長 城 汽 車 股 份 有 限 公 司

GREAT WALL MOTOR COMPANY LIMITED*

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

(Stock Code: 2333)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2007

Financial Highlights

	For the six months ended 30 June 2007 Unaudited	For the six months ended 30 June 2006 Unaudited	Change (%)
REVENUE (RMB Million)	3,345	2,519	32.8
Profit before tax (RMB Million)	478	417	14.6
As % of revenue	14.3%	16.6%	-13.9
Profit after tax attributable to equity holders of the parent (RMB Million)	406	367	10.6
Earnings per share	RMB0.42	RMB0.39	7.7

The board of directors (the "Board") of Great Wall Motor Company Limited (the "Company") is pleased to announce the unaudited condensed consolidated income statement of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2007 (the "period") and the condensed consolidated balance sheet of the Group as at 30 June 2007 which have been reviewed by the Company's auditor, Ernst & Young, together with the comparative figures for the same period of 2006 as follows:

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Condensed Consolidated Income Statement

		Six months ended 30 June	
		2007	**2006**
		Unaudited	**Unaudited**
	Notes	***RMB'000***	*RMB'000*
REVENUE	(i)	**3,344,945**	2,518,988
Cost of sales		**(2,544,642)**	(1,864,020)
Gross profit		**800,303**	654,968
Other income and gains	(i)	**21,614**	27,943
Selling and distribution costs		**(167,668)**	(119,262)
Administrative expenses		**(100,116)**	(82,677)
Other expenses		**(83,451)**	(69,905)
Finance costs	(ii)	**(2,450)**	(821)
Share of profits and losses of associates		**3,231**	—
Share of profits and losses of jointly-controlled entities		**6,262**	6,359
PROFIT BEFORE TAX	(iii)	**477,725**	416,605
Tax	(iv)	**(37,983)**	(33,286)
PROFIT AFTER TAX		**439,742**	383,319
ATTRIBUTABLE TO:			
Equity holders of the parent		**406,047**	367,452
Minority interests		**33,695**	15,867
		439,742	383,319
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT — Basic	(v)	**RMB0.42**	RMB0.39
DIVIDEND PER SHARE	(vi)	**Nil**	Nil

Condensed Consolidated Balance Sheet

	30 June 2007 Unaudited *RMB'000*	31 December 2006 Audited *RMB'000*
Non-current assets		
Property, plant and equipment	**1,470,696**	1,442,311
Prepaid land premium	**283,334**	254,248
Construction in progress	**1,563,137**	870,428
Goodwill	**2,164**	2,164
Interests in associates	**5,954**	123
Interests in jointly-controlled entities	**52,310**	47,584
Deferred tax assets	**71,190**	60,936
Total non-current assets	**3,448,785**	2,677,794
Current assets		
Inventories	**783,853**	651,709
Trade receivables	**68,944**	31,085
Bills receivable	**790,136**	487,786
Held for trading financial assets	**191**	863
Other receivables	**238,641**	193,292
Pledged deposits	**117,365**	132,600
Cash and cash equivalents	**3,727,367**	2,296,588
Total current assets	**5,726,497**	3,793,923
Current liabilities		
Trade payables	**1,446,861**	968,465
Bills payable	**232,617**	240,465
Tax payable	**54,384**	52,360
Other payables	**905,687**	654,466
Dividend payable to shareholders	**151,072**	—
Dividend payable to minority shareholders	**12,178**	7,698
Provision for product warranties	**27,715**	32,708
Total current liabilities	**2,830,514**	1,956,162
NET CURRENT ASSETS	**2,895,983**	1,837,761
TOTAL ASSETS LESS CURRENT LIABILITIES	**6,344,768**	4,515,555

NON-CURRENT LIABILITIES		
Deferred income	**54,537**	55,511
NET ASSETS	**6,290,231**	4,460,044
EQUITY		
Equity attributable to equity holders of the parent		
Issued share capital	**1,095,272**	944,200
Reserves	**4,815,428**	3,017,993
Proposed final dividend	**—**	151,072
	5,910,700	4,113,265
Minority interests	**379,531**	346,779
TOTAL EQUITY	**6,290,231**	4,460,044

Notes:

(i) REVENUE, OTHER INCOME AND GAINS

Revenue represents the net invoiced value of goods sold, after allowances for trade discounts and returns, and excludes sales taxes and intra-group transactions.

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

	Six months ended 30 June	
	2007	**2006**
	Unaudited	**Unaudited**
	RMB'000	*RMB'000*
Revenue		
Sale of automobiles	**3,200,479**	2,414,812
Sale of automotive parts and components	**144,466**	104,176
	3,344,945	2,518,988
Other income and gains		
Bank interest income	**15,583**	17,578
Government grants:		
Recognition of deferred income	**974**	974
Others*	**4,477**	9,391
Gain on disposal of held for trading financial assets	**498**	—
Unrealised gain on revaluation of held for trading financial assets	**82**	—
	21,614	27,943

* It represents government grants and value-added tax refunds. The government grants are unconditional, except for the grants which must be utilised for the development of the Company and its subsidiaries.

(ii) FINANCE COSTS

The finance costs mainly represented bank charges incurred during the period.

(iii) PROFIT BEFORE TAX

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

	Six months ended 30 June	
	2007	**2006**
	Unaudited	**Unaudited**
	RMB'000	*RMB'000*
Cost of inventories sold (including depreciation)	**2,544,642**	1,864,020
Depreciation	**80,136**	69,564
Recognition of prepaid land premium	**2,625**	1,341
Loss/(gain) on disposal of items of property, plant and equipment	**(220)**	283
Research and development costs included in other expenses	**75,072**	65,946
Auditor's remuneration	**600**	600
Employee benefits expenses:		
Wages and salaries	**142,917**	102,765
Retirement benefits contributions	**14,674**	5,911
	157,591	108,676
Foreign exchange differences, net	**7,679**	(198)
Impairment of receivables	**920**	3,675
Write-down of inventories to net realisable value	**6,896**	9,508
Product warranty provisions	**20,716**	13,479
Bank interest income	**(15,583)**	(17,578)
Government grants	**(5,451)**	(10,365)
Gain on disposal of held for trading financial assets	**(498)**	—
Unrealised gain on revaluation of held for trading financial assets	**(82)**	(215)

(iv) TAX

Income tax

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

	Six months ended 30 June	
	2007	**2006**
	Unaudited	**Unaudited**
	RMB'000	*RMB'000*
Hong Kong profits tax	**—**	—
PRC corporate income tax:		
Current corporate income tax	**48,237**	37,385
Deferred income tax	**(10,254)**	(4,099)
	37,983	33,286

Hong Kong profits tax has not been provided as the Group had no assessable profits arising in Hong Kong during the period. Under PRC income tax law, except for certain preferential treatment available to the Company and certain of its subsidiaries, the entities within the Group are subject to corporate income tax at a rate of 33%, on their taxable income.

Pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises and applicable local tax regulations, the Company was exempted from corporate income tax for the two years ended 31 December 2006, and is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2009. Macs (Baoding) Auto A/C System Company Limited was exempted from corporate income tax for the two years ended 31 December 2006, and is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2009. Baoding Changcheng Vehicle Axles Industries Company Limited is entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2008 as an advanced technology enterprise. Beijing Great Automotive Components Company Limited was exempted from corporate income tax for the two years ended 31 December 2003, and was subject to a preferential corporate income tax rate of 12% for the three years ended 31 December 2006. Baoding Changfu Pressings Company Limited was exempted from corporate income tax for the two years ended 31 December 2004 and was entitled to a 50% reduction in tax rate for corporate income tax for the three years ending 31 December 2007.

Pursuant to applicable laws and regulations on welfare enterprises in the PRC, Baoding Nuobo Rubber Manufacturing Company Limited, Baoding Xincheng Automobile Development Company Limited, Baoding Great Machinery Company Limited, Baoding Riwa Automobile System Accessories Company Limited, Baoding Deer Automobile System Company Limited and Baoding Huanqiu Auto Spare Parts Company Limited, all being recognised as welfare enterprises by the relevant authorities, were entitled to apply for exemption in corporate income tax on a year-by-year basis before 30 June 2007. For the six months ended 30 June 2007, corporate income tax exempted for these welfare enterprises amounted to approximately RMB53,467,000 (Six months ended 30 June 2006: RMB20,650,000).

A reconciliation of income tax expenses applicable to profit from operating activities before income tax at the statutory income tax rate to income tax expense at the Group's effective income tax rate is as follows:

	Six months ended 30 June	
	2007	**2006**
	Unaudited	**Unaudited**
	RMB'000	*RMB'000*
Profit before tax	**477,725**	416,605
At the PRC corporate income tax rate of 33%	**157,649**	137,480
Tax effect of expenses not deductible for tax purposes	**2,954**	15,971
Tax holiday	**(122,620)**	(120,165)
Tax expense	**37,983**	33,286

Value Added Tax ("VAT") and Consumption Tax

The general VAT rate applicable to the Company and its subsidiaries in the PRC is 17% for domestic sales and nil for export sales. Certain automobiles of the Company are also subject to consumption tax at standard rates of 3% or 5%. On 5 July 2004, the State Tax Bureau approved a 30% reduction in the consumption tax previously paid by the Company for certain products. The amount exempted for the six months ended 30 June 2007, amounting to approximately nil (Six months ended 30 June 2006: RMB10,152,000), was recorded as other income. On 20 March 2006, the State Tax Bureau issued a new regulation regarding consumption tax that certain automobile of the Company has been subject to consumption tax at standard rates of 5%, 9% and 12% since 1 April 2006.

(v) EARNINGS PER SHARE

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the parent for the six months ended 30 June 2007 of RMB406,047,000 (Six months ended 30 June 2006: RMB367,452,000), and the weighted average of 970,909,000 shares (Six months ended 30 June 2006: 944,200,000 shares) in issue during the period.

No diluting events existed during the current and prior periods and therefore no diluted earnings per share amount has been disclosed.

(vi) DIVIDEND PER SHARE

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2007 (Six months ended 30 June 2006: Nil).

2. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Since the beginning of 2007, the PRC automobile industry in general has kept growing under the momentum it sustained from the previous year, with production and sales rising relatively quickly. According to the China Association of Automobile Manufacturers, the production volume and sales volume of automobiles in the PRC for the first half of 2007 reached 4,456,700 units and 4,373,800 units respectively, representing increases of 22.36% and 23.31% from those in the same period of 2006 respectively.

Between the end of 2006 and the first half of 2007, the PRC government promulgated a series of measures that had impact on the domestic automobile industry. Such measures included the "Notice Regarding Opinions on the Restructuring of the Automobile Industry" and the "Notice Regarding the Regulation on Automobile Exports", etc.

The objective of the "Notice Regarding Opinions on the Restructuring of the Automobile Industry" issued by the National Development and Reform Commission on 20 December 2006 is to optimize the structure of the automotive industry, encourage and support the rapid development of automobiles and automotive parts and components of self-owned brand names. As one of the largest self-owned brand automobile manufacturing companies in the PRC, the Group is devoted to the long-term development of energy-saving and environmentally friendly automobiles that cater for the needs of the global markets, The Group has built up a components division, which has begun to take shape, and strong research and development capability. As such, the Group will enjoy direct benefits from this notice.

In the face of the rapid increase in exports, the government began to introduce more stringent measures to speed up the change in the strategy for automobile exports. One of these measures included the "Notice Regarding the Regulation on Automobile Exports", which came into effect on 1 March 2007. According to this notice, the following aspects will be under the government's management: export license for automobiles (including passenger vehicles, commercial vehicles, the chassis and components), the export quality of automobile manufacturing enterprises, and the operations of automobile export operators authorised by the manufacturing companies. This will have enormous positive impact on the regulation of domestic automobile exports and enhancement of the overall global competitiveness of domestic automobiles. The Group was named by the State as "China's Automobiles and Automotive Parts Export Base", the title of which will facilitate the Group's expansion of its export business.

During the period, price competition in the PRC automobile industry continued to intensify. With the advancement in technology and intensifying market competition, price reduction has become one of the strategies for domestic automobile enterprises to remain competitive. In the face of intensified market competition, the Group has actively carried out responsive measures, such as effective cost control, raising sales volume and improving product quality, and expanding sales in the global market, etc.

Financial Review

Revenue

During the period, the revenue of the Group was RMB3,344,945,000, representing an increase of 32.8% compared to that of the same period of 2006. The increase was mainly resulted from the increase in the sales volume of automobiles.

Sales analysis

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	Sales volume *(units)*	**Revenue** *(RMB'000)*	**Percentage** *(%)*	**Sales volume** *(units)*	**Revenue** *(RMB'000)*	**Percentage** *(%)*
Pick-up truck	**24,319**	**1,260,858**	**37.7**	24,591	1,216,769	48.3
SUV (including CUV)	**22,722**	**1,875,553**	**56.1**	13,876	1,193,016	47.4
Other vehicles	**624**	**64,068**	**1.9**	42	5,027	0.2
Automotive parts and components	**—**	**144,466**	**4.3**	—	104,176	4.1
Total	**47,665**	**3,344,945**	**100.0**	38,509	2,518,988	100.0

Gross profit and gross profit margin

During the period, the Group's gross profit was RMB800,303,000, representing an increase of 22.2% compared to RMB654,968,000 in the same period of last year. The increase in gross profit was mainly due to the increase in the sales volume of automobiles. The gross profit margin decreased from 26.0% in the same period last year to 23.9% in the first half of 2007, which was mainly due to higher consumption tax rate on SUV since 1 April 2006.

Profit after tax attributable to equity holders of the parent and earnings per share

During the period, the Group's profit after tax attributable to equity holders of the parent was RMB406,047,000, representing an increase of 10.5% compared to that of the same period last year. The increase was mainly due to upsurges in sales volume and revenue.

For the six months ended 30 June 2007, the basic earnings per share of the Company were RMB0.42.

Selling and distribution costs and administrative expenses

For the first half year of 2007, the selling and distribution costs and administrative expenses of the Group was RMB267,784,000, representing an increase of 32.6% from RMB201,939,000 in the first half of 2006. The percentage of selling and distribution costs and administrative expenses to total revenue was 8.0%. The main reasons for the increase in the selling and distribution costs and administrative expenses included: (1) an increase in transportation expenses as a result of the increase in the sales volume of automobiles; (2) increases in the expenses on participation in car shows and advertising expenses; (3) an increase in port expenses resulting from increased export volume; and (4) an increase in staff costs and office expenses attributable to the increase in the number of staff to meet the expanding scale of production and sales.

Finance costs

During the first half of 2007, the Group's finance costs were approximately RMB2,450,000 as compared to approximately RMB821,000 for the first half of 2006. The increase was mainly attributable to the increase in the bank charges.

Liquidity and financial resources

As at 30 June 2007, the Group's current assets mainly included cash and cash equivalents of approximately RMB3,844,732,000, trade receivables of approximately RMB68,944,000, inventories of approximately RMB783,853,000, bills receivable of approximately RMB790,136,000, held-for-trading financial assets of approximately RMB191,000 and other receivables of approximately RMB238,641,000. The Group's current liabilities mainly included dividend payable of approximately RMB163,250,000, other payables of approximately RMB905,687,000, tax payable of approximately RMB54,384,000, bills payable of approximately RMB232,617,000, trade payables of approximately RMB1,446,861,000 and provision for product warranties of approximately RMB27,715,000.

Acquisitions

During the period, the Company and its subsidiaries did not have any material acquisitions.

Capital structure

The Group generally finances its operations with internally generated cash flows. As at 30 June 2007, the Group was at a debt-free position.

Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB while sales to overseas customers were settled in US dollars. During the period, the Group did not experience any material difficulties or negative effects on its operations or liquidity as a result of fluctuations in currency exchange rates. In the light of the recent trend for continued appreciation of RMB, the Group has taken measures such as accelerating the pace of settlement to mitigate the negative impact of any increase in RMB exchange rates on the Group's exports.

As the materials and components used by the Group were purchased from the domestic market, the slight appreciation of RMB did not constitute any impact on the Group's business. With respect to the export business, the pricing of the Group's products is relatively competitive and hence its current sales have not been affected.

Employment, training and development

As at 30 June 2007, the Group employed a total of approximately 10,373 employees. Employees were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 4.7% of the Group's revenue for the six months ended 30 June 2007.

Taxation

Tax payable by the Group increased from RMB33,286,000 in the first half of 2006 to RMB37,983,000 in the first half of 2007, representing a rise of 14.1%. The increase in tax was mainly due to the increase in profits.

Segment information

During the period, over 90% of the Group's revenue and results were derived from the manufacture and sales of automobiles, therefore no business segment analysis is presented.

Geographical segment analysis has been made according to the geographical location of customers. The Group's segment revenue is analysed as follows:

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	PRC	**Overseas**	**Consolidated**	**PRC**	**Overseas**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Unaudited	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*	*Unaudited*
Segment revenue	2,208,763	1,136,182	3,344,945	1,795,764	723,224	2,518,988

The Group's assets and liabilities are almost entirely situated in the PRC and accordingly, no information on segment assets, liabilities and capital expenditure is provided.

Business Review

Automobile sales

During the period, the Group's total sales volume was 47,665 units, representing an increase of 23.8% as compared to that of the same period last year. During the period, the sales volume and revenue of pick-up trucks amounted to 24,319 units and RMB1,260,858,000, representing decreases of 1.1% and increase of approximately 3.6% as compared to those of the same period last year, respectively. The sales volume and revenue of SUV amounted to 22,722 units and RMB1,875,553,000, representing increases of approximately 63.8% and 57.2% respectively, as compared to those of the same period of 2006. The sales volume and revenue of other vehicles amounted to 624 units and RMB64,068,000 respectively.

Sales of automotive parts and components

During the period, the revenue of automotive parts and components amounted to RMB144,466,000, representing an increase of approximately 38.7% as compared to that of the same period in 2006 and accounting for 4.3% of the total revenue. The increase in the sales of automotive parts and components was mainly due to the rise in the revenue from parts and components for after-sales services, resulting from the increase in the sales volume of automobiles.

Domestic market

During the period, the Group's domestic sales volume and revenue amounted to 30,032 units and RMB2,064,297,000, representing increases of 17.5% and 22.0% respectively. Of the Group's domestic sales, 13,406 units and 16,338 units of pick-up trucks and SUVs were sold respectively, with revenue amounting to RMB696,870,000 and RMB1,324,263,000 respectively. The revenue from the two main groups of customers, namely (1) dealers; and (2) government entities and individual customers amounted to RMB1,990,235,000 and RMB74,062,000, respectively.

	For the six months ended 30 June 2007			For the six months ended 30 June 2006		
	Sales volume	**Revenue**	**Percentage share of domestic automobile sales**	**Sales volume**	**Revenue**	**Percentage share of domestic automobile sales**
	(units)	*(RMB'000)*	*(%)*	*(units)*	*(RMB'000)*	*(%)*
Dealers	**28,885**	**1,990,235**	**96.4**	24,438	1,616,642	95.6
Government entities and individual customers	**1,147**	**74,062**	**3.6**	1,132	74,946	4.4
Total	**30,032**	**2,064,297**	**100.0**	25,570	1,691,588	100.0

Overseas markets

With respect to the export market, the Group's automobile export market continued to grow. The Group's export volume of automobiles reached new records for the six months ended 30 June 2007, with 17,633 units and a total export value of RMB1,136,182,000, accounting for approximately 34.0% of the total revenue of the Group.

During the period, the export volume of pick-up trucks and SUVs amounted to 10,913 units and 6,384 units respectively, with export value of RMB563,988,000 and RMB551,290,000 respectively, representing increases of 7.2% and 179.5%, respectively. The export volume of other vehicles amounted to 336 units, with export value of RMB20,904,000.

Launch of new products

The Group satisfies different market needs via its diversified product portfolio. To meet different market demands, the Group, during the period, launched a series of new products including i) "Wingle", the most advanced high-end pick-up truck in the PRC targeted at international markets, with advanced diesel engine technology, strong power performance, low fuel consumption, environmental friendly and easy start-up features, etc; ii) "New Diesel•Deer" "新柴神 • 迪爾" pick-up truck, which boasts strong power performance, energy-saving and environmentally friendly features; iii) "New Diesel•Sailor" "新柴神 • 賽鈴" pick-up truck and "Gasoline Deer" "汽油迪爾" (optimised chassis) pick-up truck, which is installed with an optimised chassis and meets the requirements for different road conditions.

In April 2007, the Group showcased 10 models of automobiles and a self-developed engine at the Shanghai International Auto Exhibition, all of which attracted much attention. Of the exhibited products, "i7", "Great Wall MINI SUV" and "Cowry MPV" were premiered at the exhibition, fully reflecting the Group's determination and capability of venturing in the sedan market.

Technology development

With respect to engine, the Group is currently developing various types of gasoline engines that would meet Euro IV emission standards and have an engine displacement of 1.3–1.5L, as well as diesel engines that would meet Euro III or Euro IV emission standards and have an engine displacement of 1.8–2.0L.

During the period under review, the net proceeds from the Group's issue of new H shares were applied to certain major projects, including automobile rubber parts project, automobile engine parts project, automobile gearbox project, plastic automobile fuel boxes project, cast parts for automobile engines, gearbox and brake system parts and component project, all of which will greatly enhance the Group's in-house research and development ability and lower the costs of automobile products, thereby laying a solid foundation for the Group's long-term development. The above-mentioned projects are currently being carried out.

Awards

During the period, the Group, with an outstanding performance, ranked first among "The Most Valuable Listed Companies in Automobile Category (First Edition)"; the Group's Hover diesel model received the "Energy-saving SUV" award; Hover CUV model received "the CCTV Award of 2006 Best SUV under Self-owned Brands", which is the most influential automobile award in the PRC, as well as "The Most Influential Energy-saving SUV in the PRC".

Outlook

New products

With the growing importance the State attaches to environmental protection and the increase in oil price, automobiles with low engine displacement and diesel engine are gaining increasing support from the State's policies and market acceptance. The Group will launch a variety of passenger vehicles with low engine displacement and automobiles with diesel power, to meet market demand and the industry's development trend.

In October 2007, the Group will commence production of two new models, namely Perey sedan with an engine displacement of 1.3L meeting Euro IV standards, and Cowry MPV with an engine displacement of 2.0L.

New export markets

After making strenuous efforts, the Group has expanded its overseas markets to 120 countries, of which more than 80 countries are mature overseas markets. With the gradual completion of right-hand drive certification process global-wise, the Group expects the sales volume of right-hand drive automobiles in overseas markets to rise rapidly, and right-hand drive market will become another growth driver for the Group in overseas markets.

New facilities

At present, the construction of the infrastructure of Phase 3 of Great Wall Industrial Zone, with an annual production capacity of 200,000 passenger vehicles, has been completed. The installation and testing for production facilities have been also basically completed. It is expected that production at the Phase 3 Industrial Zone, which will be mainly the manufacture of sedans and MPVs, will commence in the fourth quarter of 2007.

In order to support the manufacture of the Company's sedans and improve the construction of its automotive parts and components accessories system, the Group plans to construct production facilities for key automotive parts and components, including engine, gearbox, rubber parts, components casting projects, etc.

3. PLACING OF NEW SHARES

In May 2007, the Company succeeded in placing approximately 151 million new H shares at a placing price of HK$10.65. The net proceeds from the placing amounted to HK$1.58 billion. The Company's public float as a percentage of its existing issued share capital thus increases from 27.77% to 37.73%.

4. INTERIM DIVIDENDS

The directors did not recommend the payment of any interim dividend for the period.

5. MATERIAL LITIGATIONS

The litigation regarding 北京佳美亞投資有限公司(Beijing Jiameiya Investment Company Limited) and 保定中信內燃機製造有限公司(Baoding Zhongxin Internal Combustion Engine Manufacturing Company Limited) is still pending for verdict.

Save and except for the above case, the Company is not involved in nor aware of any other significant proceedings instituted against the Company.

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

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

7. CORPORATE GOVERNANCE

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

8. AUDIT COMMITTEE

The Company has set up an audit committee (the "Audit Committee") for the purposes of reviewing and providing supervision 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 26 August 2007 to consider and review the interim report and interim financial statements of the Group and to give their opinion and recommendations to the Board. The Audit Committee considers that the 2007 interim report and interim financial statements of the Company have complied with the applicable accounting standards and the Company has made appropriate disclosure thereof.

9. REMUNERATION COMMITTEE

The Company has set up a remuneration committee for the purposes of making recommendations, determining the remuneration packages of executive directors and senior management of the Group. The remuneration committee comprises of two independent non-executive directors and one executive director.

10. COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed issuers as set out in Appendix 10 of the Listing Rules (the "Model Code") as code of conduct for securities transactions by all Directors. Upon specific enquiries made to the Directors and in accordance with information provided, the Board confirmed that all Directors have complied with the provision under the Model Code during the period.

11. PUBLICATION OF INTERIM REPORT ON THE STOCK EXCHANGE WEBSITE

The Company's 2007 interim report as of 30 June 2007 will be submitted to the Stock Exchange for uploading onto the Stock Exchange's website (www.hkex.com.hk) as well as the Company's website (www.gwm.com.cn) in due course.

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

Baoding, the PRC, 27 August 2007

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

Executive Directors: Mr Wei Jian Jun, Mr Liu Ping Fu, Ms Wang Feng Ying, Ms Yang Zhi Juan and Mr Hu Ke Gang.

Non-executive Directors: Mr He Ping and Mr Niu Jun.

Independent non-executive Directors: Mr Han Chuan Mo, Mr Zhang Ming Yu, Mr Zhao Yu Dong and Mr Wong Chi Keung.

* *For identification purposes only*