subsidies	Within one Year and one to two years	44.50
Unit 2	Non-related party	553,892,966.00	Performance bond	Within one Year and one to two years	40.90
Unit 3	Non-related party	101,650,000.00	Performance bond	Within one Year and one to two years	7.51
Unit 4	Non-related party	52,000,000.00	Reparation for withdrawal of land-use right and real fixture	Within one year	3.84
Unit 5	Non-related party	5,520,438.69	Tax refund for export	Within 6 months	0.41
Total		1,315,662,404.69			97.16

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

4. Other receivables (continued)

(7) Other receivables from related parties

Please refer to item 23 of Note (X) for details of the balance of other receivables from related parties by the Company as at the end of the period.

5. Inventory

(1) Inventory categories

Item	2013.06.30 (unaudited)		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	320,907,071.27	—	320,907,071.27
Work in progress	341,854,749.76	—	341,854,749.76
Finished goods	705,980,017.65	(3,141,887.84)	702,838,129.81
Low-valued consumables	24,525,548.30	—	24,525,548.30
Total	1,393,267,386.98	(3,141,887.84)	1,390,125,499.14

RMB

Item	2012.12.31 (audited)		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	347,584,079.98	—	347,584,079.98
Work in progress	165,619,165.76	—	165,619,165.76
Finished goods	522,822,456.17	(1,360,038.04)	521,462,418.13
Low-valued consumables	23,662,581.71	—	23,662,581.71
Total	1,059,688,283.62	(1,360,038.04)	1,058,328,245.58

RMB

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

5. Inventory (continued)

(2) Provision for obsolete stocks

Inventory categories	2013.1.1 (audited)	Provision for period	Decrease for period		RMB
			Reversals	Write-offs	2013.06.30 (unaudited)
Raw materials	—	—	—	—	—
Work in progress progress	—	—	—	—	—
Finished goods	1,360,038.04	3,141,887.84	—	(1,360,038.04)	3,141,887.84
Total	1,360,038.04	3,141,887.84	—	(1,360,038.04)	3,141,887.84

(3) Analysis of provision for obsolete stocks

Item	Basis of provision for obsolete stocks	Reason for reversal or write-off of provision for obsolete stocks during the period	Percentage of the reversal to the closing balance of such inventory during the period (%)
Raw materials	—	—	—
Work in progress	—	—	—
Finished goods	Note 1	Note 2	—

Descriptions of inventories:

Note 1: As the estimated net realizable value of whole vehicle products for the reporting period was lower than the inventory cost as at the end of the period, the impairment provision for inventory had been made for finished goods.

Note 2: As estimated net realizable value of whole vehicle products at the end of the period is higher than the inventory cost as at the end of the period, the impairment provision for inventory had been written back, and As the inventories for which Impairment provision was made in the previous period had been sold during this period, the Impairment provision for inventory had been written off.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Long-term equity investment

(1) The breakdown of long-term equity investments was as follows:

Name of investee	Accounting method	Initial investment cost	2013.1.1 (audited)	Movement	2013.06.30 (unaudited)	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Impairment provision	Provision of impairment for the period	RMB
										Cash bonuses for the period
Investment in subsidiaries										
Great Wall Baoding Huabei Automotive Company Limited (保定長城華北汽車有限責任公司)	Cost method	268,092,310.00	268,092,310.00	—	268,092,310.00	100.00	100.00	—	—	198,817,870.31
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司)	Cost method	583,255,808.00	583,255,808.00	—	583,255,808.00	100.00	100.00	—	—	410,832,566.65
Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司)	Cost method	209,846,614.49	209,846,614.49	—	209,846,614.49	75.00	100.00	—	—	55,329,376.16
Baoding Nuobo Rubber Production Co., Ltd. (保定市諾博橡膠製品有限公司)	Cost method	72,240,000.00	72,240,000.00	—	72,240,000.00	100.00	100.00	—	—	—
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司)	Cost method	73,024,993.00	73,024,993.00	—	73,024,993.00	100.00	100.00	—	—	75,149,158.14
Beijing Great Automotive Components Company Limited (北京格瑞特汽車零部件有限公司)	Cost method	750,000.00	750,000.00	—	750,000.00	75.00	75.00	—	—	1,965,137.51
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Cost method	23,000,000.00	23,000,000.00	—	23,000,000.00	100.00	100.00	—	—	34,851,756.57
Great Wall Baoding Automotive Customer Service Company Limited (保定市長城汽車售後服務有限公司)	Cost method	150,000.00	150,000.00	—	150,000.00	100.00	100.00	—	—	4,906,554.12
Macs (Baoding) Auto A/C Systems Co., Ltd. (麥克斯(保定)汽車空調系統有限公司)	Cost method	10,372,890.00	10,372,890.00	—	10,372,890.00	51.00	51.00	—	—	105,407,613.05
Tide Technology and Trade Company Limited (泰德科貿有限公司)	Cost method	159,353,665.00	159,353,665.00	—	159,353,665.00	100.00	100.00	—	—	—
Russia Great Wall Closed Joint-Stock Company Limited (俄羅斯長城股份有限公司)	Cost method	404,335.00	404,335.00	—	404,335.00	100.00	100.00	—	—	—
Baoding Mind Auto Component Co., Ltd. (保定曼德汽車配件有限公司)	Cost method	450,000.00	450,000.00	—	450,000.00	75.00	100.00	—	—	—
Baoding Great Wall Exquisite Foundry Company Limited (保定長城精工鑄造有限公司)	Cost method	85,000,000.00	85,000,000.00	—	85,000,000.00	100.00	100.00	—	—	19,738,893.19
Baoding Yixin Automotive Parts Company Limited (保定德新汽車配件有限公司)	Cost method	9,750,000.00	9,750,000.00	—	9,750,000.00	75.00	100.00	—	—	32,516,711.45
Baoding Great Wall Ants Logistics Co., Ltd. (保定市長城螞蟻物流有限公司)	Cost method	86,000,000.00	86,000,000.00	—	86,000,000.00	100.00	100.00	—	—	26,326,272.86
Baoding Lean Automotive Occupational Training School (保定市精益汽車職業培訓學校)	Cost method	100,000.00	100,000.00	—	100,000.00	100.00	100.00	—	—	—
Tianjin Boxin Automobile Parts Company Limited (天津博信汽車零部件有限公司)	Cost method	1,777,884,771.10	1,777,884,771.10	—	1,777,884,771.10	100.00	100.00	—	—	290,595,004.41
Ningxia Great Wall Automobile Leasing Company Limited (寧夏長城汽車租賃有限公司)	Cost method	20,000,000.00	20,000,000.00	—	20,000,000.00	100.00	100.00	—	—	—
Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司)	Cost method	—	95,000,000.00	(95,000,000.00)	—	100.00	100.00	—	—	—

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

6. Long-term equity investment (continued)

(1) The breakdown of long-term equity investments was as follows: (continued)

Name of investee	Accounting method	Initial investment cost	2013.1.1 (audited)	Movement	2013.06.30 (unaudited)	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Impairment provision	Provision of impairment for the period	RMB
										Cash bonuses for the period
Baoding Great Wall Resource Recycling Co., Ltd. (保定長城再生資源利用有限公司)	Cost method	50,000,000.00	50,000,000.00	—	50,000,000.00	100.00	100.00	—	—	8,982,871.09
Baoding Great Wall Boxiang Automotive Parts Manufacturing Co., Ltd. (保定長城博翔汽車零部件製造有限公司)	Cost method	39,116,124.26	39,116,124.26	—	39,116,124.26	100.00	100.00	—	—	—
Baoding Exquisite Automotive Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司)	Cost method	5,000,000.00	5,000,000.00	—	5,000,000.00	100.00	100.00	—	—	4,477,454.85
Baoding Xinyuan Automobile Inner Decoration Co., Ltd. (保定信遠汽車內飾件有限公司)	Cost method	47,025,720.36	47,025,720.36	—	47,025,720.36	75.00	100.00	—	—	—
Baoding Great Wall Botai Electric Appliance Manufacturing Co., Ltd. (保定長城博泰電器製造有限公司)	Cost method	26,421,565.05	26,421,565.05	—	26,421,565.05	100.00	100.00	—	—	2,215,111.07
Baoding Great Wall Automobile Component Sales Co., Ltd. (保定長城汽車配件銷售有限公司)	Cost method	7,000,000.00	7,000,000.00	—	7,000,000.00	100.00	100.00	—	—	7,135,358.51
Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	Cost method	45,394,600.00	22,000,000.00	23,394,600.00	45,394,600.00	100.00	100.00	—	—	—
Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司)	Cost method	140,000,000.00	60,000,000.00	80,000,000.00	140,000,000.00	100.00	100.00	—	—	—
Baoding Great Wall Automotive Rental Co., Ltd. (保定市長城汽車出租有限公司)	Cost method	20,000,000.00	—	20,000,000.00	20,000,000.00	100.00	100.00	—	—	—
Subtotal		3,759,633,396.26	3,731,238,796.26	28,394,600.00	3,759,633,396.26					1,279,247,709.94
Investment in jointly controlled entities										
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	Equity method	15,654,000.00	16,905,321.87	57,062.77	16,962,384.64	50.00	50.00	—	—	—
Subtotal		15,654,000.00	16,905,321.87	57,062.77	16,962,384.64					
Investment in associates										
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Equity method	4,540,000.00	8,559,166.97	1,841,125.70	10,400,292.67	25.00	25.00	—	—	—
Subtotal		4,540,000.00	8,559,166.97	1,841,125.70	10,400,292.67					
Investment in other enterprises										
China Automobile Development United Investment Co. Ltd. (中發聯投資有限公司)	Cost method	4,200,000.00	4,200,000.00	—	4,200,000.00	2.07	2.07	—	—	—
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (北汽(北京)汽車輕量化技術研究院有限公司)	Cost method	3,000,000.00	3,000,000.00	—	3,000,000.00	6.90	6.90	—	—	—
Subtotal		7,200,000.00	7,200,000.00	—	7,200,000.00					—
Total		3,787,027,396.26	3,763,903,285.10	30,292,788.47	3,794,196,073.57					1,279,247,709.94

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Fixed Assets

Fixed assets

Item				RMB
	2013.1.1 (audited)	Additions for the period	Deductions for the period	2013.06.30 (unaudited)
1. Total original carrying amount:	8,852,573,046.11	1,826,172,199.58	(11,637,997.34)	10,667,107,248.35
Of which: Buildings and structures	3,175,058,904.73	964,698,207.98	(1,446,435.53)	4,138,310,677.18
Machinery and equipment	4,447,542,588.31	767,651,063.15	(2,902,355.16)	5,212,291,296.30
Motor vehicles	41,408,027.95	4,944,014.87	(1,477,043.09)	44,874,999.73
Other equipment	1,188,563,525.12	88,878,913.58	(5,812,163.56)	1,271,630,275.14
2. Total accumulated depreciation:	2,110,241,946.78	367,237,068.70	(7,175,680.16)	2,470,303,335.32
Of which: Buildings	283,069,237.07	50,656,950.99	(123,299.89)	333,602,888.17
Machinery and equipment	1,240,647,639.07	193,490,174.87	(1,885,534.71)	1,432,252,279.23
Motor vehicles	9,583,572.63	2,269,935.09	(321,553.99)	11,531,953.73
Other equipment	576,941,498.01	120,820,007.75	(4,845,291.57)	692,916,214.19
3. Total net book value of fixed assets	6,742,331,099.33	1,458,935,130.88	(4,462,317.18)	8,196,803,913.03
Of which: Buildings	2,891,989,667.66	914,041,256.99	(1,323,135.64)	3,804,707,789.01
Machinery and equipment	3,206,894,949.24	574,160,888.28	(1,016,820.45)	3,780,039,017.07
Motor vehicles	31,824,455.32	2,674,079.78	(1,155,489.10)	33,343,046.00
Other equipment	611,622,027.11	(31,941,094.17)	(966,871.99)	578,714,060.95
4. Total impairment provision	44,555,937.63	—	(25,168.33)	44,530,769.30
Of which: Buildings	—	—	—	—
Machinery and equipment	25,684,698.83	—	(21,832.39)	25,662,866.44
Motor vehicles	—	—	—	—
Other equipment	18,871,238.80	—	(3,335.94)	18,867,902.86
5. Total net carrying amount of fixed assets	6,697,775,161.70	1,458,935,130.88	(4,437,148.85)	8,152,273,143.73
Of which: Buildings	2,891,989,667.66	914,041,256.99	(1,323,135.64)	3,804,707,789.01
Machinery and equipment	3,181,210,250.41	574,160,888.28	(994,988.06)	3,754,376,150.63
Motor vehicles	31,824,455.32	2,674,079.78	(1,155,489.10)	33,343,046.00
Other equipment	592,750,788.31	(31,941,094.17)	(963,536.05)	559,846,158.09

During the first half of the six months, RMB39,750,462.29, and RMB1,786,421,737.29 due to additions, transfer from construction in progress and transfer from self-produced moulds, respectively.

During the six months, the original value of fixed assets decreased by RMB9,992,507.71 due to disposals, decreased by RMB1,645,489.63 due to transfer to construction in progress.

During the six months, the accumulated depreciation increased by RMB367,237,068.70 due to provisions.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

7. Fixed Assets (continued)

Fixed assets (continued)

During the six months, the accumulated depreciation decreased by RMB7,126,318.95 due to disposal, decreased by RMB49,361.21 due to transfer to construction in progress.

During the six months, the impairment provision decreased by RMB25,168.33 due to write-off.

As at 30, June, 2013, among the fixed assets, the net book value of properties without title certificates amounted to RMB2,406,888,967.82, and the application of relevant title certificates is in progress.

8. Construction in progress

(1) The breakdown of construction in progress was as follows

Project	2013.06.30 (unaudited)			2012.12.31 (audited)			RMB
	Book balance	Impairment provision	Net book value	Book balance	Impairment provision	Net book value	
Annual production of 300,000 sets of EG engines	123,132,739.05	—	123,132,739.05	96,091,287.55	—	96,091,287.55	
Annual production of 200,000 sets of six-speed manual transmissions	70,936,963.94	—	70,936,963.94	84,746,488.00	—	84,746,488.00	
Annual production of 400,000 sets of aluminium alloy casting	46,333,505.58	—	46,333,505.58	92,699,544.15	—	92,699,544.15	
Annual production of 400,000 sets of automotive lightings	17,994,236.38	—	17,994,236.38	104,642,256.33	—	104,642,256.33	
Tianjin automobile project phase	983,356,413.01	—	983,356,413.01	1,465,528,487.44	(2,812,449.12)	1,462,716,038.32	
Tianjin parts and components project	85,908,781.09	—	85,908,781.09	56,392,694.66	—	56,392,694.66	
Tianjin branch's residential area supporting project	82,771,955.38	—	82,771,955.38	166,097,864.43	—	166,097,864.43	
Industrial park phase I. II. III	239,885,255.52	(44,127.80)	239,841,127.72	239,489,752.97	(193,476.82)	239,296,276.15	
Steam project	52,075,462.00	—	52,075,462.00	49,015,462.00	—	49,015,462.00	
Xindatong Reconstruction	49,487,508.02	—	49,487,508.02	40,482,620.93	—	40,482,620.93	
Jiaozhuang infrastructure	2,117,239.15	—	2,117,239.15	774,153.70	—	774,153.70	
Jiaozhuang equipment	58,992,099.90	—	58,992,099.90	104,567,436.94	—	104,567,436.94	
New technology center	236,509,008.26	—	236,509,008.26	121,533,529.05	—	121,533,529.05	
Xushui Automobile Project	2,014,791,833.66	—	2,014,791,833.66	1,474,374,027.27	—	1,474,374,027.27	
Xushui parts and components project	695,487,817.11	—	695,487,817.11	364,088,932.07	—	364,088,932.07	
Xushui supporting infrastructure project	211,661,603.26	—	211,661,603.26	185,312,678.19	—	185,312,678.19	
Others	1,341,290.85	—	1,341,290.85	51,582,000.41	—	51,582,000.41	
Total	4,972,783,712.16	(44,127.80)	4,972,739,584.36	4,697,419,216.09	(3,005,925.94)	4,694,413,290.15	

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

8. Construction in progress (continued)

(2) Changes of major construction in progress

Project	Budget amount	2013.1.1 (audited)	Additions for the period	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount for the period	Ratio of capitalized interest amount for the period (%)	Sources of fund	RMB
											2013.6.30 (unaudited)
Annual production of 300,000 sets of EG engines	547,163,800.00	96,091,287.55	37,455,211.77	(10,413,760.27)	—	88.28	—	—	—	Proceeds of A Shares Issue	123,132,739.05
Annual production of 200,000 sets of six-speed manual transmissions	432,561,100.00	84,746,488.00	9,281,413.64	(23,090,937.70)	—	97.58	—	—	—	Proceeds of A Shares Issue	70,936,963.94
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	92,699,544.15	9,542,216.73	(55,908,255.30)	—	83.61	—	—	—	Proceeds of A Shares Issue	46,333,505.58
Annual production of 400,000 sets of automotive lightings	180,677,200.00	104,642,256.33	16,170,212.11	(72,840,310.69)	(29,977,921.37)	71.84	—	—	—	Proceeds of A Shares Issue	17,994,236.38
Tianjin automobile project phase	4,318,892,100.00	1,465,528,487.44	860,773,836.31	(1,339,822,601.62)	(3,123,309.12)	92.81	—	—	—	Internal capital	983,356,413.01
Tianjin parts and components project	325,098,000.00	56,392,694.66	72,501,903.32	(42,985,816.89)	—	74.37	—	—	—	Internal capital	85,908,781.09
Tianjin branch's residential area supporting project	493,019,700.00	166,097,864.43	15,127,036.99	(98,452,946.04)	—	81.55	—	—	—	Internal capital	82,771,955.38
Industrial park phase I. II. III	325,496,039.00	239,489,752.97	76,059,764.07	(69,699,798.58)	(5,964,462.94)	99.21	—	—	—	Internal capital	239,885,255.52
Steam project	68,305,540.00	49,015,462.00	3,060,000.00	—	—	76.24	—	—	—	Internal capital	52,075,462.00
Xindatong Reconstruction	223,327,700.00	40,482,620.93	11,756,870.68	(2,751,983.59)	—	32.69	—	—	—	Internal capital	49,487,508.02
Jiaozhuang infrastructure	253,863,000.00	774,153.70	1,470,085.45	(127,000.00)	—	76.10	—	—	—	Internal capital	2,117,239.15
Jiaozhuang equipment	1,210,071,000.00	104,567,436.94	13,203,472.19	(53,125,115.12)	(5,653,694.11)	84.27	—	—	—	Internal capital	58,992,099.90
New technology center	2,063,355,700.00	121,533,529.05	114,975,479.21	—	—	11.46	—	—	—	Internal capital	236,509,008.26
Xushui Automobile Project	2,286,937,400.00	1,474,374,027.27	542,422,237.49	(2,004,431.10)	—	88.16	—	—	—	Internal capital	2,014,791,833.66
Xushui parts and components project	2,035,682,374.00	364,088,932.07	337,676,184.16	(6,277,299.12)	—	34.47	—	—	—	Internal capital	695,487,817.11
Xushui supporting infrastructure project	409,448,132.00	185,312,678.19	26,348,925.07	—	—	51.69	—	—	—	Internal capital	211,661,603.26
Others	615,106,487.08	51,582,000.41	9,304,881.27	(8,921,481.27)	(50,624,109.56)	51.08	—	—	—	Internal capital	1,341,290.85
Total	16,092,381,872.08	4,697,419,216.09	2,157,129,730.46	(1,786,421,737.29)	(95,343,497.10)						4,972,783,712.16

(3) Impairment of construction in progress

Item	1/1/2013	Additions for the period	Deductions for the period	30/06/2013	The reason of provision
Tianjin Automobile project	2,812,449.12	—	(2,812,449.12)	—	Write-off
Industrial park phase I II III Reconstruction and expansion	193,476.82	—	(149,349.02)	44,127.80	Write-off
Total	3,005,925.94	—	(2,961,798.14)	44,127.80	

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

9. Intangible assets

Intangible assets

Item				RMB
	2013.1.1 (audited)	Additions for the period	Deductions for the period	2013.06.30 (unaudited)
1. Total original book value	1,946,932,603.74	105,453,125.77	—	2,052,385,729.50
Land use rights	1,892,396,089.58	91,539,891.08	—	1,983,935,980.66
Others	54,536,514.15	13,913,234.69	—	68,449,748.84
2. Total accumulated amortization	114,316,400.45	23,617,349.44	—	137,933,749.89
Land use rights	83,998,980.06	19,570,962.09	—	103,569,942.15
Others	30,317,420.39	4,046,387.35	—	34,363,807.74
3. Total net book value of intangible assets	1,832,616,203.28	81,835,776.33	—	1,914,451,979.61
Land use rights	1,808,397,109.52	71,968,928.99	—	1,880,366,038.51
Others	24,219,093.76	9,866,847.34	—	34,085,941.10

During the period, the original book value increased by RMB105,453,125.77 due to additions.

During the period, the accumulated amortization increased by RMB23,617,349.44 due to provision.

As at 30 June 2013, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB66,950,703.27, and the application of relevant land use right certificates is in progress.

Analysis on the location and aging of prepaid lease payments (land use rights) is as follows:

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Located in mainland China — 10 to 50 years	1,880,366,038.51	1,808,397,109.52

10. Bills payable

Category	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Bank acceptance notes	2,229,674,040.06	2,240,543,647.68
Total	2,229,674,040.06	2,240,543,647.68

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

11. Accounts payable

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Within 1 year	8,825,098,953.64	8,913,344,135.07
1 to 2 years	11,020,908.01	11,257,902.58
2 to 3 years	10,698,016.54	5,851,430.06
Over 3 years	5,054,593.23	8,443,445.15
Total	8,851,872,471.42	8,938,896,912.86

Note1: Accounts payable aged over one year were primarily the remaining balances for raw materials due to suppliers.

Note2: At the end of the reporting period, there was no accounts payable due to shareholders holding 5% or more voting shares of the Company.

12. Advances from customers

Item	RMB	
	2013.6.30 (unaudited)	2012.12.31 (audited)
Within 1 year	2,752,569,141.99	2,396,983,118.20
1 to 2 years	11,682,088.65	6,215,316.03
2 to 3 years	3,696,342.48	4,329,058.92
Over 3 years	5,396,453.84	4,011,892.23
Total	2,773,344,026.96	2,411,539,385.38

Note1: Advances from customers aged over one year were primarily the outstanding payment due from customers in previous years.

Note2: At the end of the reporting period, there was no advances from customers due to shareholders holding 5% or more voting shares of the Company.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

13. Other non-current liabilities

Category				RMB
	2013.1.1 (audited)	Additions for the period	Deductions for the period	2013.6.30 (unaudited)
Urban construction fund (Note 1)	60,102,706.97	—	(1,159,914.17)	58,942,792.80
Tax refund for purchasing domestic manufactured equipment (Note 2)	80,775,346.30	—	(8,925,264.81)	71,850,081.49
Government industrial policy supporting fund (Note 3)	236,459,236.52	—	(2,782,818.76)	233,676,417.76
Soft soil foundation subsidy (Note 4)	161,707,873.42	—	(1,694,096.96)	160,013,776.46
Infrastructure supporting fund (Note 5)	786,666,750.00	—	—	786,666,750.00
Subsidies for material technological innovation projects (Note 6)	6,133,333.33	151,300,000.00	(400,000.00)	157,033,333.33
Capital for technical centre infrastructure construction (Note 7)	11,393,798.40	—	(118,685.40)	11,275,113.00
Diesel engine development project fund (Note 8)	900,000.00	—	(50,000.00)	850,000.00
863 National High Technology Research and Development Program of subsidies (Note 9)	—	2,268,000.00	(212,400.00)	2,055,600.00
C20 pure electric car research and development (Note 10)	1,500,000.00	500,000.00	(1,500,000.00)	500,000.00
863 plan (pure electronic motor). (Note 11)	2,600,000.00	460,000.00	(591,800.00)	2,468,200.00
Total	1,348,239,044.94	154,528,000.00	(17,434,980.10)	1,485,332,064.84
Less: Non-current liabilities due within one year	(33,457,430.17)	—	—	(31,422,414.00)
Other non-current liabilities	1,314,781,614.77	154,528,000.00	(17,434,980.10)	1,453,909,650.84

Note 1: According to "Minutes of the Meeting Regarding Coordination of the Relevant Issues of New Factory Construction of Baoding Great Wall Motor Company Limited" (Baoding Zheng [2002] No.170) (保定政[2002]170號) issued by the office of Baoding government, Baoding Municipal Bureau of Finance allocated urban construction fund to the Group for land and related infrastructure construction exclusively.

Note 2: This refers to value-added tax refunded to the Company for the purchase of domestic manufactured equipment by foreign invested enterprises.

Note 3: According to the "Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area" and the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, the Company received industrial policy supporting fund from Tianjin Economic-Technological Development Area in 2009.

Note 4: According to the "Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area", the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, and "Payment agreement of soft soil foundation treatment subsidy" of Tianjin Economic and Technological Development Zone Development Bureau, the Company and two subsidiaries of the company, Tianjin Wantong and Tianjin Lean, received soft soil foundation subsidiary of RMB60million from Tianjin Economic-Technological Development Area.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

13. Other non-current liabilities (continued)

Note 5: According to the "Circular Regarding the Allocation of Infrastructure Construction Fund to Great Wall Motor Company Limited" issued by Baoding Xushui government, Xushui government allocated some supporting funds for the infrastructure (buildings and ancillary facilities) construction of 500,000-automobile and components and parts production base project in new Great Wall industrial area in Baoding.

Note 6: According to "Notice regarding improving the ability of independent innovation and high-tech industry development projects in 2012 the second batch of the central budget for investment projects" issued by Hebei Development and Reform Commission and forwarded by Baoding Development and Reform Commission, Baoding Development and Reform Commission allocated RMB51.3 million to the company for innovation project of Automobile safety and environmental protection.

According to the "Notice Regarding reward fund appropriations of new energy automobile industry technological innovation project", "New plug-in hybrid SUV development project" developed by Changcheng Motor is shortlisted for the new energy automobile industry technological innovation project, and the company was granted funding amounted to RMB100 million during the reporting period.

Note 7: According to the "Notice regarding the allocation of infrastructure construction fund to the new technology centre of Great Wall Motor Company Limited by the Bureau of Finance in Baoding", the Bureau of Finance in Southern Baoding allocated some funds for the infrastructure construction of the new technology centre of the Company exclusively.

Note 8: According to "Notice regarding the projects and funding of Hebei Province Scientific and technological research and development program (the first batch)", the company's GW4D20 Diesel product development project was granted some funding directly from the Bureau of Finance in Hebei Province.

Note 9: According to "Mission statement of National High Technology Research and Development Program (Program 863)", in critical automotive powertrain technology projects of Modern transport technology areas, the company's development on diesel for high pressure beard common rail car was granted project research funding amounted to RMB2,268,000.

Note 10: According to "Mission statement of Hebei Province's Major technological innovation projects (Project No. 2012AA111702)", the company's research on project of "Research and development, and Research on industrialized technology of Great Wall Tengyi C20 pure electric car" assigned by Science and Technology Agency of Hebei Province, was granted project funding amounted to RMB500,000 during the current period.

Note 11: According to "Mission statement of National High Technology Research and Development Program (Program 863)", the company's research on project of "Research and development of A0 small city pure electric car" was granted project funding amounted to RMB460,000 during the reporting period.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

14. Capital reserve

Item	RMB			
	Opening balance	Additions for the period	Deductions for the period	Closing balance
Six months ended 30 June 2013 (unaudited)				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from capital reserves under previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
Total	4,506,077,023.11	—	—	4,506,077,023.11
Six months ended 30 June 2012 (unaudited)				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from capital reserves under previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
Total	4,506,077,023.11	—	—	4,506,077,023.11

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

15. Undistributed profits

Item	RMB	
	Amount	Proportion of appropriation or allocation
Six months ended 30 June 2013 (unaudited)		
Undistributed profits at the beginning of the period	10,561,619,917.42	
Add: Net profits attributable to the shareholders of the Company of the period	4,491,609,598.80	
Less: Appropriation of statutory surplus reserves	—	(1)
Distribution of cash dividends	(1,734,181,110.00)	(2)
Undistributed profits at the end of the period	13,319,048,406.22	
Six months ended 30 June 2012 (unaudited)		
Undistributed profits at the beginning of the period	6,714,550,744.13	
Add: Net profits attributable to the shareholders of the Company of the period	2,565,456,350.55	
Less: Appropriation of statutory surplus reserves	—	(1)
Distribution of cash dividends	(912,726,900.00)	(2)
Undistributed profits at the end of the period	8,367,280,194.68	

(1) Appropriation of statutory surplus reserves

As required by the Articles, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory surplus reserve is over 50% of its registered capital, no withdrawal would be allowed. Subject to certain provisions of the Company Law and the Articles, part of the statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

(2) Cash dividend as approved at the shareholders' meeting for the period

The 2012 Annual General Meeting of the Company held on 10 May 2013 considered and approved the resolution regarding the profit distribution proposal for the year 2012. In 2012, the Company declared a cash dividend of RMB0.57 per share (tax inclusive) to all shareholders, aggregating to RMB1,734,181,110.00 based on the total of 3,042,423,000 shares with a par value of RMB1 each.

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

16. Operating revenue and operating costs

(1) Operating revenue

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Revenue from principal businesses	24,814,895,544.30	17,709,123,791.23
Of which: Revenue from the sale of automobiles	24,036,489,561.32	17,116,196,026.43
Revenue from the sale of automotive parts and components	732,564,229.31	541,119,944.78
Revenue from the sale of moulds and others	26,853,487.73	50,787,419.04
Revenue from providing services	18,988,265.94	1,020,400.98
Revenue from other businesses	279,424,087.26	320,225,983.98
Total	25,094,319,631.56	18,029,349,775.21

(2) Operating costs

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Operating costs from principal businesses	19,259,905,420.29	14,376,860,347.90
Of which: Costs incurred from the sale of automobiles	18,619,590,071.33	13,953,044,862.57
Costs incurred from the sale of automotive parts and components	604,771,933.48	382,013,509.05
Costs incurred from the sale of moulds and others	23,522,586.42	41,415,200.03
Costs incurred from providing services	12,020,829.06	386,776.25
Costs incurred from other businesses	223,688,609.04	263,984,071.20
Total	19,483,594,029.33	14,640,844,419.10

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

16. Operating revenue and operating costs (continued)

(3) Operating revenue from top five customers of the Company

Name of customer	Operating revenue	<i>RMB</i> Percentage of the total operating revenue of the Company (%)
Customer 1	895,510,075.46	3.57
Customer 2	370,751,638.98	1.48
Customer 3	311,586,360.75	1.24
Customer 4	234,084,249.65	0.93
Customer 5	174,056,268.48	0.69
Total	1,985,988,593.32	7.91

17. Business tax and surcharges

Item	<i>RMB</i> Six months ended 30 June 2013 (unaudited)	<i>RMB</i> Six months ended 30 June 2012 (unaudited)
Business tax	1,073,673.51	548,885.95
Consumption tax	700,911,436.93	512,855,704.53
Urban maintenances and construction tax	114,866,458.76	66,918,006.58
Educational surcharges	82,047,465.61	47,798,576.09
Others	8,817,757.31	3,696,082.70
Total	907,716,792.12	631,817,255.85

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

18. Administrative expenses

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Technology development expenditures	520,636,227.70	319,936,015.89
Wages and salaries	188,064,328.42	94,205,421.45
Taxes	32,373,277.00	26,464,238.86
Depreciation and amortization	27,614,445.97	23,634,019.24
Business reception fees	4,044,736.30	2,204,342.32
Office expenses	11,616,893.26	10,341,272.83
Repair and maintenance fees	11,646,879.88	7,917,365.01
Auditors' remuneration	480,000.00	480,000.00
Service charges	12,095,714.27	6,208,893.40
Others	16,888,644.58	10,767,693.04
Total	825,461,147.38	502,159,262.04

19. Investment income

(1) Breakdown of investment income

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Income from long-term equity investments under equity method	1,898,188.47	391,859.86
Income from available-for-sale financial asset investment	12,102,490.51	3,071,258.26
Income from the disposal of long-term equity investments	3,450,000.00	(2,075,513.36)
Income from long-term equity investments under cost method	1,279,247,709.94	709,821,322.92
Total	1,296,698,388.92	711,208,927.68

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

19. Investment income (continued)

(2) Income from long-term equity investments under equity method:

Investee	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Baoding Jiehua Automobile Components and Accessories Company Limited	57,062.77	47,655.88
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd.	1,841,125.70	344,203.98
Total	1,898,188.47	391,859.86

There is no significant restriction on remittance of investment income back to the Company.

20. Income tax expenses

Item	Six months ended 30 June 2013 (unaudited)	RMB
		Six months ended 30 June 2012 (unaudited)
Current income tax calculated according to tax laws and relevant rules	555,176,833.27	327,548,143.81
Deferred income tax	(17,130,658.46)	(14,218,548.22)
Total	538,046,174.81	313,329,595.59

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

20. Income tax expenses (continued)

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

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Accounting profit/loss	5,029,655,773.61	2,878,785,946.14
Income tax rate	25%	25%
Income tax expenses calculated at tax rate of 25%	1,257,413,943.40	719,696,486.54
Tax holidays, exemptions and concessionary rate	(357,285,522.82)	(209,437,814.62)
Additional deduction for research and development costs	(44,555,396.09)	(30,036,485.38)
Tax effect of non-taxable income	(320,286,474.60)	(177,553,295.70)
Tax effect of non-deductible expenses	2,759,624.92	10,660,704.75
Total	538,046,174.81	313,329,595.59

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

21. Supplemental information of cash flow statements

(1) Supplemental information of cash flow statements

Supplemental information	Six months ended 30 June 2013 (unaudited)	RMB Six months ended 30 June 2012 (unaudited)
1. Reconciliation of net profits and cash flow from operating activities:		
Net profit	4,491,609,598.80	2,565,456,350.55
Add: Impairment provisions for assets	3,005,634.84	30,457,724.78
Depreciation of fixed assets	367,237,068.70	310,765,666.00
Amortization of intangible assets	23,617,349.44	20,676,308.31
Amortization of long-term prepaid expenses	2,045,738.64	959,267.93
Depreciation of real estate held for investment	80,971.57	80,971.57
(Gains)/losses from change of fair value	(4,619,575.59)	8,390,875.32
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets, net of gains	4,230,090.88	304,017.70
Amortization of deferred gains	(17,434,980.10)	(12,875,379.32)
Financing costs/(gains)	1,841,818.60	1,862,768.37
Investment losses/(gains)	(1,296,698,388.92)	(711,208,927.68)
(Increase)/decrease in deferred tax assets, net of increase	(17,130,658.46)	(14,218,548.22)
(Increase)/decrease in inventories, net of increase	(411,894,046.84)	(307,090,100.80)
(Increase)/decrease in operating receivables, net of increase	683,288,860.83	(1,844,544,752.30)
Increase/(decrease) in operating payables, net of decrease	202,944,564.38	1,881,462,429.48
Net cash flows from operating activities	4,032,124,046.77	1,930,478,671.69
2. Net change in cash and cash equivalents:		
Cash balance at the end of the period	4,766,024,257.97	3,323,679,329.88
Less: Cash balance at the beginning of the period	3,601,505,562.66	3,775,429,524.51
Add: Cash equivalents balance at the end of the period	—	—
Less: Cash equivalents balance at the beginning of the period	—	—
Net increase in cash and cash equivalents	1,164,518,695.31	(451,750,194.63)

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

21. Supplemental information of cash flow statements (continued)

(2) Components of cash and cash equivalents

Item	Six months ended 30 June 2013 (unaudited)	RMB	
		Six months ended 30 June 2012 (unaudited)	
1 Cash	4,766,024,257.97	3,323,679,329.88	
Of which: Cash in hand	1,735,522.14	892,341.79	
Bank deposits readily available for payment	4,764,288,735.83	3,322,786,988.09	
Other cash and bank balances readily available for payment	—	—	
2. Cash and cash equivalent balance as at the end of the period	4,766,024,257.97	3,323,679,329.88	

22. Related party transactions

(1) Purchases of raw materials and components

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited) Amount	Percentage of the Company's total purchases of raw materials (%)
Subsidiaries of the Company	Purchase	Purchases of raw materials	Mutually agreed price	6,587,211,069.60	45.18
Jointly controlled entities of the Company	Purchase	Purchases of raw materials	Mutually agreed price	145,759,961.10	1.00

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited) Amount	Percentage of the Company's total purchases of raw materials (%)
Subsidiaries of the Company	Purchase	Purchases of raw materials	Mutually agreed price	5,683,952,607.49	52.48
Jointly controlled entities of the Company	Purchase	Purchases of raw materials	Mutually agreed price	53,615,746.66	0.50
Associates of the Company	Purchase	Purchases of raw materials	Mutually agreed price	48,492,213.72	0.45

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Related party transactions (continued)

(2) Sales of automobiles and automotive parts and components

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's total sales of automobiles and automotive parts and components (%)
				Six months ended 30 June 2013 (unaudited)	
Subsidiaries of the Company	Sales	Sales of automobiles or automotive parts and components	Mutually agreed price	21,941,301,813.55	87.90

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's total sales of automobiles and automotive parts and components (%)
				Six months ended 30 June 2012 (unaudited)	
Subsidiaries of the Company	Sales	Sales of automobiles or automotive parts and components	Mutually agreed price	14,743,730,604.20	82.61
Jointly controlled entities of the Company	Sales	Sales of automobiles or automotive parts and components	Mutually agreed price	95,678.67	—
Associates of the Company	Sales	Sales of automobiles or automotive parts and components	Mutually agreed price	7,386.12	—
Other related parties of the Company	Sales	Sales of automobiles or automotive parts and components	Mutually agreed price	518,632.48	—

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Related party transactions (continued)

(3) Purchases of fixed assets and construction in progress

				RMB	
				Six months ended 30 June 2013 (unaudited)	
Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	Percentage of the Company's purchases of fixed assets and construction in progress (%)	
				Amount	
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	104,096,419.26	4.74
Jointly controlled entities of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	55,665.31	—

				RMB	
				Six months ended 30 June 2012 (unaudited)	
Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	Percentage of the Company's purchases of fixed assets and construction in progress (%)	
				Amount	
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	19,386,810.19	1.16
Jointly controlled entities of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	18,781,550.77	1.13
Other related parties of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	544,315.00	0.03

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Related party transactions (continued)

(4) Sales of fixed assets

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the company's total sales of fixed assets (%)
				Six months ended 30 June 2013 (unaudited)	
Subsidiaries of the Company	Sales of fixed assets	Sales of fixed assets	Mutually agreed price	906,100.45	7.79

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the company's total sales of fixed assets (%)
				Six months ended 30 June 2012 (unaudited)	
Subsidiaries of the Company	Sales of fixed assets	Sales of fixed assets	Mutually agreed price	397,820.11	7.90

(5) Acceptance of services

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's acceptance of services (%)
				Six months ended 30 June 2013 (unaudited)	
Subsidiaries of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	86,347,484.92	54.68
Other related parties of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	32,991.45	0.02

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Related party transactions (continued)

(5) Acceptance of services (continued)

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's acceptance of services (%)
				Six months ended 30 June 2012 (unaudited)	
Subsidiaries of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	37,792,855.27	89.09
Other related parties of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	35,576.92	0.08

(6) Rendering of services

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's provision of services (%)
				Six months ended 30 June 2013 (unaudited)	
Subsidiaries of the Company	Rendering of services	Rendering of services	Mutually agreed price	24,378,820.65	52.72
Jointly controlled entities of the Company	Rendering of services	Rendering of services	Mutually agreed price	1,114,174.86	2.41

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Amount	Percentage of the Company's provision of services (%)
				Six months ended 30 June 2012 (unaudited)	
Subsidiaries of the Company	Rendering of services	Rendering of services	Mutually agreed price	15,069,522.76	65.80

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

22. Related party transactions (continued)

(7) Claims and others

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Six months ended 30 June 2013 (unaudited) Amount	Percentage of the Company's total claims and others (%)
Subsidiaries of the Company	Claims and others	Claims and others	Mutually agreed price	(29,692,726.38)	(50.30)
Jointly controlled entities of the Company	Claims and others	Claims and others	Mutually agreed price	32,658.37	0.06
Other related parties of the Company	Claims and others	Claims and others	Mutually agreed price	45,755.69	0.08

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				Six months ended 30 June 2012 (unaudited) Amount	Percentage of the Company's total claims and others (%)
Subsidiaries of the Company	Claims and others	Claims and others	Mutually agreed price	4,610,396.08	13.58
Jointly controlled entities of the Company	Claims and others	Claims and others	Mutually agreed price	(871,858.23)	(2.57)
Associates of the Company	Claims and others	Claims and others	Mutually agreed price	58,653.11	0.17
Other related parties of the Company	Claims and others	Claims and others	Mutually agreed price	32,669.50	0.10

(8) Emolument of key management

Item	RMB'000	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Emolument of key management	16,253	12,685

Notes to the Financial Statements

For the six months ended 30 June 2013

X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY (continued)

23. Receivables and payables of related parties

Item	Related party	RMB	
		2013.6.30 (unaudited)	2012.12.31 (audited)
Trade receivables	Subsidiaries of the Company	782,949,561.39	608,593,739.25
Subtotal:		782,949,561.39	608,593,739.25
Other receivables	Subsidiaries of the Company	24,109,348.24	23,551,393.40
Subtotal:		24,109,348.24	23,551,393.40
Prepayment	Subsidiaries of the Company	90,547,103.18	99,814,098.14
Subtotal:		90,547,103.18	99,814,098.14
Bills receivable	Subsidiaries of the Company	3,818,000.00	4,578,000.00
Subtotal:		3,818,000.00	4,578,000.00
Dividends receivable	Subsidiaries of the Company	637,025,964.08	158,242,274.24
Dividends receivable	Jointly controlled entities of the Company	15,280,463.03	15,280,463.03
Subtotal:		652,306,427.11	173,522,737.27
Trade payables	Subsidiaries of the Company	2,760,081,424.03	2,953,686,183.41
Trade payables	Jointly controlled entities of the Company	92,629,276.93	85,140,542.09
Trade payables	Other related parties of the Company	297,713.80	303,216.78
Subtotal:		2,853,008,414.76	3,039,129,942.28
Other payables	Subsidiaries of the Company	1,000,379.52	572,984.16
Other payables	Jointly controlled entities of the Company	—	800.00
Other payables	Other related parties of the Company	18,365,638.46	8,366,658.46
Subtotal:		19,366,017.98	8,940,442.62
Advances from customers	Subsidiaries of the Company	2,402,954,181.27	2,228,155,353.95
Advances from customers	Other related parties of the Company	34,000.00	34,000.00
Subtotal:		2,402,988,181.27	2,228,189,353.95
Bills payable	Subsidiaries of the Company	10,667,861.00	23,520,000.00
Subtotal:		10,667,861.00	23,520,000.00

XI. APPROVAL OF THE FINANCIAL STATEMENTS

The company and consolidated financial statements of the Company had been approved by the Board of Directors of the Company on 22 August 2013.

Supplementary Information

(I) SUPPLEMENTARY INFORMATION

1. Breakdown of extraordinary gains and losses

Item	<i>RMB</i>	
	Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)
Profit or loss from disposal of non-current assets	(4,353,424.62)	958,915.02
Government grants accounted for in profit and loss account of the current period (except for government grants closely related to the corporate business that were given at a fixed standard amount or quantity as stipulated by the State)	45,475,445.04	23,987,387.54
Investment losses from the disposal of long-term equity investments and investment gains from the disposal of held-for-trading financial assets and available-for-sale financial assets	26,539,575.37	6,384,204.81
Gains (losses) from changes in fair value	4,619,575.59	(8,390,875.32)
Non-operating gains and losses other than the above items	17,669,423.50	19,347,142.68
Effect of income tax	(15,987,291.03)	(8,557,768.11)
Effect of minority interests (after tax)	(380,258.24)	(32,415.06)
Total	73,583,045.61	33,696,591.56

The extraordinary gains and losses of the Group was recognized in accordance with the relevant requirements of the "Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Initial Public Offering and Listing Documents" and "Explanatory Notice for Information Disclosures by Companies that Offer Securities to the Public (No. 01) — Extraordinary Gains and Losses (2008)".

Supplementary Information

(I) SUPPLEMENTARY INFORMATION (continued)

2. Return on net assets and earnings per share

This calculation of return on net assets and earnings per was prepared by the Group in accordance with the relevant requirements of the “Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Calculations and Disclosures for the Return on Net Assets and Earnings per Share” (as amended in 2010) issued by the China Securities Regulatory Commission.

Six months ended 30 June 2013 (unaudited)	Weighted average return on assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	17.57	1.34	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	17.25	1.32	N/A

Six months ended 30 June 2012 (unaudited)	Weighted average return on assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	13.25	0.77	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	13.07	0.76	N/A

(I) SUPPLEMENTARY INFORMATION (continued)**3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons**

Items of consolidated balance sheet as at 30 June 2013 with relatively material changes as compared with that as at 31 December 2012 are set forth below:

Item		2013.6.30 (unaudited)	2012.12.31 (audited)	Unit: RMB Range of Change (%)
Held-for-trading financial assets	(1)	16,270,882.85	11,651,307.26	39.65
Other receivables	(2)	1,347,886,715.64	854,389,669.52	57.76
Salaries payable	(3)	383,436,463.02	736,035,068.04	(47.91)
Dividends payable	(4)	92,177,074.33	—	100.00

- (1) As at 30 June 2013, held-for-trading financial assets amounted to RMB16.27 million, the increase was mainly due to the growth in the fair value of forward foreign exchange contracts.
- (2) As at 30 June 2013, other receivables amounted to RMB1,347.89 million, representing an increase of 58% as compared with 31 December 2012. The increase was mainly due to the growth of energy-saving subsidies during current period.
- (3) As at 30 June 2013, salaries payable amounted to 383.44 million, representing a decrease of 48% as compared with 31 December 2012. The decrease was mainly due to the payment of payable employees bonus accrued in the end of 2012.
- (4) As at 30 June 2013, dividends payable amounted to 92.18 million, representing an increase of 100% as compared with 31 December 2012. The increase was due to dividends of subsidiaries of the Company which have declared not yet distributed to the minority shareholders during current period.

Supplementary Information

(I) SUPPLEMENTARY INFORMATION (continued)

3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons (continued)

Items of consolidated income statement for six months ended 30 June 2013 with relatively material changes as compared with that for six months ended 30 June 2012 are set forth below:

Unit: RMB

Item		Six months ended 30 June 2013 (unaudited)	Six months ended 30 June 2012 (unaudited)	Range of Change (%)
Total operating revenue	(1)	26,416,838,569.72	18,287,571,441.06	44.45
Total operating costs	(1)	18,765,540,112.22	13,476,105,405.77	39.25
Business tax and surcharges	(2)	955,299,210.84	663,551,215.21	43.97
Selling expenses	(3)	855,302,745.69	633,718,965.41	34.97
Administrative expenses	(4)	1,033,999,951.06	687,249,111.85	50.45
Financial expenses	(5)	(30,447,573.94)	(47,845,214.00)	(36.36)
Impairment loss on assets	(6)	(537,971.10)	62,241,166.68	(100.86)
Gains or losses from changes in fair value	(7)	4,619,575.59	(8,390,875.32)	(155.05)
Investment income	(8)	30,278,889.54	6,932,650.07	336.76
Non-operating income	(9)	70,415,952.21	51,727,417.28	36.13
Non-operating expenses	(10)	11,624,508.29	7,433,972.04	56.37
Income tax expenses	(11)	839,694,409.12	478,584,495.98	75.45

- (1) Total operating revenue and operating costs in six months ended 30 June 2013 amounted to RMB26,416.84 million and RMB1,8765.54 million respectively, representing an increase of 44% and 39% as compared with six months ended 30 June 2012. The increase was mainly due to the increase in the sales of the Group during current period.
- (2) Business tax and surcharges in six months ended 30 June 2013 amounted to RMB955.30 million, representing an increase of 44% as compared with six months ended 30 June 2012. The increase was mainly due to the increase in the sales that led to the growth of the turnover tax during current period.
- (3) Selling expenses in six months ended 30 June 2013 amounted to RMB855.30 million, representing an increase of 35% as compared with six months ended 30 June 2012. The increase was mainly due to the sales that led to the growth of shipping and service fee during current period.
- (4) Administrative expenses in six months ended 30 June 2013 amounted to RMB1,034 million, representing an increase of 50% as compared with six months ended 30 June 2012. The increase was mainly due to the increase of the research and development fee during current period.
- (5) Financial expenses in six months ended 30 June 2013 amounted to RMB30.45 million, representing a decrease of 36% as compared with six months ended 30 June 2012. The decrease was mainly due to the increase in exchange gains and losses during current period.

(I) SUPPLEMENTARY INFORMATION (continued)**3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons** (continued)

- (6) Impairment loss on assets in six months ended 30 June 2013 amounted to RMB0.54 million, while it was 62.24 million in the six months ended 30 June 2012. The decrease was mainly due to reversal of bad debts for accounts receivable and no impairment loss of fixed assets in this period.
- (7) Gains from changes in fair value in six months ended 30 June 2013 amounted to RMB4.62 million, it was loss of RMB8.39 million in the six months ended 30 June 2012. The decrease was mainly due to the change in fair value of forward foreign exchange contracts.
- (8) Investment income in six months ended 30 June 2013 amounted to RMB30.28 million, representing an increase of 337% as compared with six months ended 30 June 2012. The increase was mainly due to the disposal of the Exquisite Aluminium Alloy which was a subsidiary of the company and the increase of investment income from investment product.
- (9) Non-operating income in six months ended 30 June 2013 amounted to RMB70.42 million, representing an increase of 36% as compared with six months ended 30 June 2012. The increase was mainly due to the increase of government grants during current period.
- (10) Non-operating expenses in six months ended 30 June 2013 amounted to RMB11.62 million, representing an increase of 56% as compared with six months ended 30 June 2012. The increase was mainly due to the increase of disposal losses of non-current assets during current period.
- (11) Income tax expenses in six months ended 30 June 2013 amounted to RMB839.69 million, representing an increase of 75% as compared with six months ended 30 June 2012. The increase was mainly due to the increase of sales and profit margin during current period.

The supplemental information provided by the management was endorsed by the following representatives of Great Wall Motor Company Limited on 22 August 2013:

Legal Representative:	Wei Jianjun
General Manager:	Wang Fengying
Chief Financial Officer:	Li Fengzhen
Head of Financial Department:	Ji Wenjun

22 August 2013

Section 9 Index of Documents Available for Inspection

- I. FINANCIAL STATEMENTS SIGNED AND SEALED BY THE LEGAL REPRESENTATIVE, PERSON-IN-CHARGE OF THE ACCOUNTING AFFAIRS AND PERSON-IN-CHARGE OF THE ACCOUNTING DEPARTMENT.
- II. THE ORIGINAL REVIEW REPORT WITH THE SEAL OF THE ACCOUNTING FIRM AND SIGNATURE AND SEAL OF THE CERTIFIED PUBLIC ACCOUNTANT.

Chairman: Wei Jian Jun
Great Wall Motor Company Limited
22 August 2013



長城汽車股份有限公司

GREAT WALL MOTOR COMPANY LIMITED*