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長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock code: 2333)

Announcement
Responses to Inquiry Letter from the Shanghai Stock Exchange Regarding Post-vetting Comments on Annual Report for the Year of 2015

On 1 April 2016, Great Wall Motor Company Limited (the "**Company**") received "Inquiry Letter Regarding Post-vetting Comments on Annual Report for the Year of 2015 of Great Wall Motor Company Limited" (《關於對長城汽車股份有限公司2015年年度報告的事後審核問詢函》) (Letter from SSE [2016] No.0310) from the Shanghai Stock Exchange (the "**Inquiry Letter** "). In accordance with the requirements of the Inquiry Letter, the Company hereby provides responses to the relevant inquiries as follows:

I. Operation strategies of the Company

1. The Company launched Haval H9 and Haval H8 in 2014 and 2015, respectively. However, these two new automobile models recorded relatively low sales volume. As disclosed in the annual report for 2014, "Haval H7 is another brand new model of the Group, which is expected to be launched in the second half of 2015." This automobile model, however, has not been launched yet. Please explain:

(1) The reasons for, and the issues of, the sales volume of Haval H8 and Haval H9 being below expectation and the delay in the launch of Haval H7.

Response:

① Haval H8 and Haval H9 are classified into high-end products and their quality has reached the level of joint venture brands. However, for branding reasons, it may take time to build the brand awareness in the market and accordingly their sales volume has not reached the expected level. Nonetheless, Haval H8 and Haval H9 accounted for a relatively low percentage of the planned total sales volume and profit of the Company. As such, the sales volume of Haval H8 and Haval H9 had limited impact on the overall operation of the Company.

② Haval H7 has not been launched is due to the Company's adjustment to the product launch schedule based on the Company's strategy, it will be launched at the Beijing International Automotive Exhibition on 25 April 2016.

(2) Whether the price reduction for SUV of joint venture brands and the generally lower selling price as set by other competing self-owned brands in China have caused material impact on the research and development, launch and sales of new products of the Company.

Response:

The price-performance ratio of the Haval brand is way above that of the discounted SUVs of joint venture brands and other self-owned brands. According to China Association of Automobile Manufacturers, the Haval brand ranked top in terms of sales volume of SUV in 2015 and in January to February 2016. The price reduction of SUVs of joint venture brands and the low pricing strategy of other competitive self-owned brands has insignificant impact on the products of the Company currently. For other newly launched products, we cannot determine the impact on the products of the Company as they have only been launched for a short period of time but we cannot assure that the continuous price reduction of competitive models will not have material impact on research and development, launch and sales volume of the products of the Company.

II. Principal business and major products

2. As stated in the annual report, the operating revenue and net profit for 2015 of the Company increased by 21% and 0.22% as compared with the corresponding period of last year, respectively. The net profit after extraordinary gains/losses for 2015 decreased by 0.84% as compared with the corresponding period of last year. In 2015, the gross profit margin of products was 25.2%, representing a decrease of 2.5 percentage points as compared with 27.7% in 2014. On a quarter-on-quarter basis, sales volume recorded continuous decrease in the first three quarters, but it saw significant increase in the fourth quarter, which was stimulated by the preferential policy that halved the purchase tax. However, the gross profit margin significantly decreased from 26.6% in the first quarter to 22.9% in the fourth quarter. Please make the following disclosures in accordance with the "Guidelines on Disclosure of Information of Listed Companies No. 6 — Automobile Manufacturing" (《上市公司行業信息披露指引第六號 — 汽車製造》) (the "Guidelines on Automobile Industry"):

(1) Operating data, including the revenue, cost, gross profit and gross profit margin of major products.

Response:

The Company has been focusing on SUV strategy and has formed a unique business model. In 2015, the sales volume of SUV accounted for 82% of total sales volume of the Company. Operating data of major products of the Company has been adequately reflected in the "Sales of automobiles" in "1. Revenue and cost analysis — (1) Major businesses by industries, products and regions" under "II. The Operation during the

Reporting Period" in "Section 5 Management Discussion and Analysis" in the annual report for 2015 of the Company. Further disclosure by models of vehicles will involve trade secrets and give rise to risks associated with the operation of the Company.

(2) Reasons for the decrease in gross profit margin of major products of the Company based on industry cycle, product portfolio and characteristics, pricing strategy of products, procurement of raw materials and market competition.

Response:

① In 2015, the consolidated gross profit margin was 25.2%, representing a decrease of 2.5 percentage points from 27.7% in 2014. The decrease in gross profit margin was mainly due to the promotion strategies adopted by the Company in view of the slowdown of marco economic growth and intense competition in the automobile industry.

② In 2015, the gross profit margin decreased from 26.6% in the first quarter to 22.9% in the fourth quarter. The decrease was mainly due to: a. the provision for cash award to employees for the year 2015 in December 2015; b. the promotion strategies adopted by the Company from June 2015.

3. The Company relies heavily on the production and sales volume of SUV products. In 2015, the total sales volume of the Company was 846,000 units and the sales volume of SUV was 693,000 units, or 82% of the total sales, representing an increase of 11% as compared with 2014. The growth of sales volume of the flagship product of the Company, Haval H6, in 2015 was slower than the overall growth of the SUV industry. Please make the following disclosure in accordance with the Guidelines on Automobile Industry by taking the flagship product, Haval H6, and Haval H2 as examples:

(1) Competitive advantages of major products of the Company, market share by product types and their changes and trends.

Response:

① The Company has been focusing on the SUV market for years with an aim to position itself as a leading SUV manufacturer in the market. Haval maintains its top position in terms of sales volume with the following competitive advantages of Haval H6 and Haval H2:

Haval H6 is a compact SUV launched by the Company in August 2011 and is equipped with 1.5T or 2.0T gasoline/diesel engines, and 6MT or 6AT gearbox. Two wheels/four wheels driving models are provided to meet the needs of different customer groups. Featuring dynamic and magnificent shape and appearance, fashionable and exquisite interior designs, as well as multi-functional and pragmatic configuration, Haval H6 has ranked first in terms of sales volume among all SUV models in China for three consecutive years. It is the first domestic SUV brand achieving a monthly sales volume of over 40,000 units, and production and sales volume of over 1 million units. Moreover, it also creates the highest sales record of a single SUV model in a single market.

Haval H2 is an urban SUV with fashionable and unique style boasting science and technology concepts. It is also the first all-match model of domestic brands in China. According to China Association of Automobile Manufacturers, the total sales volume of Haval H2 for 2015 ranked 7th among all SUVs in China in terms of annual total sales volume. In particular, its monthly sales volume exceeded 20,000 units in December 2015, marking the 15 consecutive months of sales volume of over a million units, outperforming similar models.

② According to the data of China Association of Automobile Manufacturers and China Passenger Car Association, the market share and trend changes of each product category of the Company are as follows:

SUVs: In 2015, the Company sold a total of 699,000 units of SUVs, with a market share of 11.15% as compared with 12.68% in 2014. In line with the rapid growth of SUVs, the market share of the Company's SUVs remained stable and ranked top in the industry.

Pick-up trucks: In 2015, the Company sold a total of 99,000 units with a market share of 30.22% as compared with 29.28% in 2014, ranking first in the industry.

(2) Major competitors in different segments.

Response:

① The main competitors of Haval H2 are SUVs of joint venture brands of which the end price has been decreasing. As price of the products of the joint venture brands has been dropping, competition in the SUV market intensifies.

② In 2015, the compact SUV segment into which Haval H6 is classified has been expanding as many new products have been launched with large quantity. As such, the competition has become increasingly intense in the segment. In addition, the segment has been eliminating weak players and products with high quality and high price-performance ratio will gain advantages.

(3) Risks arising from heavy reliance on SUV (flagship automobile model) and corresponding measures taken by the Company.

Response:

Existing risks:

① Due to an increasing number of brands and models in the SUV market, competition in the SUV market will be increasingly intense in the future.

Corresponding measures:

① In order to be well prepared for the increasingly intense competition in market, the Company will seek to maintain its market leading position by continuing to focus on its strategies and increase investment in research and development and technological innovation.

4. As stated in the annual report, the export volume of the Company amounted to 24,000 units only, representing a significant decrease of 52% as compared with 49,000 units in 2014. The revenue generated from the export of automobile amounted to less than RMB1.4 billion, accounting for approximately 1.8% of the total operating revenue. In addition, the Company established overseas sales companies. Please provide reasons for the significant decrease in overseas sales volume in light of the competitive advantages of the Company's products in the overseas market and the Company's overseas sales network.

   Response:

   In respect of its overseas business, the Company has been focusing its strategies on steady expansion and sound operation. The Company formulated specific strategic plans for the branding development and expansion in the overseas market based on its internationalization branding strategies, the global automobile market trend and specific developments in different markets. The decrease in export volume of the Company in 2015 was mainly attributable to the following reasons:

   ① In 2015, the export volume of automotive products in China decreased and the export volume of major automotive brands in China also recorded a decrease. According to China Association of Automobile Manufacturers, the export volume of automotive products in China amounted to USD80.05 billion in 2015, representing a decrease of 5.1% from the previous year.

   ② In 2015, the global economic growth has slowed down and currencies of major exporting countries have depreciated. Due to the lingering Russia-Ukraine crisis, conflicts in the Middle East and the economic turmoil in South Africa, the sales volume in major overseas markets, such as Russia, Iraq and South Africa, have decreased dramatically.

5. Please disclose the effects of relevant industry policies (including but not limited to the preferential policy that halved the purchase tax on low-emission vehicles with engines of 1.6 litres and below and the restriction on the weighted average oil consumption of passenger vehicles) on the sales volume of the Company's major products and overall operating results and reveal the relevant risks based on product categories, models and other features in accordance with the Guidelines on Automobile Industry.

Response:

① The policy that halved the purchase tax is favourable to the sales of passenger vehicles of the Company

In late September 2015, the State Council of the People's Republic of China introduced the preferential policy that halved the purchase tax on passenger vehicles with engines of 1.6 litres and below (effective from 1 October 2015 to 31 December 2016). After the implementation of the policy, the automobile market in China has recovered significantly and, in particular, benefited the self-owned brand passenger vehicles market (more than 75% being self-owned brand passenger vehicles with engines of 1.6 litres and below).

In 2015, the sales volume of vehicles with engines of 1.6 litres and below accounted for 79.3% of the total sales volume of the Company. In addition, Haval H6 Coupe 1.5T, the 2016 new Haval model of the Company, has been launched in April 2016. The policy will boost the sales volume of the Company.

② The average fuel consumption limits on passenger vehicles companies in China has been tightened

In accordance with Fuel Consumption Limits for Passenger Vehicles (《乘用車燃料消耗量限值》) promulgated by Ministry of Industry and Information Technology of the PRC, the targeted average fuel consumption of passenger vehicles is 6.7 litres per hundred kilometers, 6.4 litres per hundred kilometers, 6 litres per hundred kilometers, 5.5 litres per hundred kilometers and 5 litres per hundred kilometers from 2016 to 2020, respectively.

In view of the tightened average fuel consumption of enterprises, the Company plans to launch the first pure electric sedan, Great Wall C30EV, in 2016. The Company also plans to minimize its average fuel consumption so as to comply with the standards of China through formulating the plan for development of new energy and refining technologies for energy conservation subsequently. If we fail to meet such standards, we will face penalty and the application and expansion of our new products will be affected.

③ Implementation of policies relating to the second-hand vehicles supports the revitalization of the stock of second-hand vehicles and drives the replacement ratio of new vehicles

The Technical Specifications of Appraisal on Second-hand Vehicles (《二手車鑑定評估技術規範》) stresses that vehicle information shall be made public to solve the information asymmetry problems. Certain Opinions on Promoting the Second-hand Vehicles Trade (《關於促進二手車便利交易的若干意見》) requires that except in the nine cities in the Beijing-Tianjin-Hebei region, the Yangtze River Delta region and the Pearl River Delta region, places in China that have implemented policies to restrict incoming second-hand vehicles have to cancel such policies by the end of May 2016.

Implementation of such policies will facilitate to speed up the flow of second-hand vehicles, revitalize the stock of second-hand vehicles, and, to some extent, stimulate the demands for replacement with new vehicles and boost the sales growth of new vehicles.

III. New energy vehicle projects

6. The Company terminated the non-public issuance of shares as the market price of the shares of the Company has fallen below the minimum issue price under the non-public issuance of shares. The Company had intended to raise RMB12 billion from such issuance for the development of new energy and smart vehicle projects. In addition, as disclosed in the annual report, the Company will continue to invest in the projects with its own funds or consider raising funds through various financing methods to ensure the smooth progress of projects and development of relevant businesses as scheduled. As disclosed in the section headed "Development strategy of the Company" in the annual report, the Company will focus on the development of the technology of pure electronic and plug-in hybrid power and intends to invest RMB17 billion in the research and development of new energy vehicles, smart vehicles and core parts and components. Please analyze the potential risks involved in the new energy vehicle project based on the source of funds, independent research and development capability and the deployment of key personnel responsible for research and development.

   Response:

   Risks involved in source of funds: The Company is able to satisfy the financial needs of research and development of new energy vehicles, smart vehicles and core parts and components with its own funds. However, as the investment in new energy vehicle and smart vehicle projects continues to increase, the Company is exposed to the risk of insufficiency of own funds. The Company will consider raising funds through various financing methods in case of insufficiency of own funds.

   Risks involved in research and development and human resource allocation: With the rise of Internet +, intelligentization and other technologies, the automotive industry will converge with other sectors in the future, and the Company will invest more resources to conduct research and development of fundamental technologies. Moreover, as the national regulations on the automotive industry become increasingly tightened, the Company will invest further in new energy vehicles and may encounter the risk of insufficient talents in the future.

7. As disclosed in the annual report, the Company will launch a new model of new energy vehicle in 2016. Please disclose:

   (1) Whether the core parts and components (including but not limited to battery, motor and electric control) required for the manufacturing of new energy vehicles are researched and developed independently by the Company.

   Response:

   The Company is committed to the proprietary development of key parts and components as well as core control technologies mainly by leveraging its independent research and development in addition to suppliers' assistance, so as further enhance its research and development capability.

   (2) Risks involved in the technical research and development and market expansion of the above-mentioned new energy vehicles.

   Response:

   ① Risks involved in technical research and development: In respect of the new energy vehicle segment, the cost of battery is relatively high and accounts for close to 50% or more of the total cost of pure electric vehicles. It is expected that the technology of the pure electric vehicles will not have a breakthrough in a short period of time.

   ② Risks involved in market expansion: For expensive new energy vehicles, if the government reduces or cancels its subsidy, customers' demand will decrease significantly. Currently, the development of new energy vehicles in China is still in its infancy. Ancillary facilities, such as charging points, are not sufficient, which may discourage customers from purchasing new energy vehicles.

IV. Financial information disclosure

8. As disclosed in the annual report, the provision for impairment of inventory and raw materials increased significantly from 2014. Based on the sales of major products of the Company, please disclose:

   (1) Details of inventory.

   Response:

   The inventories of the Company include automobiles and parts and components.

   (2) Reason(s) for the significant increase in provision for impairment of inventory during the reporting period based on the major categories of inventory and their sales volume.

Response:

During the reporting period, the provision for impairment of inventory amounted to RMB19.84 million, representing an increase of RMB14.5 million from RMB5.34 million in the corresponding period of last year. The increase was mainly due to the clearance sale of models with long inventory time and the cost of certain models with low production volume being higher than the net realization value as a result of the discounted sale.

9. As shown in the annual report, the production and sales volume of sedans decreased significantly in the last two years. Please disclose in accordance with the Guidelines on Automobile Industry:

(1) The design capacity and the utilization rate of productivity of the relevant plants and equipment for manufacturing sedans.

Response:

The sedans of the Company are manufactured in Baoding Vehicle Factory No. 2 and Tianjin Vehicle Factory No. 2. Baoding Vehicle Factory No. 2 has a design capacity of 200,000 and Tianjin Vehicle Factory No. 2 has a design capacity of 250,000.

The above factories manufacture sedans and SUVs by using single production line with flexible production approach. In 2015, the utilization rate of Baoding Vehicle Factory No. 2 reached 75% while the utilization rate of Tianjin Vehicle Factory No. 2 reached 105%.

(2) Whether assets including the relevant production lines, plants and manufacturing equipment are exposed to the risk of impairment and whether the Company has carried out necessary impairment tests.

Response:

The Company has conducted impairment tests on sedans production lines, plants and equipment before 31 December 2015. The plants and production lines for the manufacturing of sedans are in use and have been planned for follow up production, and no sign of significant impairment was found.

(3) The development plan for the sedans business of the Company.

Response:

In response to the national policies, the Company has actively promoted energy conservation and emission reduction. In particular, it has emphasized the research and development of new energy electric vehicles on top of maintaining its existing products. Pure electric sedan C30EV will be launched in 2016. In addition to the private consumer market, the Company will also actively explore other businesses, such as official vehicles and urban taxi market.

This announcement will be published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Shanghai Stock Exchange (www.sse.com.cn) and the official website of the Company (www.gwm.com.cn).

By order of the Board
Great Wall Motor Company Limited
Xu Hui
Company Secretary

Baoding, Hebei Province, the PRC, 15 April 2016

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

Executive Directors: Mr. Wei Jian Jun, Ms. Wang Feng Ying and Ms. Yang Zhi Juan.

Non-executive Director: Mr. He Ping.

Independent Non-executive Directors: Mr. Wong Chi Hung, Stanley, Mr. Lu Chuang, Mr. Liang Shang Shang and Mr. Ma Li Hui.

* *For identification purpose only*