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 2012

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

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2012 (Unaudited)	For the six months ended 30 June 2011 (Unaudited)	Change (%)
Revenue *(RMB million)*	**18,288**	14,200	28.79
Total profit *(RMB million)*	**2,855**	2,181	30.90
Total profit as a % of revenue	**15.61**	15.36	1.63
Net profit attributable to shareholders of the parent company *(RMB million)*	**2,354**	1,812	29.91
Earnings per share	**RMB0.77**	RMB0.66	16.67

The board of directors of the Company (the "**Board**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2012 (the "**Period**") which have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants Ltd., together with the comparative figures for the corresponding period of 2011 as follows:

1. FINANCIAL INFORMATION

Consolidated Balance Sheet

Item	*Note*	**30/06/2012**	31/12/2011
		RMB	*RMB*
		(unaudited)	*(audited)*
Assets			
Current Assets:			
Cash and bank balances		**6,427,589,364.12**	7,107,086,034.95
Held-for-trading financial assets		**—**	1,177,700.00
Bills receivable		**10,696,192,693.48**	8,702,977,854.66
Accounts receivable	(i)	**622,406,470.36**	679,370,292.96
Prepayments		**366,294,426.65**	360,600,901.18
Interest receivable		**15,280,463.03**	—
Other receivables		**405,304,302.98**	650,401,167.30
Inventories		**3,392,923,225.86**	2,776,681,563.15
Other current assets		**150,750,002.38**	95,896,929.73
Total Current Assets		**22,076,740,948.86**	20,374,192,443.93
Non-current Assets:			
Long-term receivables		**45,793,895.17**	—
Long-term equity investments		**58,306,042.72**	70,038,060.49
Investment properties		**6,332,944.44**	6,413,916.01
Fixed assets		**7,600,804,504.75**	7,392,381,087.28
Construction in progress		**4,369,316,169.88**	3,050,225,885.34
Intangible assets		**2,355,459,939.15**	1,869,266,218.71
Goodwill		**2,163,713.00**	2,163,713.00
Long-term prepaid expenses		**17,133,955.70**	18,267,919.84
Deferred tax assets		**393,941,966.50**	351,908,470.87
Total Non-current Assets		**14,849,253,131.31**	12,760,665,271.54
TOTAL ASSETS		**36,925,994,080.17**	33,134,857,715.47

Item	Note	30/06/2012	31/12/2011
		RMB	*RMB*
		(unaudited)	*(audited)*
Liabilities and Shareholders' Equity			
Current Liabilities:			
Short-term borrowings		**282,043,812.25**	—
Held-for-trading financial liabilities		**7,213,175.32**	—
Bills payable		**4,713,678,481.94**	3,977,526,932.93
Accounts payable	(ii)	**7,155,847,611.66**	6,033,540,800.73
Advances from customers		**3,191,595,728.81**	2,711,470,723.34
Salaries payable		**270,062,866.68**	501,866,128.29
Taxes payable		**322,185,281.38**	283,940,139.56
Dividends payable		**99,835,988.59**	59,536,914.89
Other payables		**800,682,059.98**	852,932,381.01
Non-current liabilities due within one year		**29,607,589.28**	26,458,955.67
Other current liabilities		**295,916,059.11**	266,265,212.39
Total Current Liabilities		**17,168,668,655.00**	14,713,538,188.81
Non-current Liabilities:			
Other non-current liabilities		**1,447,258,681.94**	1,399,815,782.93
Deferred tax liabilities		**11,955,616.30**	—
Total Non-current Liabilities		**1,459,214,298.24**	1,399,815,782.93
TOTAL LIABILITIES		**18,627,882,953.24**	16,113,353,971.74
SHAREHOLDERS' EQUITY:			
Share capital		**3,042,423,000.00**	3,042,423,000.00
Capital reserve		**4,461,109,309.25**	4,463,795,086.95
Surplus reserve		**1,583,245,673.36**	1,583,245,673.36
Undistributed profits	(iii)	**9,094,763,236.63**	7,653,974,196.03
Foreign currency translation differences		**(6,218,704.86)**	(6,329,603.59)
Total Equity Attributable to Shareholders of the parent company		**18,175,322,514.38**	16,737,108,352.75
Minority interests		**122,788,612.55**	284,395,390.98
TOTAL SHAREHOLDERS' EQUITY		**18,298,111,126.93**	17,021,503,743.73
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**36,925,994,080.17**	33,134,857,715.47

Consolidated Income Statement

Item	Note	**Six months ended 30/06/2012**	Six months ended 30/06/2011
		RMB	*RMB*
		(unaudited)	*(unaudited)*
Total operating revenue	(iv)	**18,287,571,441.06**	14,199,713,682.50
Total operating costs		**15,475,020,650.92**	12,085,484,846.30
Including: Operating costs	(iv)	**13,476,105,405.77**	10,488,664,349.44
Business taxes and surcharges		**663,551,215.21**	529,652,112.58
Selling expenses		**633,718,965.41**	525,242,992.75
Administrative expenses		**687,249,111.85**	542,170,740.59
Financial expenses		**(47,845,214.00)**	(8,176,686.92)
Impairment losses of assets		**62,241,166.68**	7,931,337.86
Add: Gains or losses from changes in fair values		**(8,390,875.32)**	2,007,256.00
Investment income		**6,932,650.07**	17,271,108.70
Including: share of profit of associate and jointly controlled entities		**548,445.26**	8,925,790.99
Operating profit		**2,811,092,564.89**	2,133,507,200.90
Add: Non-operating income		**51,727,417.28**	49,710,415.21
Less: Non-operating expenses		**7,433,972.04**	2,343,192.37
Including: Loss from disposal of non-current assets		**1,564,950.05**	588,537.31
Total profit		**2,855,386,010.13**	2,180,874,423.74
Less: Income tax expenses	(v)	**478,584,495.98**	317,812,041.44
Net profit		**2,376,801,514.15**	1,863,062,382.30
Net profit attributable to shareholders of the parent company		**2,353,515,940.60**	1,811,803,710.01
Profit or loss attributable to minority interests		**23,285,573.55**	51,258,672.29
Earnings per share			
Basic earnings per share	(vi)	**0.77**	0.66
Diluted earnings per share		**N/A**	N/A
Other comprehensive income		**110,898.73**	(1,297,451.91)
Total comprehensive income		**2,376,912,412.88**	1,861,764,930.39
Total comprehensive income attributable to shareholders of the parent company		**2,353,626,839.33**	1,810,506,258.10
Total comprehensive income attributable to minority interests		**23,285,573.55**	51,258,672.29

Notes:

(i) Accounts receivable

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

Descriptions of the categories of accounts receivable:

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

RMB

	2012.6.30 (unaudited)				2011.12.31 (audited)			
	Book value		**Provision for bad debts**		Book value		Provision for bad debts	
Category	**Amount**	**Ratio (%)**	**Amount**	**Ratio (%)**	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	**593,304,842.03**	**90.49**	**(24,402,337.14)**	**73.40**	614,117,882.86	89.06	(2,025,700.00)	19.94
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	**1,825,611.26**	**0.28**	**(1,478,075.02)**	**4.44**	3,474,372.04	0.50	(3,361,816.86)	33.09
Other insignificant accounts receivable	**60,523,023.15**	**9.23**	**(7,366,593.92)**	**22.16**	71,939,172.03	10.44	(4,773,617.11)	46.97
Subtotal	**62,348,634.41**	**9.51**	**(8,844,668.94)**	**26.60**	75,413,544.07	10.94	(8,135,433.97)	80.06
Accounts receivable which are individually insignificant but subject to separate provision	**—**	**—**	**—**	**—**	—	—	—	—
Total	**655,653,476.44**	**100.00**	**(33,247,006.08)**	**100.00**	689,531,426.93	100.00	(10,161,133.97)	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

	2012.6.30 (unaudited)				2011.12.31 (audited)			
Aging	**Amount**	**Ratio (%)**	**Provision for bad debts**	**Book value**	Amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	**653,827,865.18**	**99.72**	**(31,768,931.06)**	**622,058,934.12**	686,057,054.89	99.49	(6,799,317.11)	679,257,737.78
1 to 2 years	**1,825,611.26**	**0.28**	**(1,478,075.02)**	**347,536.24**	1,845,600.94	0.27	(1,733,045.76)	112,555.18
2 to 3 years	**—**	**—**	**—**	**—**	1,582,256.80	0.23	(1,582,256.80)	—
Over 3 years	**—**	**—**	**—**	**—**	46,514.30	0.01	(46,514.30)	—
Total	**655,653,476.44**	**100.00**	**(33,247,006.08)**	**622,406,470.36**	689,531,426.93	100.00	(10,161,133.97)	679,370,292.96

(ii) Accounts payable

Item	2012.6.30	2011.12.31
	(unaudited)	*(audited)*
Within 1 year	**7,115,746,268.30**	5,991,799,559.72
1 to 2 years	**17,328,868.47**	25,713,546.87
2 to 3 years	**11,628,201.91**	8,357,715.34
Over 3 years	**11,144,272.98**	7,669,978.80
Total	**7,155,847,611.66**	6,033,540,800.73

RMB

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

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

(iii) Undistributed profits

RMB

Item	Six months ended 30 June 2012	Six months ended 30 June 2011
	(unaudited)	*(unaudited)*
Undistributed profits at the end of the Period	**9,094,763,236.63**	6,404,762,509.51
Including: Cash dividends proposed but not yet distributed	**—**	—
Proposed distribution of cash dividends	**912,726,900.00**	547,636,000.00

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

(iv) Operating revenue and operating costs

(1) Operating revenue

RMB

Item	Six months ended 30 June 2012	Six months ended 30 June 2011
	(unaudited)	*(unaudited)*
Revenue from principal businesses		
Of which: Revenue from the sale of automobiles	**17,078,913,330.97**	13,268,998,277.22
Revenue from the sale of automotive parts and components	**764,783,361.29**	491,406,481.65
Revenue from providing services	**43,395,308.82**	31,728,409.06
Revenue from other businesses	**400,479,439.98**	407,580,514.57
Total	**18,287,571,441.06**	14,199,713,682.50

(2) Operating costs

Item	Six months ended 30 June 2012 *(unaudited)*	Six months ended 30 June 2011 *(unaudited)*
		RMB
Costs from principal businesses		
Of which: Expenses from the sales of automobiles	**12,419,539,720.43**	9,654,980,933.07
Expenses from the sales of automotive parts and components	**714,055,976.89**	450,491,530.11
Expenses from providing services	**39,571,592.85**	29,254,219.27
Expenses from other businesses	**302,938,115.60**	353,937,666.99
Total	**13,476,105,405.77**	10,488,664,349.44

(v) Income tax expenses

Item	Six months ended 30 June 2012 *(unaudited)*	Six months ended 30 June 2011 *(unaudited)*
		RMB
Current income tax calculated according to tax laws and relevant rules	**508,662,375.31**	364,097,371.78
Deferred income tax	**(30,077,879.33)**	(46,285,330.34)
Total	**478,584,495.98**	317,812,041.44

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

Item	Six months ended 30 June 2012 *(unaudited)*	Six months ended 30 June 2011 *(unaudited)*
		RMB
Accounting profit/loss	**2,855,386,010.13**	2,180,874,423.74
Income tax rate	**25%**	25%
Income tax calculated at tax rate of 25%	**713,846,502.53**	545,218,605.94
Tax holidays, exemptions and concessionary rates	**(214,529,259.80)**	(198,370,286.72)
Additional tax deduction for research and development expenses	**(33,468,152.46)**	(27,567,872.08)
Tax effect of non-taxable income	**(137,111.32)**	(2,430,432.35)
Tax effect of non-deductible expenses	**12,872,517.03**	962,026.65
Total	**478,584,495.98**	317,812,041.44

(vi) Calculation of basic and diluted earnings per share

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

Item	**Six months ended 30 June 2012**	Six months ended 30 June 2011
		RMB
	(unaudited)	*(unaudited)*
Net profit attributable to ordinary shareholders	**2,353,515,940.60**	1,811,803,710.01
Of which: Net profit attributable to continuing operations	**2,353,515,940.60**	1,811,803,710.01
Total	**2,353,515,940.60**	1,811,803,710.01

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 2012**	Six months ended 30 June 2011
	(unaudited)	*(unaudited)*
Number of outstanding ordinary shares at the beginning of the Period	**3,042,423,000.00**	2,738,180,000.00
Add: Weighed 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**	2,738,180,000.00

	Six months ended 30 June 2012	Six months ended 30 June 2011
		RMB
	(unaudited)	*(unaudited)*
Based on the net profit attributable to shareholders of parent company:	**2,353,515,940.60**	1,811,803,710.01
Basic earnings per share	**0.77**	0.66
Diluted earnings per share	**N/A**	N/A
Based on the net profit from continuing operations attributable to shareholders of parent company:	**2,353,515,940.60**	1,811,803,710.01
Basic earnings per share	**0.77**	0.66
Diluted earnings per share	**N/A**	N/A

2. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

In the first half of 2012, persistent difficult domestic and global economic situation, coupled with sluggish consumption in Mainland China and intensified market competition, had led to a significant slowdown in the growth of domestic self-owned brand automobile industry in China. Nevertheless, the automobile market across the country maintained steady growth in the first half of 2012, attributable to stable automobiles sales driven by the government's relaxation of its monetary policy, the provision of subsidy for energy-saving vehicles and the launch of new car models by domestic car makers.

According to the statistics of China Association of Automobile Manufacturers, the production and sales volume of automobiles in China in the first half of 2012 reached 9,529,200 units and 9,598,100 units respectively, representing increases of 4.08% and 2.93% respectively when compared with those of the corresponding period in 2011. The production and sales volume of passenger vehicles amounted to 7,599,300 units and 7,613,500 units respectively, representing increases of 7.87% and 7.08% respectively from those of the corresponding period in 2011.

Furthermore, with the State's continued encouragement to domestic automobile enterprises to optimise their export portfolios, and enhanced manufacturing technology and quality of automobiles manufactured in China, China's automobile enterprises' export competitiveness have continued to strengthen. Accordingly, global demand for China's automobiles increased, leading to an improvement in the export of China's automobile enterprises in the first half of 2012. According to the statistics of China Association of Automobile Manufacturers, during the Period, the export volume of automobiles from China amounted to 487,900 units, representing an increase of 28% from that of the corresponding period in 2011.

Financial Review

Revenue

During the Period, the total revenue of the Group was RMB18,287,571,441.06, representing an increase of 28.79% when compared to that of the corresponding period in 2011. The increase in revenue was mainly attributable to growth in the sales volume of automobiles.

Sale of automobiles

During the Period, revenue from sale of automobiles increased from RMB13,268,998,277.22 in the first half of 2011 to RMB17,078,913,330.97 in the first half of 2012, representing an increase of 28.71%. The increase was due to an increase in the sales volume of automobiles.

During the Period, the Group sold 262,018 units of automobiles, representing an increase of 20.03% as compared to 218,288 units sold in the first half of 2011.

Automotive parts and components and others

In addition to the production of automobiles, the Group also engaged in the sale of major automotive parts and components used in the production of SUVs, sedans and pick-up trucks. These mainly include self-manufactured engines, transmissions, front and rear axles, air-conditioning equipment, drag ball pins, lever assembly and other parts and components for the production of automobiles. Sale of automotive parts and components not only contributes to the Group's revenue but also ensures the availability of parts and components for after-sales services. During the Period, the Group reported a 29.86% increase in the revenue generated from the sale of automotive parts and components from RMB930,715,405.28 in the first half of 2011 to RMB1,208,658,110.09 in the first half of 2012. The increase was mainly attributable to the growth in the sales revenue of automobile-related businesses such as casting and tooling as a result of the Group's active overseas market expansion during the Period, as well as an increase in the revenue generated from 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 Period, the Group's gross profit rose from RMB3,711,049,333.06 in the first half of 2011 to RMB4,811,466,035.29 in the first half of 2012, representing an increase of 29.65%. The increase in the Group's gross profit was mainly due to an increase in sales revenue. The Group's gross profit margin increased from 26.13% in the first half of 2011 to 26.31% in the first half of 2012, which continued to remain at a relatively high level.

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

During the Period, the Group's net profit attributable to shareholders of the parent company was RMB2,353,515,940.60.

For the six months ended 30 June 2012, basic earnings per share of the Company were RMB0.77.

Selling and administrative expenses

For the first half of 2012, the selling expenses of the Group amounted to RMB633,718,965.41, representing an increase of 20.65% from RMB525,242,992.75 for the first half of 2011. The percentage of selling expenses to revenue decreased from 3.70% in the first half of 2011 to 3.47% for the first half of 2012. The administrative expenses of the Group reached RMB687,249,111.85, representing an increase of 26.76% from RMB542,170,740.59 for the first half of 2011. The increase in administrative expenses was mainly due to an increase in technology development expenses. The percentage of administrative expenses to revenue decreased from 3.82% in the first half of 2011 to 3.76% in the first half of 2012.

Finance costs

During the first half of 2012, the Group's finance costs were RMB-47,845,214.00 as compared to RMB-8,176,686.92 for the first half of 2011. The decrease in finance costs was mainly due to an increase in interest income.

Current assets and current liabilities

As at 30 June 2012, the Group's current assets mainly included cash and bank balance of RMB6,427,589,364.12, bills receivable of RMB10,696,192,693.48, accounts receivable of RMB622,406,470.36, prepayments of RMB366,294,426.65, other receivables of RMB405,304,302.98 and inventories of RMB3,392,923,225.86. The Group's current liabilities mainly included short-term borrowings of RMB282,043,812.25, bills payable of RMB4,713,678,481.94, accounts payable of RMB7,155,847,611.66, advances from customers of RMB3,191,595,728.81, salaries payable of RMB270,062,866.68, taxes payable of RMB322,185,281.38, dividends payable of RMB99,835,988.59, other payables of RMB800,682,059.98 and other current liabilities of RMB295,916,059.11.

Acquisition and disposal of assets

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

On 27 April 2012, Great Wall Axles, Xinyuan and Mind renewed their respective Legal Person Business Licenses.

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

On 3 July 2012, Yanfeng Johnson obtained Baoding Municipal Commission of Commerce's approval for the relevant changes, and renewed its Legal Person Business License.

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

Capital structure

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

Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB, while sales to overseas customers were settled in US dollars or Euros. During the Period, the Group did not experience any material difficulties in or encounter any events which have material impacts on its operations or liquidity as a result of the fluctuations in currency exchange rates.

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

Employment, training and development

As at 30 June 2012, the Group employed a total of 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 the employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 6.73% of the Group's total revenue for the six months ended 30 June 2012.

Taxation

Income tax of the Group for the first half of 2012 was RMB478,584,495.98, representing an increase of 50.59% when compared to the first half of 2011. The increase in income tax was mainly due to an increase in total profit, which resulted in an increase in the amount of tax payable.

Segment information

For operational management purposes, the Group is organised as a single business unit focusing on the manufacture and sale of automobiles and automotive parts and components, and therefore, has no separable operating segment.

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

	For the six months ended 30 June	
	2012	2011
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
China	**15,235,338**	12,270,640
Russia	**800,351**	570,273
Australia	**485,502**	218,932
Chile	**279,687**	208,747
South Africa	**230,199**	153,961
Iraq	**222,316**	93,502
Other countries	**1,034,178**	683,659
Total	**18,287,571**	14,199,714

The Group's non-current assets for disclosure in the Segment Information (which consist of fixed assets, investment properties, construction in progress and investment in associates and jointly controlled entities) are primarily situated in the PRC.

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

Business Review

Products

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

During the Period, the Group's total sales volume of automobiles was 262,018 units, representing an increase of 20.03% as compared to that of the corresponding period in 2011. The continued growth in the Group's sales volume was attributable to the strong branding effect and constant launch of high quality products. The Group was able to maintain its leading position in the segmented markets of SUVs and pick-up trucks with its premium product quality, comprehensive after-sales services and extensive sales network.

(1) SUVs

During the Period, the Group launched the brand-new SUV model — "Haval M4". This together with the outstanding performance of "Haval H6", which was launched in the second half of 2011, enabled the Group's SUV models to maintain a leading position in the PRC market. During the Period, the sales volume of SUVs rose by 45.67% to 104,584 units when compared with that of the corresponding period of 2011.

(2) Sedan

During the Period, the sales volume of the Group's sedans reached 87,443 units, representing an increase of 2.24% when compared with that of the corresponding period in 2011. The sales volume of "Great Wall C30" model reached 61,765 units during the Period. Through specialisation and with its professionalism and expertise, the Group will continue to step up its efforts to enhance the quality of its sedan series, with an aim to establish the brand of Great Wall Motor's stylish compact car.

(3) Pick-up trucks

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 14 consecutive years. With a market share of almost 30%, the Company maintains its solid leading market position in this respect. During the Period, the sales volume of pick-up trucks was 68,307 units, representing an increase of 19.51% when compared with that of the corresponding period in 2011. The Group will continue to launch new models in order to consolidate its leading position in the pick-up truck market.

(4) Other vehicles

During the Period, the Group sold a total of 1,684 units of other vehicles (including special vehicles).

(5) Automotive parts and components and others

During the Period, the revenue generated from the sale of automotive parts and components and others amounted to RMB1,208,658,110.09, representing an increase of 29.86% as compared with that of the corresponding period in 2011 and accounting for 6.61% of the Group's total revenue.

Domestic market

During the Period, the Group steadily increased its sales through continued market expansion and improvement in the price performance of its products.

During the Period, the Group's domestic sales volume and revenue generated from the sale of automobiles amounted to 216,575 units and RMB14,231,783,591.01, representing increases of 15.74% and 24.51%, respectively from those of the corresponding period in 2011. During the Period, 86,829 units, 79,868 units and 48,266 units of SUVs, sedans and pick-up trucks were sold domestically in the PRC respectively.

Overseas markets

With the rising status and export competitiveness of China's automobiles in the global market, automobile exports surged significantly as compared with that of the corresponding period in 2011.

The Group's export sales volume of automobiles for the Period reached 45,443 units, representing an increase of 45.8% from that of the corresponding period in 2011. Of the total export volume, 17,755 units, 7,575 units and 20,041 units of SUVs, sedans and pick-up trucks were sold respectively. The total export value of automobiles amounted to RMB2,847,129,739.96, representing an increase of 54.86% from that of the corresponding period in 2011 and accounting for 15.57% of the total revenue of the Group.

During the first half of 2012, the Group's export volume increased steadily. Its export business displayed outstanding performance among a number of domestic automobile manufacturers as well as PRC-listed automobile manufacturers. The Group plans to escalate its product technology innovation in the current year, while carrying on new product development and product quality improvement, in order to further increase the Company's sales volume in overseas markets.

At the same time, in order to ensure sustainable development of its export business and continued growth in overseas sales volume and profit in the ever-changing overseas market environment, the Group has taken the following measures: improving the performance of its products, optimising its product mix using advanced technology, and implementing stringent production cost control.

Up till now, the Group has established more than 10 knock-down (KD) assembly plants with its overseas business partners. The Group kept increasing the export volume of semi-knocked down (SKD) and complete knock-down (CKD) kits, and further consolidated its position in the overseas markets through a comprehensive after-sales service network. Establishing overseas KD assembly plants enables the Group to have a better understanding of the local automobile market trend and preference of local consumers. This will allow the Group to strengthen its ability to structure the products whereby enhancing the localization and research and development of its products.

Launch of new products

The Group focuses on three major categories, namely SUVs, sedans and pick-up trucks. With energy-saving and environmental-friendly as its business philosophy, the Group continues to develop affordable car models that are energy-saving and environmental-friendly. During the Period, the Group launched Haval M4, a small SUV with a sporty and stylish look, designed to meet young people's preferences. This model displayed outstanding performance soon after its debut. The improved versions of other existing vehicle models are expected to be launched in the second half of 2012, which will further boost the Company's overall automobile sales volume.

The Group plans to introduce a new Haval H7 model in the second half of 2013, which is expected to enhance the Company's overall brand recognition.

Technology innovation

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

During the Period, the Group installed Haval M4 with Great Wall's 1.5L 100% aluminium Variable Value Timing ("**VVT**") engine. Using Multi-point Electronic Fuel Injection system and VVT technology, the engine features advanced technology, low emission and high efficiency, achieving the perfect blend of power performance and fuel economy.

During the Period, a number of the Group's vehicles were equipped with its self-developed 1.5T engines. Integrated with cutting-edge technology, this engine improves combustion efficiency, thereby reducing fuel consumption and carbon emission. As a result, this engine can save energy and lower emission.

Furthermore, in line with the State's support for new energy vehicle development, the Group's technological research institute had established a specialised R&D team focusing on new energy vehicle technology, thereby enabling the Group to conduct its in-house research and development of new energy vehicles.

Outlook

The recovery of the domestic passenger vehicle market in the first half of 2012 despite global economic uncertainties provided a strong support for the production and sales volume of automobiles in the second half of 2012. China Association of Automobile Manufacturers was optimistic that the warning signs for a decline in the automobile market were gone; subsequent to sales hitting its bottom in the second quarter, it is expected that the automobile industry will gradually achieve steady growth.

Moreover, a recent executive meeting of the State Council decided to allocate RMB6 billion for the promotion of energy-saving vehicles with a 1.6L or smaller engine. The energy-saving subsidy policy of RMB3,000/car for low-emission vehicles will continue. Great Wall Motor will accelerate the research and development of new energy automobiles which will be carried out according to stringent product development procedures.

During the Period, certain cities in Mainland China imposed car-purchase restrictions in order to improve city traffic, which to certain extent affected the development of the automobile industry. However, China's automobile market will sustain steady growth due to the following reasons: 1) traffic congestion can be alleviated through improvement in the city's traffic management; and 2) there is still a large gap between China and developed countries and regions in terms of vehicle ownership rate (per 1,000 people).

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

Furthermore, the Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area commenced large-scale production.

Direction of new product research and development

Under a market-oriented strategy, the Company will continue to reinforce its brand image by constant quality improvement. With respect to SUV, the Company will continue to strengthen its research and development to develop different lines of SUV models. The Group will also intensify its efforts in the research and development of low-emission SUVs, in order to introduce energy-saving and environmental-friendly models so as to be in line with the State's policy.

During the Period, the Group is committed to the research and development of new products. By conducting market survey to identify customer's requirements for its products, the Group is able to speed up new product launch to cope with market demand.

Under the guidance of the PRC's policy to promote energy-saving products, the Group will continue to develop affordable sedans that are energy-saving and environmental-friendly.

With respect to pick-up trucks, the Group will maintain its market share through constant new product development and product performance enhancement.

Preferential enterprise income tax rate for high-tech enterprises

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

3. INTERIM DIVIDEND

The directors do not recommend the payment of any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

4. MATERIAL LITIGATIONS

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

5. 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 Period.

6. CORPORATE GOVERNANCE

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules during the Period.

7. AUDIT COMMITTEE

The Company has set up an audit committee (the "**Audit Committee**") for the purposes of reviewing and supervising over financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors of the Company. At the meeting held on 23 August 2012, the Audit Committee has reviewed the interim report and interim financial statements of the Group and given their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2012 interim report and interim financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

8. REMUNERATION COMMITTEE

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

9. NOMINATION COMMITTEE

The Nomination Committee of the Group 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.

10. STRATEGY COMMITTEE

The Strategy Committee of the Group 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.

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

The Company has adopted the Model Code (the "**Model Code**") for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as its code of conduct regarding securities transactions by all of its directors. Having made specific enquiry to the directors and based on the information available, the Board is of the opinion that all the directors have complied with the provisions under the Model Code during the Period.

12. PUBLICATION OF INTERIM REPORT ON THE HONG KONG STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 30 June 2012 and this results announcement containing the information required by the Listing Rules will be submitted to the Hong Kong Stock Exchange for publication and will be available for viewing on the Hong Kong Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gwm.com.cn).

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

Baoding, the PRC, 24 August 2012

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

Executive Directors:	*Mr. Wei Jian Jun, Mr. Liu Ping Fu, Ms. Wang Feng Ying, Mr. Hu Ke Gang and Ms. Yang Zhi Juan;*
Non-executive Directors:	*Mr. He Ping and Mr. Niu Jun;*
Independent non-executive Directors:	*Mr. He Bao Yin, Ms. Wei Lin, Mr. Li Ke Qiang and Mr. Wong Chi Hung, Stanley.*

* *For identification purpose only*