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 2014

FINANCIAL HIGHLIGHTS

	For the six months ended 30 June 2014 (Unaudited)	For the six months ended 30 June 2013 (Unaudited)	Change (%)
Operating revenue *(RMB million)*	**28,527**	26,417	7.99
Total profit *(RMB million)*	**4,767**	4,931	(3.34)
Net profit attributable to shareholders of the Company *(RMB million)*	**3,954**	4,087	(3.25)
Earnings per share	**RMB1.30**	RMB1.34	(3.25)

The board of directors (the "**Board**") of Great Wall Motor Company Limited (the "**Company**" or "**Great Wall Motor**") is pleased to announce the unaudited interim results of the Company and its subsidiaries (collectively, the "**Group**") prepared in accordance with the China Accounting Standards for Business Enterprises for the six months ended 30 June 2014 (the "**Reporting Period**"), which have been reviewed by the Company's auditor, Deloitte Touche Tohmatsu Certified Public Accountants LLP, together with the comparative figures for the corresponding period of 2013 as follows:

1. FINANCIAL INFORMATION

CONSOLIDATED BALANCE SHEET

Item	*Note*	**30/06/2014** **(*unaudited*)** ***RMB***	31/12/2013 *(audited)* *(restated)* *RMB*
Assets			
Current Assets:			
Cash and bank balances		**7,291,696,533.16**	6,990,516,902.03
Held-for-trading financial assets		**—**	4,270,117.86
Bills receivable		**13,362,959,647.97**	17,548,258,868.49
Accounts receivable	(i)	**835,708,517.01**	656,312,754.79
Prepayments		**582,891,728.08**	446,068,066.03
Dividends receivable		**9,000,000.00**	9,000,000.00
Other receivables		**3,124,953,442.37**	2,559,193,416.74
Inventories		**2,493,204,585.16**	2,763,890,772.66
Other current assets		**377,855,901.91**	48,680,552.46
Total Current Assets		**28,078,270,355.66**	31,026,191,451.06
Non-current Assets:			
Available-for-sale financial assets		**7,200,000.00**	7,200,000.00
Long-term equity investments		**49,695,979.31**	45,983,437.72
Investment properties		**6,009,058.19**	6,090,029.75
Fixed assets		**15,090,326,171.86**	14,656,928,574.88
Construction in progress		**4,812,708,325.43**	3,989,228,085.58
Intangible assets		**2,482,406,078.27**	2,442,835,520.11
Goodwill		**2,163,713.00**	2,163,713.00
Long-term prepaid expenses		**38,025,712.53**	27,678,336.76
Deferred tax assets		**361,783,842.46**	400,509,782.43
Total Non-current Assets		**22,850,318,881.05**	21,578,617,480.23
TOTAL ASSETS		**50,928,589,236.71**	52,604,808,931.29

CONSOLIDATED BALANCE SHEET

Item	*Note*	**30/06/2014** ***(unaudited)*** ***RMB***	31/12/2013 *(audited)* *RMB*
Liabilities and Shareholders' Equity			
Current Liabilities:			
Short-term borrowings		**764,264,631.72**	182,198,866.04
Held-for-trading financial liabilities		**1,125,401.00**	—
Bills payable		**4,984,134,183.07**	4,539,529,276.71
Accounts payable	(ii)	**9,001,630,174.24**	10,712,169,742.15
Advances from customers		**1,527,598,240.78**	2,808,752,768.45
Salaries payable		**458,943,785.10**	1,096,561,764.67
Taxes payable		**539,179,955.90**	527,274,939.62
Dividends payable		**298,256,709.77**	—
Other payables		**1,456,261,819.67**	2,270,050,353.66
Non-current liabilities due within one year		**72,832,787.60**	69,258,714.61
Other current liabilities		**577,517,273.19**	633,678,296.27
Total Current Liabilities		**19,681,744,962.04**	22,839,474,722.18
Non-current Liabilities:			
Other non-current liabilities		**1,721,551,952.20**	1,757,337,365.71
Total Non-current Liabilities		**1,721,551,952.20**	1,757,337,365.71
TOTAL LIABILITIES		**21,403,296,914.24**	24,596,812,087.89
SHAREHOLDERS' EQUITY:			
Share capital		**3,042,423,000.00**	3,042,423,000.00
Capital reserve		**4,453,872,204.02**	4,453,872,204.02
Surplus reserve		**2,281,860,702.64**	2,281,860,702.64
Undistributed profits	(iii)	**19,684,075,386.88**	18,224,548,503.39
Foreign currency translation differences		**(3,749,935.02)**	(6,806,391.32)
Total Equity Attributable to Shareholders of the Company		**29,458,481,358.52**	27,995,898,018.73
Minority Interests		**66,810,963.95**	12,098,824.67
TOTAL SHAREHOLDERS' EQUITY		**29,525,292,322.47**	28,007,996,843.40
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**50,928,589,236.71**	52,604,808,931.29

CONSOLIDATED INCOME STATEMENT

Item	Note	**Six months ended 30/06/2014 *(unaudited)* *RMB***	Six months ended 30/06/2013 *(unaudited)* *RMB*
I. Total operating income	(iv)	**28,527,373,341.19**	26,416,838,569.72
Less: Total operating costs		**23,829,901,261.71**	21,579,156,474.77
Including: Operating costs	(iv)	**20,379,955,051.38**	18,765,540,112.22
Business tax and surcharges		**985,051,931.91**	955,299,210.84
Selling expenses		**906,062,687.84**	855,302,745.69
Administrative expenses		**1,604,705,114.81**	1,033,999,951.06
Financial expenses		**(46,118,743.89)**	(30,447,573.94)
Impairment loss on assets		**245,219.66**	(537,971.10)
Add: Gains or losses from changes in fair values		**(5,395,518.86)**	4,619,575.59
Investment income		**6,693,807.34**	30,278,889.54
Including: share of profit of associates and jointly controlled entities		**3,712,541.59**	3,739,314.17
II. Operating profit		**4,698,770,367.96**	4,872,580,560.08
Add: Non-operating income		**85,737,294.96**	70,415,952.21
Less: Non-operating expenses		**17,992,688.14**	11,624,508.29
Including: Losses from disposal of non-current assets		**6,933,480.39**	5,304,039.67
III. Total profit		**4,766,514,974.78**	4,931,372,004.00
Less: Income tax expenses	(v)	**812,314,970.04**	839,694,409.12
IV. Net profit		**3,954,200,004.74**	4,091,677,594.88
Net profit attributable to shareholders of the Company		**3,954,313,743.49**	4,087,332,094.33
Profit or loss attributable to minority interests		**(113,738.75)**	4,345,500.55
V. Other comprehensive income		**3,056,456.30**	(30,867.66)
VI. Total comprehensive income:		**3,957,256,461.04**	4,091,646,727.22
Total comprehensive income attributable to shareholders of the Company		**3,957,370,199.79**	4,087,301,226.67
Total comprehensive income attributable to minority interests		**(113,738.75)**	4,345,500.55
VII. Earnings per share:			
(I) Basic earnings per share	(vi)	**1.30**	1.34
(II) Diluted earnings per share		**N/A**	N/A

Notes

Basis of preparation

The Group has adopted "Accounting Standards for Business Enterprises" and its guidelines, interpretations and other related regulations promulgated by the Ministry of Finance ("**MoF**") (collectively "**ASBE**") for the preparation of the financial statements of the Group. In addition, the Group also discloses relevant financial information according to the requirements of Rules on Compiling the Information Disclosure of the Company that Issue Stocks Publicly No. 15 — General Provision on Financial Report amended in 2010, the Companies Ordinance of Hong Kong and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Major Changes in accounting policies

In the financial statements of 2013, the Group has early adopted ASBE 9 Employee Benefits (revised), ASBE 30 Financial Statements Presentation (revised), ASBE 33 Consolidated Financial Statements (revised), ASBE 39 Fair value Measurement and ASBE 40 Joint Arrangements issued by MoF in January and February 2014.

The Group has early adopted ASBE No. 2 — Long-term Equity Investments (revised) issued by MOF in March 2014 in the preparation of financial statements for the first half year of 2014. The revised standard only applies to equity investments of investors with control over or significant influence on investees and equity investments in joint ventures, while for other equity investments, ASBE No. 22 — Financial Instruments: Recognition and Measurement shall apply.

Accordingly, long-term equity investments which were previously accounted as long-term equity investments, have no control or joint control over or significant influence on investees and without quotation in an active market and the fair value of which cannot be measured reliably, shall be accounted as available-for-sale financial assets.

The aforesaid changes in accounting policies have no impacts on the net assets as at the end of all the previous periods. However, they have impacts on items of balance sheet, which are adjusted retrospectively as follows:

RMB

Adjustment	Affected items of balance sheet	Amount **30 June 2014 (unaudited)**	 31 December 2013 (audited)
Equity investment in China Automobile Development United Investment Co., Ltd. (中發聯投資有限公司) and China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (國汽（北京）汽車輕量化技術研究院有限公司) will be reclassified as "available-for-sale financial assets" retrospectively.	Available-for-sale financial assets	**7,200,000.00**	7,200,000.00
	Long-term equity investments	**(7,200,000.00)**	(7,200,000.00)

(i) Accounts receivable

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

RMB

	30/06/2014 (unaudited)				31/12/2013 (audited)			
	Carrying amount		**Provision for bad debts**		Carrying amount		Provision for bad debts	
Category	**Amount**	**Ratio (%)**	**Amount**	**Ratio (%)**	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	**756,404,070.38**	**90.01**	**—**	**—**	582,523,983.81	87.92	(231,915.55)	0.04
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	**4,298,373.47**	**0.51**	**(3,898,661.02)**	**90.70**	6,880,333.34	1.04	(3,898,661.02)	56.66
Other insignificant accounts receivable	**79,615,441.68**	**9.48**	**(710,707.50)**	**0.89**	73,159,367.62	11.04	(2,120,353.41)	2.90
Subtotal	**83,913,815.15**	**9.99**	**(4,609,368.52)**	**5.49**	80,039,700.96	12.08	(6,019,014.43)	7.52
Accounts receivable which are individually insignificant but subject to separate provision	**—**	**—**	**—**	**—**	—	—	—	—
Total	**840,317,885.53**	**100.00**	**(4,609,368.52)**		662,563,684.77	100.00	(6,250,929.98)	

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

RMB

	30/06/2014 (unaudited)				31/12/2013 (audited)			
Aging	**Carrying amount**	**Ratio (%)**	**Provision for bad debts**	**Book value**	Carrying amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	**836,019,512.06**	**99.49**	**(710,707.50)**	**835,308,804.56**	647,223,351.43	97.69	(2,352,268.96)	644,871,082.47
1 to 2 years	**4,046,773.47**	**0.48**	**(3,898,661.02)**	**148,112.45**	12,950,702.32	1.95	(1,740,630.00)	11,210,072.32
2 to 3 years	**251,600.00**	**0.03**	**—**	**251,600.00**	2,389,631.02	0.36	(2,158,031.02)	231,600.00
Total	**840,317,885.53**	**100.00**	**(4,609,368.52)**	**835,708,517.01**	662,563,684.77	100.00	(6,250,929.98)	656,312,754.79

(ii) Accounts payable

RMB

Item	**30/06/2014**	31/12/2013
	(unaudited)	*(audited)*
Within 1 year	**8,958,250,182.21**	10,679,098,194.42
1 to 2 years	**28,447,707.43**	23,611,323.23
2 to 3 years	**11,985,854.24**	6,599,429.45
Over 3 years	**2,946,430.36**	2,860,795.05
Total	**9,001,630,174.24**	10,712,169,742.15

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

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

(iii) Undistributed profits

RMB

Item	**Six months ended 30 June 2014**	Six months ended 30 June 2013
	(unaudited)	*(unaudited)*
Undistributed profits at the end of the Reporting Period	**19,684,075,386.88**	14,152,160,533.25
Of which: has been proposed but not yet paid shares	**298,100,000.00**	—
Total proposed dividends in the Reporting Period	**2,494,786,860.00**	1,734,181,110.00

The 2013 Annual General Meeting of the Company held on 9 May 2014 considered and approved the resolution regarding the profit distribution proposal for the year 2013. The Company declared the 2013 annual cash dividend of RMB0.82 per share (tax inclusive) to all shareholders, aggregating to RMB2,494,786,860.00 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 2014**	Six months ended 30 June 2013
	(unaudited)	*(unaudited)*
Revenue from principal businesses	**28,418,950,876.49**	26,225,491,736.72
Of which: Revenue from the sale of automobiles	**27,057,974,773.45**	25,019,954,911.74
Revenue from the sale of automotive parts and components	**1,082,054,240.37**	898,589,027.30
Revenue from the sale of molds and others	**225,368,159.57**	240,404,101.52
Revenue from providing services	**53,553,703.10**	66,543,696.16
Revenue from other businesses	**108,422,464.70**	191,346,833.00
Total	**28,527,373,341.19**	26,416,838,569.72

(2) Operating costs

RMB

Item	**Six months ended 30 June 2014**	Six months ended 30 June 2013
	(unaudited)	*(unaudited)*
Costs from principal businesses	**20,310,342,836.06**	18,639,282,037.40
Of which: Expenses from the sales of automobiles	**19,254,220,303.22**	17,698,062,841.17
Expenses from the sales of automotive parts and components	**818,580,754.30**	692,588,267.38
Expenses from the sale of molds and others	**178,088,090.68**	193,774,612.70
Expenses from providing services	**59,453,687.86**	54,856,316.15
Expenses from other businesses	**69,612,215.32**	126,258,074.82
Total	**20,379,955,051.38**	18,765,540,112.22

(v) Income tax expenses

Item	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
		RMB
Current income tax calculated according to tax laws and relevant rules	**773,550,727.05**	832,213,713.03
Deferred income tax	**38,764,242.99**	7,480,696.09
Total	**812,314,970.04**	839,694,409.12

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

Item	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
		RMB
Accounting profit/loss	**4,766,514,974.78**	4,931,372,004.00
Income tax rate	**25%**	25%
Income tax calculated at tax rate of 25%	**1,191,628,743.70**	1,232,843,001.00
Tax effect of concessionary rate of some companies	**(309,038,694.89)**	(352,506,878.34)
Additional tax deduction for research and development expenses	**(64,206,517.29)**	(46,232,703.49)
Tax effect of non-taxable income	**(9,933,317.25)**	(934,828.54)
Tax effect of non-deductible expenses	**3,864,755.77**	6,525,818.49
Total	**812,314,970.04**	839,694,409.12

(vi) Calculation of basic and diluted earnings per share

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

Item	Six months ended 30 June 2014 (unaudited)	Six months ended 30 June 2013 (unaudited)
		RMB
Net profit attributable to ordinary shareholders	**3,954,313,743.49**	4,087,332,094.33
Of which: Net profit attributable to continuing operations	**3,954,313,743.49**	4,087,332,094.33
Total	**3,954,313,743.49**	4,087,332,094.33

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

Item	**Six months ended 30 June 2014**	Six months ended 30 June 2013
	(unaudited)	*(unaudited)*
Number of outstanding ordinary shares at the beginning of the Reporting Period	**3,042,423,000.00**	3,042,423,000.00
Add: Weighed number of ordinary shares issued in the Reporting Period	**—**	—
Less: Weighted number of ordinary shares repurchased in the Reporting Period	**—**	—
Weighted number of outstanding ordinary shares at the end of the Reporting Period	**3,042,423,000.00**	3,042,423,000.00

RMB

Item	**Six months ended 30 June 2014**	Six months ended 30 June 2013
	(unaudited)	*(unaudited)*
Based on the net profit attributable to shareholders of the Company:	**3,954,313,743.49**	4,087,332,094.33
Basic earnings per share	**1.30**	1.34
Diluted earnings per share	**N/A**	N/A
Based on the net profit from continuing operations attributable to shareholders of the Company:	**3,954,313,743.49**	4,087,332,094.33
Basic earnings per share	**1.30**	1.34
Diluted earnings per share	**N/A**	N/A

2. MANAGEMENT DISCUSSION AND ANALYSIS

Operating Environment

Although the global economy showed signs of stabilizing in the first half of 2014, the PRC experienced a slowdown in its economic growth due to tightened policy, weak export demand and the downturn of the property market, which increased the downward pressure on the domestic automobile industry.

With the PRC government facing growing pressure on energy, transport and air quality, car purchase restrictions were imposed in more cities. Some market analysis reports showed that the domestic automobile industry entered a slow growth period, and growth in domestic automobile production and sales volume slowed down in the first half of 2014.

According to the statistics from China Association of Automobile Manufacturers, the production and sales volume of automobiles in the PRC in the first half of 2014 grew by 9.60% and 8.36% respectively to approximately 11,783,300 units and 11,683,500 units respectively. The aforementioned data indicated a steady growth in sales volume of and demand for automobiles. However, the growth had slowed down year on year, as the comparative figure of the corresponding period of 2013 was relatively large.

Further marketization in the automobile industry, enhancement of production capacity of domestic car enterprises and more diversification in product lines have intensified competition in the automobile market. The Group continued to launch high price-performance products through optimising product mix, and improving the quality and production efficiency of its automotive products. The Group also strove to enhance the quality of its after-sales services, so as to strengthen the brand effect of all the product lines of the Group.

Decline in export market demand and promulgation of trade regulations of some export markets had posed a greater challenge for automobile exports, leading to a decrease in automobile exports in the first half of 2014. According to the information on automobile manufacturing enterprises' exports from China Association of Automobile Manufacturers, the automobile export volume decreased by 8.8% year-on-year to approximately 444,900 units in the first half of 2014. With exports showing a downward trend, domestic automobile enterprises need to keep strengthening their international market development and competitiveness, in order to boost export sales volume.

Financial Review

Operating revenue

During the Reporting Period, the operating revenue of the Group amounted to RMB28,527,373,341.19, representing a 7.99% increase from the corresponding period in 2013 (corresponding period of 2013: RMB26,416,838,569.72). The increase in revenue was mainly due to an increase in SUV sales volume as a result of the Group's optimisation of product mix, focus on SUVs, manufacture of high price-performance products, and commitment to augment after-sales service.

Sale of automobiles

During the Reporting Period, the Group sold a total of 346,310 units of automobiles, representing a 6.48% decrease from the corresponding period in 2013 (corresponding period of 2013: 370,301 units). The Group's revenue from sale of automobiles amounted to RMB27,057,974,773.45, representing a 8.15% increase from the corresponding period in 2013 (corresponding period of 2013: RMB25,019,954,911.74). The increase in the above revenue was mainly due to an increase in the sales proportion of the Group's SUVs.

Automotive parts and components and others

In addition to the production of automobiles, the Group also engaged in the sale of major automotive parts and components used in the production of pick-up trucks, SUVs, and sedans. These include self-manufactured engines, transmissions, front and rear axles, air-conditioning equipment, drag ball pins, lever assembly and other parts and components for the production of automobiles. Sale of automotive parts and components not only contributes to the Group's revenue but also ensures the availability of parts and components for after-sales services. During the Reporting Period, the revenue generated from the sale of automotive parts and components and others was RMB1,469,398,567.74, representing a 5.19% increase from the corresponding period of 2013 (corresponding period of 2013: RMB1,396,883,657.98). The increase was mainly attributable to an increase in the revenue generated from sales of automotive parts and components for after-sales services, as a result of an increase in the number of people owning automobiles.

Gross profit and gross profit margin

During the Reporting Period, the Group's gross profit amounted to RMB8,147,418,289.81, representing a 6.48% increase from the corresponding period of 2013 (corresponding period of 2013: RMB7,651,298,457.50). The increase in the Group's gross profit was mainly due to an increase in the sales proportion of the Group's SUVs which have a higher gross profit margin. The Group's gross profit margin decreased from 28.96% in the first half of 2013 to 28.56% in the first half of 2014, which was mainly due to an increase in fixed costs per unit of sedans, as a result of a decrease in production and sales volume of sedans.

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

During the Reporting Period, the Group's net profit attributable to shareholders of the Company decreased by 3.25% to RMB3,954,313,743.49 when compared with that of the corresponding period of 2013 (corresponding period of 2013: RMB4,087,332,094.33). The decrease was mainly due to a decline in profit as a result of an increase in technology development fees, such that the growth rate of expenses for the period was higher than that of revenue.

Basic earnings per share of the Group for the Reporting Period were RMB1.30 (corresponding period of 2013: RMB1.34). During the Reporting Period, the Group did not present any diluted earnings per share as there was no ordinary share which may cause any dilution effect.

Selling and administrative expenses

During the Reporting Period, the selling expenses of the Group amounted to RMB906,062,687.84, representing a 5.93% increase from the corresponding period of 2013 (corresponding period of 2013: 855,302,745.69). The increase in selling expenses was mainly due to increases in the transportation fees and after-sales service fees. The percentage of selling expenses to operating revenue decreased from 3.24% in the first half of 2013 to 3.18 % in the first half of 2014. During the Reporting Period, the administrative expenses of the Group amounted to RMB1,604,705,114.81, representing a 55.19% increase from the corresponding period of 2013 (corresponding period of 2013: RMB1,033,999,951.06). The increase in administrative expenses was mainly due to an increase in technology development expenses. The percentage of administrative expenses to operating revenue increased from 3.91% in the first half of 2013 to 5.63% in the first half of 2014.

Finance costs

During the Reporting Period, the Group's finance costs were RMB-46,118,743.89, as compared to RMB-30,447,573.94 for the corresponding period of 2013. The decrease in financial expenses was mainly due to an increase in exchange rate gain during the Reporting Period.

Current assets and current liabilities

As at 30 June 2014, the Group's current assets were RMB28,078,270,355.66 (31 December 2013: RMB31,026,191,451.06), mainly included cash and bank balances of RMB7,291,696,533.16, bills receivable of RMB13,362,959,647.97, accounts receivable of RMB835,708,517.01, inventories of RMB2,493,204,585.16, prepayments of RMB582,891,728.08 and other receivables of RMB3,124,953,442.37. As at 30 June 2014, the Group's current liabilities were RMB19,681,744,962.04 (31 December 2013: RMB22,839,474,722.18), mainly included advances from customers of RMB1,527,598,240.78, salaries payable of RMB458,943,785.10, other payables of RMB1,456,261,819.67, taxes payable of RMB539,179,955.90, bills payable of RMB4,984,134,183.07, accounts payable of RMB9,001,630,174.24, and other current liabilities of RMB577,517,273.19.

Gearing Ratio

Gearing ratio refers to the proportion of total liabilities to the total equity in the consolidated balance sheet. As at 30 June 2014, the Group's total liabilities amounted to RMB21,403,296,914.24 (31 December 2013: RMB24,596,812,087.89) and the Group's total equity was RMB29,525,292,322.47 (31 December 2013: RMB28,007,996,843.40). As at 30 June 2014, the gearing ratio of the Group was 0.72 (31 December 2013: 0.88).

Acquisition and disposal of assets

On 18 March 2014, the Company entered into an equity transfer agreement with a wholly-owned subsidiary, Baoding Nuobo Rubber Production Co., Ltd (保定市諾博橡膠製品有限公司), pursuant to which Baoding Nuobo Rubber Production Co., Ltd (保定市諾博橡膠製品有限公司) agreed to transfer 100% equity interest in Nuobo Rubber Production Co., Ltd (諾博橡膠製品有限公司) to the Company for a consideration of RMB165,000,000. Following the completion of the change in business licence on 19 March 2014, Nuobo Rubber Production Co., Ltd (諾博橡膠製品有限公司) became a wholly-owned subsidiary directly held by the Company.

On 24 April 2014, the Company entered into an equity transfer agreement with Billion Sunny Development Limited (億新發展有限公司), pursuant to which Billion Sunny Development Limited (億新發展有限公司) agreed to transfer 25% equity interest in Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司) to the Company at an appraisal value of RMB137,709,100. The consideration for the equity transfer was determined according to the assets appraisal report "Hengyu Assets Appraisal Document No. [2014-4A029]" (恒裕評報字 [2014-4A029] 號) issued by Hebei Hengyu Assets Appraisal Co., Ltd. (河北恒裕資產評估事務所有限公司). Following the completion of the change in business licence on 14 May 2014, Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司) became a wholly-owned subsidiary directly held by the Company.

As the aforementioned acquisitions were neither connected transactions nor notifiable transactions as defined under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Hong Kong Listing Rules**"), it is therefore not required to publish any announcements under Chapters 14 and 14A of the Hong Kong Listing Rules.

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

Capital structure

The Group generally finances its operations with its internal cash flows. As at 30 June 2014, the Group took out a borrowing of HK$962,853,079.33 (equivalent to RMB764,264,631.72) for the payment of dividends to H shareholders of the Company.

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. Taking into account the market expectation on the exchange rates, the Group had used forfaiting, spot or forward foreign exchange contracts to offset the impact of exchange rate fluctuations. As such, during the Reporting Period, the Group did not experience any material difficulties in or encounter any events which have material impacts on its operations or liquidity as a result of the fluctuations in currency exchange rates.

Employment, training and development

As at 30 June 2014, the Group employed a total of 68,509 employees (30 June 2013: 58,207 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 7.79% of the Group's operating revenue as at 30 June 2014 (30 June 2013: 6.78%).

Taxation

During the Reporting Period, income tax of the Group was RMB812,314,970.04 (corresponding period of 2013: RMB839,694,409.12).

Segment information

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

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

	For the six months ended 30 June	
	2014	2013
	RMB	*RMB*
	(Unaudited)	*(Unaudited)*
China	**26,651,167,906.85**	23,708,486,663.55
Russia	**642,610,344.22**	895,510,075.46
Chile	**226,251,926.46**	249,900,651.35
Iran	**159,873,591.34**	78,967,497.84
Iraq	**135,666,556.85**	174,056,268.48
Australia	**132,637,350.62**	311,586,360.75
Other countries	**579,165,664.85**	998,331,052.29
Total	**28,527,373,341.19**	26,416,838,569.72

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

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

Business Review

Products

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

During the Reporting Period, the Group's total sales volume of automobiles was 346,310 units, representing a 6.48% decrease from the corresponding period of 2013 (corresponding period of 2013: 370,301 units). The decrease in the Group's sales volume of automobiles was mainly due to a decrease in the sales volume of sedans caused by fierce competition in the sedan market and a relatively few number of sedan models. During the Reporting Period, the sales volume of SUVs maintained a steady growth.

(1) Pick-up truck

According to the statistics of the China Association of Automobile Manufacturers, Great Wall Motor's pick-up trucks continued to rank first in the PRC market in terms of sales volume of pick-up trucks for 16 consecutive years, thereby consolidating the Company's leading market position in this respect. During the Reporting Period, the sales volume of pick-up trucks was 67,068 units, representing a 7.14% decrease from the corresponding period of 2013 (corresponding period of 2013: 72,226 units).

(2) SUV

During the Reporting Period, the Group achieved outstanding performance in the domestic SUV market, with steady growth in sales volume. Due to strong demand, the sales volume of the Group's flagship product "Haval H6" maintained a notable growth momentum, with a 62.59% increase in sales volume when compared to that of the same period in 2013, thereby facilitating the Group's SUVs to maintain a leading position in the domestic SUV market. During the Reporting Period, the sales volume of SUVs amounted to 225,621 units, representing a 21.23% increase from the corresponding period of 2013 (corresponding period of 2013: 186,113 units).

(3) Sedan

During the Reporting Period, the sales volume of the Group's sedans reached 53,053 units, representing a decrease of 50.68% from the corresponding period of 2013 (corresponding period of 2013: 107,561 units). The Group will continue to launch facelift models of sedans to increase the sales volume of sedans.

(4) Other vehicles

During the Reporting Period, the Group sold a total of 568 units of other vehicles (including MPVs and special vehicles), representing a 87.09% decrease from the corresponding period of 2013 (corresponding period of 2013: 4,401 units).

(5) Automotive parts and components and others

During the Reporting Period, the revenue generated from the sale of automotive parts and components and others amounted to RMB1,469,398,567.74, representing a 5.19% increase from the corresponding period of 2013 (corresponding period of 2013: RMB1,396,883,657.98) and accounting for 5.15% of the Group's total operating revenue.

Domestic market

The "new type of urbanization" that the central government has been pushing forward had unleashed the purchasing power in domestic rural areas, thereby driving economic development and demand in the PRC. There were signs of gradual increase in consumers' purchasing power for automobiles. During the Reporting Period, the Group continued to improve the quality and price-performance of its products and intensify market development, so as to improve the Group's overall competitiveness and satisfy consumer demand.

During the Reporting Period, the Group's domestic sales volume and revenue generated from the sale of automobiles amounted to 317,462 units and RMB25,264,431,369.77 respectively, representing decreases of 3.33% and increases of 12.65% respectively from those of the corresponding period of 2013 (corresponding period of 2013: 328,387 units and RMB22,427,227,262.09 respectively). During the Reporting Period, 56,870 units, 212,147 units and 47,877 units of pick-up trucks, SUVs and sedans were sold domestically respectively.

In the first half of 2014, the growth of SUVs' sales volume far exceeded that of the automobile industry as a whole. SUV was regarded as a model that has the most potential for growth in the PRC automobile market. Despite the constant launch of new SUV models by other manufacturers, the Group's SUV products, with their high price-performance and brands' competitive edge, continued to maintain rapid growth and ranked first in the PRC's SUV market in terms of sales volume. "Haval H6" remained as the best-selling SUV during the Reporting Period.

Overseas markets

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

During the Reporting Period, the Group's export sales volume of automobiles was 28,848 units, representing a 31.17% decrease from the corresponding period of 2013 (corresponding period of 2013: 41,914 units). Of the total export volume, 10,198 units, 13,474 units and 5,176 units of pick-up trucks, SUVs and sedans were sold respectively. The total export value of automobiles amounted to RMB1,793,543,403.68, representing a 30.82% decrease from the corresponding period of 2013 (corresponding period of 2013: RMB2,592,727,649.65) and accounting for 6.29% of the Group's operating revenue.

The Group's export markets were located mainly in South America, Europe, Africa, Asia Pacific and Middle East, forming a solid international sales network. Russia, Chile, and South Africa had already become Great Wall Motor's major export countries.

Launch of new products

During the Reporting Period, the Group launched "Wingle 6", a brand new pick-up truck model with excellent performance, thereby strengthening the Group's leading position in pick-up truck market.

The Group published announcements regarding the deferral of the launch and delivery of Haval H8 on 13 January 2014 and 8 May 2014 respectively. The Group keeps rectifying Haval H8, being its first model that targets the high-end market, and will not launch this model unless it is of premium standard. In order to launch Haval H8 as soon as possible, the Group has stepped up its efforts in addressing the problem of "knocking noises" in the transmission system when running at high speed.

In addition, with the theme of "Focus, Dedication, Specialization", in April 2014, the Group showed up in the "2014 Beijing International Automobile Exhibition" with several SUV models under its brand, including Haval H6 (sporty version), Haval H6 (upgraded version), Haval H2, Haval H8, Haval H9, COUPE C, Haval COUPE and Dakar Rally Racecar. In order to showcase its research and development strength, the Group also put on display four core engines: GW6K30G powertrain, GW4C20A powertrain, GW4T15 diesel engine and GW4D20T diesel engine.

Outlook

In view of the slowdown in the PRC's economic growth and severe competition in the automobile market, the Group will maintain a sound financial position, adopt prudent development strategies, and continue to implement lean management. In addition, the Group will remain focused on enhancement in product quality and technology, and further develop key overseas markets.

Amid intensified competition in the automobile industry, prices of joint-venture brands continued to fall and reached the range of those of self-owned brands. As such, self-owned brand enterprises must strive for enhancement in order to further expand their business. The Group will move towards developing high-end products, in order to constantly increase its competitive edge and satisfy consumer demand.

The Group will firmly adhere to its high-end strategy and continue to invest more in the research and development of high-end products. With regard to management, the Group aims to achieve world-class production and management through its professional management team and talented workforce. The Group will further strengthen its pre-sales service, service during sales process and after-sales service, as well as optimise its research and development system, with an aim to lift the Group's overall competitiveness.

New Products

The Group will continue to reinforce its competitive edge in brand and technology through strengthening independent innovation. In addition to increasing investment in research and development, as well as improving brand value, the Group will also continue to expand its presence in the automobile market, step up efforts in research and development and technology management of high-end products, and develop automobile products that meet different consumer demands.

As for SUVs, the Group will constantly strengthen its research and development capabilities in SUVs. It is expected that in the second half of 2014, the Group will launch a number of brand new SUV models including stylish freestyle SUV Haval H2, compact SUV Haval H1, high-end off-road SUV Haval H9 etc. so as to enrich the SUV product line, which will make Haval become a new source of sales growth, thereby helping the Group to maintain its number one position in sales in the SUV market segment. The Company will make timely announcement after determining the launch date of Haval H8.

With respect to sedans, the Group will enhance the products' market competitiveness through the upgrade and replacement of existing products and the application of energy-saving and environmental-friendly technology under the guidance of the PRC's policy to promote energy-saving products. In respect of car model development, the Group will upgrade two existing products, Great Wall C30 and Great Wall C50. In July 2014, the new generation of best-valued "T" family sedan Great Wall C50 (upgraded version) was launched. Furthermore, in the second half of 2014, Great Wall C30 with automatic transmission will be launched, which is expected to drive a rebound in the sales volume of sedans.

For pick-up trucks, the Group will maintain its market share through facelift and replacement of products as well as the enhancement of product mix and product performance.

Export Market

The Group has established its business in a certain scale in overseas markets, with its products sold to South America, Europe, Asia Pacific, Middle East and other regions and countries. With improvement of its image and brand reputation in overseas markets, the Group expects that its export volume will rise gradually. The Group is considering developing more overseas markets with potential, and strives to increase the export sales volume.

According to the Group's development strategy, construction of overseas plants will become an important means to increase export sales volume. On 19 and 22 May 2014, the Company published an announcement that it will invest RMB3.2 billion in the construction of a new automobile plant in its largest export market, Russia. The Group intends to invest in the establishment of an automobile production base with a total site area of approximately 2.16 million square meters and with a planned annual production capacity of 150,000 units of automobiles in an industrial park in Uzlovaya of Tula Oblast in Russia. According to initial planning, construction is expected to be carried out in two phases. The new plant is expected to lay a solid foundation for the Group's future expansion of its production scale as well as overseas sales. To the best of the knowledge and belief of the directors of the Company, this will not only be the first automobile manufacturing plant of a Chinese automobile enterprise in Russia comprising four major production sections, but also the first overseas automobile manufacturing plant with complete production process invested by the Group. The plant will help the Group build up international competitiveness with sustainable growth.

The Group will continue to step up its efforts to develop the international market. In addition to the continued expansion of the export volume of automobiles, the Group will undertake brand building in overseas markets, and further enhance its brand value and strengthen its position in overseas markets through optimisation of overseas sales network and improvement of after-sales services.

New Facilities

The second phase of the Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area has commenced operation. The new facilities and advanced equipment further increase the Group's production capacity and scale.

Construction of the second production base in the Group's automobile plant in Xushui, Baoding has begun, and is expected to be completed in the second half of 2015. The third production base commenced construction in 2014, and the estimated construction period is two and a half years.

Haval H8, Haval H9, COUPE C, Haval H7 and subsequent products will be produced at the Xushui plant. The Group's future high-end car models will be produced and tested at the intelligent Xushui plant, thereby ensuring the improvement of product quality.

The Group will further implement its operations strategy and work on the Company's development fundamentals. Through enhancing the investment in products' research and development, the Group will constantly optimise its core automotive parts and components, thereby improving the performance of its automobiles in all aspects. The Group is committed to becoming a world-class automobile enterprise.

Automotive Finance

During the Reporting Period, the Group's joint venture, Tianjin Great Wall Binyin Automotive Finance Company Ltd (天津長城濱銀汽車金融有限公司), was granted a business licence as approved by Tianjin City Administration for Industry and Commerce in Binhai New Area, and will officially commence operation in the second half of 2014. The establishment of Tianjin Great Wall Binyin Automotive Finance Company Ltd (天津長城濱銀汽車金融有限公司) will further expand the Group's existing automobile business and extend the automobile industry chain, which is expected to create a new source of profit growth for the Group.

Haval Mall

On 11 July 2014, the Group launched Haval H2 and its e-shopping site — Haval Mall simultaneously. To the best of the knowledge and belief of the directors of the Company, Haval Mall is the first online shopping mall for all-match and customized automobiles in the PRC. Haval Mall is dedicated to providing customers with an exclusive online car purchasing platform under the theme of "Customized, Open, Sharing". By linking of domestic consumers, Haval Mall will lead the new trend of car purchasing in the PRC and enable consumers to enjoy the unique products of Great Wall Motor at any time.

Preferential enterprise income tax rate for high-tech enterprises

The Company obtained the High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 10 November 2010. The certificate is valid for three years. Article 28 of "Enterprise Income Tax Law of the PRC" stipulates that "the key high-tech enterprises which receive support from the State shall be entitled to a reduced enterprise income tax rate of 15%". Accordingly, the Company paid its income tax at the rate of 15% from 2010 to 2012. In accordance with the Administrative Measures for the Accreditation of High-Tech Enterprises (高新技術企業認定管理辦法), enterprises may submit applications for the renewal of their High-Tech Enterprise Certificates within three months before their expiration. An enterprise whose application is approved will be granted with the renewed High-Tech Enterprise Certificate and may enjoy the aforesaid tax concession. The Company's application for the renewal of its High-Tech Enterprise Certificate has been approved by the Hebei Provincial Department of Science and Technology in 2013, and obtained the High-Tech Enterprise Certificate on 22 July 2013. The certificate is valid for three years. Starting from the year when the approval of the renewal application comes into effect, the Company can apply for the enterprise income tax concession. The Company has applied to the tax authorities for the tax concession and has completed the relevant procedures for tax reduction. Under the conditions of continued compliance with the Enterprise Income Tax Law and its implementation rules, as well as other relevant requirements, the Company is entitled to pay its enterprise income tax at the rate of 15% from 2013 to 2015.

3. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2014 (six months ended 30 June 2013: Nil).

4. DIRECTORS AND SUPERVISORS

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

Executive Directors:
Wei Jian Jun *(Chairman)*
Liu Ping Fu
Wang Feng Ying
Hu Ke Gang
Yang Zhi Juan

Non-executive Directors:
He Ping
Niu Jun

Independent Non-executive Directors:
Wong Chi Hung, Stanley
Lu Chuang (appointed on 9 May 2014)
Liang Shang Shang (appointed on 9 May 2014)
Ma Li Hui (appointed on 9 May 2014)
Wei Lin (resigned on 9 May 2014)
Li Ke Qiang (resigned on 9 May 2014)
He Bao Yin (resigned on 9 May 2014)

Supervisor:
Zhu En Ze

Independent Supervisors:
Luo Jin Li
Zong Yi Xiang (appointed on 9 May 2014)
Yuan Hong Li (resigned on 9 May 2014)

* *Except for Ms Wei Lin, Mr Li Ke Qiang, Mr He Bao Yin and Ms Yuan Hong Li, all directors and supervisors were appointed or re-appointed on 9 May 2014. Ms Wei Lin, Mr Li Ke Qiang, Mr He Bao Yin and Ms Yuan Hong Li resigned from the relevant post on 9 May 2014.*

5. MATERIAL LITIGATIONS

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

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

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

7. CORPORATE GOVERNANCE

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

8. AUDIT COMMITTEE

The Company has set up the Audit Committee for the purposes of reviewing and supervising financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors and one non-executive director of the Company. At the meeting held on 21 August 2014, the Audit Committee reviewed the 2014 interim results announcement, interim report and interim financial statements of the Group and gave their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2014 interim results announcement, interim report and interim financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

9. REMUNERATION COMMITTEE

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

10. NOMINATION COMMITTEE

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

11. STRATEGY COMMITTEE

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

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

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

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

The Company's 2014 interim report and results announcement containing the information required by the Hong Kong Listing Rules will be submitted to The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") for publication on the Hong Kong Stock Exchange's website (www.hkexnews.hk) and the Company's website (www.gwm.com.cn).

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

Baoding, the PRC, 22 August 2014

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

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

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

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

* *For identification purpose only*