Stock Code : 0074

GWT

2007 INTERIM REPORT

GWT

長城科技股份有限公司

Great Wall Technology Company Limited

CONTENTS

CORPORATE INFORMATION

Company Name in Chinese	:	長城科技股份有限公司
Company Name in English	:	Great Wall Technology Company Limited
Place of Registration	:	No. 2 Keyuan Road Technology & Industry Park Nanshan District Shenzhen
Tel	:	(0755) 2672 8686
Fax	:	(0755) 2672 8169
Postal Code	:	518057
Executive Directors	:	Chen Zhaoxiong Lu Ming Tam Man Chi Wang Jincheng Yang Jun Su Duan
Independent Non-executive Directors	:	Li Sanli Kennedy Ying Ho Wong Wang Qinfang
Supervisors	:	Lang Jia Kong Xueping Song Jianhua
Company's Legal Representative	:	Chen Zhaoxiong
Company's Secretary	:	Siu Yuchun
Authorized Representative	:	Lu Ming Siu Yuchun
International Auditor	:	Ernst & Young
Domestic Auditor	:	Ernst & Young Hua Ming
Legal Advisor (as to Hong Kong law)	:	Charltons
Place of H Shares Listing	:	The Stock Exchange of Hong Kong Limited
Stock Short Name	:	Great Wall Tech
Stock Code	:	0074
H Shares Registrar and Transfer Office	:	Hong Kong Registrars Limited Rooms 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong

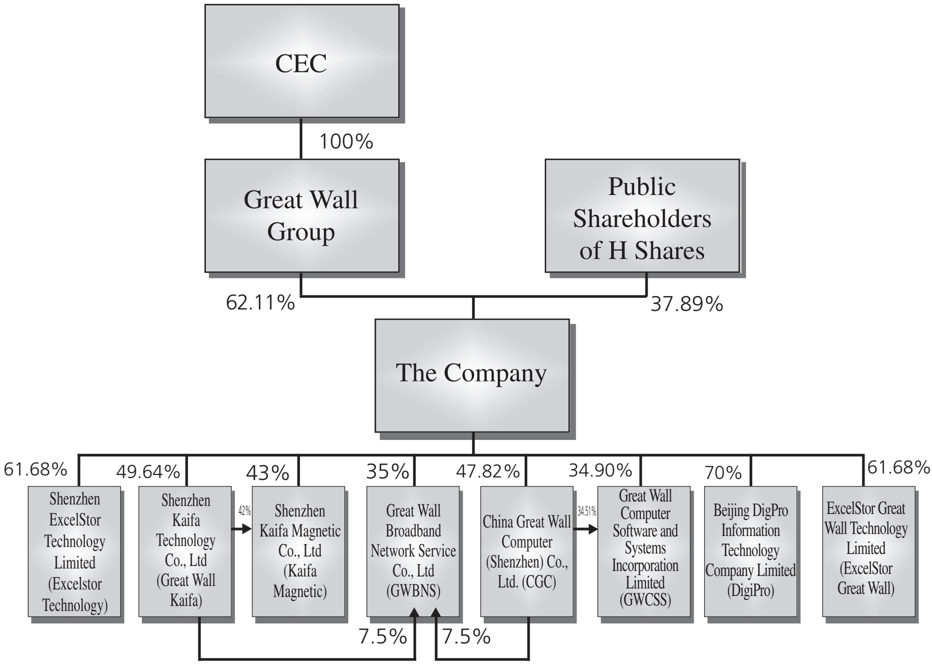
GROUP STRUCTURE

China Great Wall Computer Group Company (the "Great Wall Group") was the sole promoter of Great Wall Technology Company Limited (the "Company"). The Company was formally established in Shenzhen, China on 20 March 1998 with a registered capital of RMB743,870,000 and was listed on The Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") on 5 August 1999. Currently, the registered capital of the Company is RMB1,197,742,000. The Company was classified as "Information Technology Stock" in May 2000 by the Hong Kong Hang Seng Index Services Limited.

Great Wall Group is wholly owned by China Electronics Corporation ("CEC") which becomes the ultimate shareholder of the Company with its control of 62.11% over the Company. CEC is an enterprise directly administered by State-owned Assets Supervision and Administration Commission of the State Council. It is principally engaged in the design and manufacturing of integrated circuits, software and integrated system services and research, development and manufacturing of other communication products.

The business of the Company and its subsidiaries (hereinafter collective referred to as the "Group") covers the following major fields, including computer components, computer manufacturing, GSM, CDMA mobile phones, portable terminals, software and system integration and broadband networks and value-added services.

GROUP STRUCTURE



Notes: China Great Wall Computer (Shenzhen) Co., Ltd. (abbreviated as "CGC"), Shenzhen Kaifa Technology Co., Ltd (abbreviated as "Great Wall Kaifa"), Shenzhen Kaifa Magnetic Recording Co. Ltd (abbreviated as "Kaifa Magnetic"), Shenzhen ExcelStor Technology Limited (abbreviated as "ExcelStor Technology"), ExcelStor Great Wall Technology Limited (abbreviated as "ExcelStor Great Wall"), Great Wall Computer Software and Systems Incorporation Limited (abbreviated as "GWCSS"), Great Wall Broadband Network Service Co., Ltd (abbreviated as "GWBNS"), and Beijing DigiPro Information Technology Company Limited (abbreviated as "DigiPro").

The board of directors (the "Board") of Great Wall Technology Company Limited (the "Company") hereby announces to the shareholders the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2007 (the "Reporting Period") together with comparative figures as follows. These interim financial statements have not been audited, but have been reviewed by the Company's audit committee ("Audit Committee") and the Company's international auditors, Ernst & Young.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2007

	Notes	For the six months ended 30 June 2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
REVENUE	6	10,571,284	8,662,392
Cost of sales		(9,977,077)	(8,063,393)
Gross profit		594,207	598,999
Other income and gains	7	150,241	62,912
Selling and distribution costs		(133,727)	(132,056)
Administrative expenses		(285,847)	(177,009)
Other expenses		(93,855)	(55,817)
Finance costs	8	(20,030)	(7,431)
Gain on disposal of available-for-sale investments	17	434,365	–
Loss on share reforms of subsidiaries		–	(426,636)
Share of profits and losses of associates		(7,177)	(25,662)
PROFIT/(LOSS) BEFORE TAX	9	638,177	(162,700)
Tax	10	(73,465)	(26,514)
PROFIT/(LOSS) FOR THE PERIOD		564,712	(189,214)
ATTRIBUTABLE TO:			
Equity holders of the parent		263,861	(293,137)
Minority interests		300,851	103,923
		564,712	(189,214)
		RMB	RMB
EARNINGS/(LOSSES) PER SHARE			
Basic	11	22.03 cents	(24.47) cents
DIVIDEND PER SHARE	12	Nil	Nil

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2007

	Notes	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	2,116,445	2,116,321
Investment properties	14	699,134	560,540
Prepaid land lease payments		91,944	86,775
Intangible assets		6,694	2,790
Interests in associates		596,351	627,369
Long-term pledged deposit		25,974	13,838
Prepayments		37,207	58,011
Available-for-sale investments		164,580	437,884
Deferred tax assets		63,995	63,995
Total non-current assets		3,802,324	3,967,523
CURRENT ASSETS			
Inventories		1,127,014	845,840
Trade and bills receivables	15	2,189,922	1,977,672
Prepayments, deposits and other receivables		1,465,055	371,729
Due from associates	18(b)(ii)	33,540	60,915
Due from fellow subsidiaries	18(b)(iii)	3,569	1,675
Pledged deposits		3,445	10,279
Cash and cash equivalents		2,585,502	2,980,882
Total current assets		7,408,047	6,248,992
CURRENT LIABILITIES			
Trade and bills payables	16	2,386,601	2,234,294
Other payables and accruals		736,676	662,987
Interest-bearing bank borrowings		1,063,176	446,365
Tax payable		151,880	92,643
Provisions		52,814	53,002
Due to associates	18(b)(ii)	41,160	69,422
Due to fellow subsidiaries	18(b)(iii)	30,411	2,294
Due to the intermediate holding company	18(b)(i)	3,149	1,364
Total current liabilities		4,465,867	3,562,371
NET CURRENT ASSETS		2,942,180	2,686,621

CONDENSED CONSOLIDATED BALANCE SHEET (continued)

As at 30 June 2007

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
NET CURRENT ASSETS	2,942,180	2,686,621
TOTAL ASSETS LESS CURRENT LIABILITIES	6,744,504	6,654,144
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	–	2,882
Financial guarantee contracts	32,763	29,410
Deferred tax liabilities	27,456	64,389
Other long term payables	45,437	41,737
Total non-current liabilities	105,656	138,418
Net assets	6,638,848	6,515,726
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	1,197,742	1,197,742
Reserves	2,503,831	2,362,074
	3,701,573	3,559,816
Minority interests	2,937,275	2,955,910
Total equity	6,638,848	6,515,726

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2007

	Attributable to equity holders of the parent										
	Issued share capital	**Share premium account**	**Goodwill reserve**	**Statutory reserve**	**Available-for-sale investments revaluation reserve**	**Exchange fluctuation reserve**	**Retained profits**	**Proposed final dividend**	**Total**	**Minority interests**	**Total equity**
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2006	1,197,742	996,660	(28,155)	699,353	–	(5,783)	680,980	23,955	3,564,752	2,220,399	5,785,151
Exchange realignment	–	–	–	–	–	(1,052)	–	–	(1,052)	(697)	(1,749)
Total income and expense recognised directly in equity	–	–	–	–	–	(1,052)	–	–	(1,052)	(697)	(1,749)
Net loss for the period	–	–	–	–	–	–	(293,137)	–	(293,137)	103,923	(189,214)
Total income and expense for the period	–	–	–	–	–	(1,052)	(293,137)	–	(294,189)	103,226	(190,963)
Disposal of partial interest in subsidiaries to minority shareholders	–	–	–	–	–	–	–	–	–	426,636	426,636
Dividends paid to minority shareholders	–	–	–	–	–	–	–	–	–	(127,248)	(127,248)
Final 2005 dividend declared	–	–	–	–	–	–	–	(23,955)	(23,955)	–	(23,955)
Transferred from retained profits	–	–	–	67,840	–	–	(67,840)	–	–	–	–
At 30 June 2006	1,197,742	996,660	(28,155)	767,193	–	(6,835)	320,003	–	3,246,608	2,623,013	5,869,621

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)

For the six months ended 30 June 2007

	Attributable to equity holders of the parent										
	Issued share capital RMB'000	Share premium account RMB'000	Goodwill reserve RMB'000	Statutory reserve RMB'000	Available-for-sale investments revaluation reserve RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Proposed final dividend RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2007	1,197,742	997,498	(28,155)	820,767	148,919	(14,325)	437,370	–	3,559,816	2,955,910	6,515,726
Exchange realignment	–	–	–	–	–	(6,977)	–	–	(6,977)	(3,101)	(10,078)
Disposal of available-for-sale investments	–	–	–	–	(113,488)	–	–	–	(113,488)	(115,596)	(229,084)
Total income and expense recognised directly in equity	–	–	–	–	(113,488)	(6,977)	–	–	(120,465)	(118,697)	(239,162)
Net profit for the period	–	–	–	–	–	–	263,861	–	263,861	300,851	564,712
Total income and expense for the period	–	–	–	–	(113,488)	(6,977)	263,861	–	143,396	182,154	325,550
Share of reserves from associates	–	–	–	–	–	(1,639)	–	–	(1,639)	(1,787)	(3,426)
Dividends attributable to minority shareholders	–	–	–	–	–	–	–	–	–	(199,002)	(199,002)
Transferred from retained profits	–	–	–	6,045	–	–	(6,045)	–	–	–	–
At 30 June 2007	1,197,742	997,498	(28,155)	826,812	35,431	(22,941)	695,186	–	3,701,573	2,937,275	6,638,848

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2007

	For the six months ended 30 June	
	2007	**2006**
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	149,946	850,600
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	(968,316)	(296,238)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES	429,463	(227,340)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(388,907)	327,022
Cash and cash equivalents at beginning of period	2,980,882	2,321,961
Effects of foreign exchange rate changes, net	(6,473)	(1,517)
CASH AND CASH EQUIVALENTS AT END OF PERIOD	2,585,502	2,647,466
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	2,585,502	2,647,466

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") No.34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants.

These condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The accounting policies adopted in the preparation of the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2006, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs"), which also included HKASs and Interpretations, that affect the Group and are adopted for the first time for the current period's financial statements.

HKAS 1 Amendment	Capital Disclosures
HKFRS 7	Financial Instruments: Disclosures
HK(IFRIC) – Int 7	Applying the Restatement Approach under HKAS 29 Financial Reporting in Hyperinflationary Economies
HK(IFRIC) – Int 8	Scope of HKFRS 2
HK(IFRIC) – Int 9	Reassessment of Embedded Derivatives
HK(IFRIC) – Int 10	Interim Financial Reporting and Impairment

The revised HKAS 1 affects the disclosures of qualitative information about the Group's objectives, policies and processes for managing capital, quantitative data about what the Company regards as capital, and compliance with any capital requirements and the consequences of any non-compliance.

The HKFRS 7 requires disclosures that enable users of the financial statements to evaluate the significance of the Group's financial instruments and the nature and extent of risks arising from those financial instruments and also incorporates major disclosure requirements of HKAS 32.

The HK(IFRIC)-Int 7 addresses requirements of HKAS 29 in a reporting period in which an entity identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and requires an entity to restate its financial statements in accordance with HKAS 29.

The HK(IFRIC)-Int 8 addresses the application of HKFRS 2 to particular transactions in which the entity cannot identify specifically some or all of the goods or services received.

The HK(IFRIC)-Int 9 addresses the application of HKAS 39 that an entity shall assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract, and prohibits subsequent reassessment throughout the life of the contract except for exceptional circumstances.

2. IMPACT OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The HK(IFRIC)-Int 10 addresses the interaction between the requirements of HKAS 34 and the recognition of impairment losses on goodwill in HKAS 36 and certain financial assets in HKAS 39 and that an entity shall not reverse an impairment loss recognised in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at cost.

There was no material impact on the basis of preparation of the unaudited condensed consolidated balance sheet and condensed income statement arising from the above-mentioned accounting standards.

3. IMPACT OF ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised HKFRSs relevant to the condensed consolidated financial statements, that have been issued but are not yet effective.

HKFRS 8	Operating Segments
HK (IFRIC) – Int 11	Group and Treasury Share Transactions
HK (IFRIC) – Int 12	Service Concession Arrangements
HKAS 23 (revised)	Borrowing costs

HKFRS 8 replacing HKAS 14 "Segmental Reporting" and will become effective for accounting periods beginning on or after 1 January 2009. The standard requires the disclosure of information about the operating segments of the Company, the products and services provided by the segments, the geographical areas which the Company operates, and revenues from the Company's major customers.

HK (IFRIC) – Int 11, HK (IFRIC) – Int 12 and HKAS 23 (revised) shall be applied for annual periods beginning on or after 1 March 2007, 1 January 2008 and 1 January 2009, respectively.

4. FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to the following risks:

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currency. Approximately 82% (2006: 83%) of the Group's sales are denominated in currencies other than the functional currency of the operating units making the sale, whilst almost 84% (2006: 80%) of costs are denominated in the unit's functional currency.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

4. FINANCIAL RISK MANAGEMENT (continued)

The credit risk of the Group's other financial assets, which comprise cash and cash equivalents arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of short and long term bank loans.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with a floating interest rate.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. All of the Group's interest-bearing borrowings bore interest at fixed rates. (2006: 63.75%).

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgment. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

6. SEGMENT INFORMATION

Business segments

The following tables present revenue, profit/(loss) and expenditure information for the Group's business segments for the six months ended 30 June 2007 and 2006.

	Electronic parts and components RMB'000	Computer RMB'000	Property investment RMB'000	Others RMB'000	Eliminations RMB'000	Consolidated RMB'000
For the six months ended 30 June 2007						
Segment revenue:						
Sales to external customers	9,618,623	600,559	46,802	305,300	–	10,571,284
Other income and gains	37,597	3,630	–	3,624	–	44,851
Intersegment sales	153,060	14,487	15,912	–	(183,459)	–
Total	9,809,280	618,676	62,714	308,924	(183,459)	10,616,135
Segment results	159,750	2,603	46,921	(17,014)	(11,687)	180,573
Interest and dividend income and unallocated gains						105,390
Corporate and other unallocated expenses						(54,944)
Finance costs						(20,030)
Share of profits and losses of associates	5,634	1,528	–	(649)	(13,690)	(7,177)
Loss on share reforms of subsidiaries	–	–	–	–	–	–
Gain on disposal of available-for-sale investments	434,365	–	–	–	–	434,365
Profit before tax						638,177
Tax						(73,465)
Profit for the period						564,712

6. SEGMENT INFORMATION (continued)

Business segments (continued)

	Electronic parts and components RMB'000	Computer RMB'000	Property investment RMB'000	Others RMB'000	Eliminations RMB'000	Consolidated RMB'000
For the six months ended 30 June 2006						
Segment revenue:						
Sales to external customers	7,534,378	637,732	38,714	451,568	–	8,662,392
Other income and gains	6,247	6,226	–	3,331	–	15,804
Intersegment sales	174,832	–	17,386	–	(192,218)	–
Total	7,715,457	643,958	56,100	454,899	(192,218)	8,678,196
Segment results	236,590	(16,548)	36,178	(1,564)	353	255,009
Interest and dividend income and unallocated gains						47,108
Corporate and other unallocated expenses						(5,088)
Finance costs						(7,431)
Share of profits and losses of associates	1,318	(8,986)	–	(17,994)	–	(25,662)
Loss on share reforms of subsidiaries	(194,209)	(232,427)	–	–	–	(426,636)
Gain on disposal of available-for-sale investments	–	–	–	–	–	–
Loss before tax						(162,700)
Tax						(26,514)
Loss for the period						(189,214)

7. OTHER INCOME AND GAINS

	For the six months ended 30 June 2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Royalty income	8,570	–
Interest income	47,869	22,976
Dividend income from unlisted investments	57,521	24,126
Government grants	5,209	2,360
Sale of scrap materials	23,666	6,072
Others	7,406	7,378
	150,241	62,912

8. FINANCE COSTS

	For the six months ended 30 June 2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Interest on bank loans, wholly repayable within five years	20,030	7,431

9. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) of the Group before tax was determined after charging/(crediting) the following:

	Notes	For the six months ended 30 June 2007 (Unaudited) RMB'000	2006 (Unaudited) RMB'000
Depreciation		163,717	149,657
Amortisation of intangible assets		1,140	563
Amortisation of prepaid land lease payments		1,248	1,134
Impairment of property, plant and equipment		3,004	26,008
Impairment of trade receivables		22,096	2,339
Impairment of loans to an associate		50,000	–
Write-down of inventories to net realisable value		7,019	1,530
Reversal of inventories provision		(6,711)	(10,241)
Interest income	7	(47,869)	(22,976)
Dividend income from unlisted investments	7	(57,521)	(24,126)
Gain on disposal of property, plant and equipment		(403)	614
Gain on disposal of available-for-sale investments	17	(434,365)	–
Loss on share reforms of subsidiaries		–	426,636

10. TAX

	For the six months ended 30 June	
	2007	2006
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Current – Hong Kong profits tax	3,358	4,906
Current – PRC corporate income tax	66,643	21,608
Deferred	3,464	–
Total tax charge for the period	73,465	26,514

Taxation in the Mainland China is calculated at the rate prevailing in the Mainland China. Some of the subsidiaries of the Group were approved to be high technology enterprises and income tax is calculated at a rate of 15% (six months ended 30 June 2006: 15%) of the estimated assessable profit for the period.

Certain subsidiaries operating in the Mainland China are entitled to exemptions from Mainland China income tax for the two years commencing from its first profit-making year of operation and thereafter, entitled to a 50% relief from Mainland China income tax for the next three years.

Hong Kong profits tax is calculated at a rate of 17.5% (six months ended 30 June 2006: 17.5%) of the estimated assessable profit for the period.

11. EARNINGS/(LOSSES) PER SHARE

The calculation of basic earnings per share for the period is based on the profit attributable to equity holders of the Group of RMB263,861,000 (six months ended 30 June 2006: losses of RMB 293,137,000), and the weighted average number of 1,197,742,000 (six months ended 30 June 2006: 1,197,742,000) ordinary shares in issue during the period.

No diluted earnings/(losses) per share have been presented because there was no dilutive potential ordinary share in existence during the six months ended 30 June 2007 and 2006.

12. DIVIDEND

The Board does not recommend the payment of an interim dividend to shareholders in respect of the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

13. PROPERTY, PLANT AND EQUIPMENT

During the period, the Group spent an aggregate amount of RMB 315,411,000 (six months ended 30 June 2006: RMB273,076,000) on additions to property, plant and equipment.

At 30 June 2007, the directors considered the carrying amount of the Group's leasehold buildings carried at revalued amounts and estimated that the carrying amounts do not differ significantly from that which would be determined using fair values at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

14. INVESTMENT PROPERTIES

At 30 June 2007, the directors considered the carrying amount of the Group's investment properties and estimated that the carrying amounts do not differ significantly from that which would be determined using fair value at the balance sheet date. Consequently, no revaluation surplus or deficit has been recognised in the current period.

15. TRADE AND BILLS RECEIVABLES

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally for a period of three months, extending up six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade and bills receivables as at the balance sheet date, based on the invoice date, is as follows:

	30 June 2007 (Unaudited) RMB'000	**31 December 2006** (Audited) RMB'000
Current to 90 days	1,994,698	1,815,949
91 – 180 days	134,665	77,521
181 to 365 days	18,172	59,702
Over 365 days	42,387	24,500
	2,189,922	1,977,672

The carrying amount of trade and bills receivables approximates to their fair value.

16. TRADE AND BILLS PAYABLES

	30 June 2007 (Unaudited) RMB'000	**31 December 2006** (Audited) RMB'000
Within 90 days	2,025,673	2,046,712
91 to 180 days	196,103	143,340
181 to 365 days	133,319	7,114
Over 365 days	31,506	37,128
	2,386,601	2,234,294

The trade and bills payables are non-interest-bearing and are normally settled on terms of 30 to 90 days. The carrying amount of trade and bills payables approximates to their fair value.

17. GAIN ON DISPOSAL OF AVAILABLE-FOR-SALE INVESTMENTS

Shenzhen Kaifa Technology Co., Ltd. ("Great Wall Kaifa"), a subsidiary of the Company, has disposed 12,133,614 tradable shares in CITIC Securities Co., Ltd ("CITIC") (a company whose shares are listed and traded on the Shanghai Stock Exchange in the PRC) on the Shanghai Stock Exchange for the six months ended 30 June 2007. The gain on disposal of shares in CITIC is RMB432,560,000. Great Wall Kaifa has also disposed tradable shares of other PRC listed companies with gain of RMB1,805,000 for the period.

18. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the period:

		For the six months ended 30 June	
		2007	**2006**
		(Unaudited)	(Unaudited)
	Notes	RMB'000	RMB'000
Intermediate holding company:			
License fees	(i)	1,372	–
Associates:			
Sale of products	(ii)	102,025	2,003,520
Purchase of components and parts	(iii)	307,569	294,176
Rental income	(iv)	27,566	28,915
Royalty income	(v)	2,794	–
Management fee		5,776	–
Processing fee income		7,750	–
Interest income	(vi)	13,994	–
Fellow subsidiaries:			
Sale of products	(ii)	7,513	12,526
Purchases of components and parts	(iii)	291,526	165,339
Rental income	(iv)	8,053	–

Notes:

(i) The license fees paid to the intermediate holding company was based on a rate of 1.5% of the revenue from the products under the brand of "Great Wall".

(ii) The sales to the associates and the fellow subsidiaries were made accordingly to the published prices and conditions offered to the major customers of the Group.

(iii) The purchases from the associates and the fellow subsidiaries were made according to the published prices and conditions offered by the associates and the fellow subsidiaries to their major customers.

18. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes: (continued)

(iv) The rental income from the property leased to the associates and the fellow subsidiaries were made according to the market rate offered to the third parties by the Group.

(v) The royalty income from the associates arose from the sales of Pathfinder Hard Disk Unit in a rate of US$1.01 per unit from 1 January 2007 to 30 June 2007.

(vi) The interest income from the associates was based on interest rates of 5.58% to 6.12% per annum on the loans to the associates.

(b) Outstanding balances with related parties:

(i) As disclosed in the condensed consolidated balance sheet, the Group had outstanding other payables to its intermediate holding company of RMB3,149,000 (2006: RMB1,364,000), as at the balance sheet date. The amount was unsecured, interest-free and have no fixed terms of repayment.

(ii) As disclosed in the condensed consolidated balance sheet, the Group had outstanding trade receivables from and trade payables to the associates of RMB33,540,000 (2006: RMB60,915,000) and RMB41,160,000 (2006: RMB69,422,000), respectively, as at the balance sheet date. They are repayable on similar credit term to those offered to the major customers of the Group and those offered by associates to their major customers.

(iii) As disclosed in the condensed consolidated balance sheet, the Group had outstanding receivable and other payables to the fellow subsidiaries of RMB3,569,000 (2006: RMB1,675,000) and RMB30,411,000 (2006: RMB2,294,000), respectively, as at the balance sheet date. The other payables are unsecured, interest-free and have no fixed terms of repayment.

19. CAPITAL COMMITMENTS

At the balance sheet date, the Group had the following capital commitments:

	30 June 2007 (Unaudited) RMB'000	**31 December 2006** (Audited) RMB'000
Contracted, but not provided for:		
Land and buildings	77,521	–
Plant and machinery	33,106	20,989
	110,627	20,989

20. CONTINGENT LIABILITIES

At the balance sheet date, contingent liabilities not provided for in the condensed interim financial statements were as follows:

	30 June 2007 (Unaudited) RMB'000	31 December 2006 (Audited) RMB'000
Guarantees given to banks in connection with facilities granted to:		
Associates	450,000	470,000
Third parties	93,191	153,098
	543,191	623,098

21. PLEDGE OF ASSETS

None of the Group's bank loans outstanding as at 30 June 2007 were secured by any of the Group's assets (31 December 2006: RMB12,751,000).

22. COMPARATIVE AMOUNTS

Certain comparative amounts have been reclassified to conform with the current period's presentation and accounting treatment.

23. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed interim financial statements were approved and authorised for issue by the Board on 21 August 2007.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION TO THE BOARD OF DIRECTORS OF

GREAT WALL TECHNOLOGY COMPANY LIMITED

(Incorporated in the People's Republic of China with Limited Liability)

INTRODUCTION

We have reviewed the interim financial information set out on pages 5 to 21, which comprise the condensed consolidated balance sheet of Great Wall Technology Company Limited (the "Company") and its subsidiaries (together the "Group") as of 30 June 2007 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants. The directors are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
18th floor, Two International Finance Centre, 8 Finance Street, Central
Hong Kong

21 August 2007

CHAIRMAN'S STATEMENT

During the Reporting Period, interim profits after tax attributable to shareholders of the Company amounted to RMB263,861,000. The losses of the corresponding period of last year amounted to RMB293,137,000. The Group's major business is carried on with steady and healthy growth and retained its positive pace of development. During the Reporting Period, the profit from operations before tax of the Group reached RMB638,177,000 as compared with the corresponding period of last year amounted to loss of RMB162,700,000, and the sales revenue amounted to RMB10,571,284,000 which increased by 22% as compared with those of the corresponding period of last year.

Business Review for the first half of 2007

Carry out high-end strategy and enhance competitive and profit capability

During the Reporting Period, there is a remarkable achievement from the high-end strategy of the Group. We persist in innovating, optimizing the structure of the Group and step forward to high-end technology. We develop value-added and high-tech products, explore international and inland high-end customers, focus on major industries and widen the channel of selling.

During the Reporting Period, the LCD monitors manufactured by China Great Wall Computer (Shenzhen) Co., Ltd. ("CGC"), a subsidiary of the Group, amounted to 72% of the total number of monitors, with an increase of 92% and achieve a sales amounted to RMB 960 million, and sold to more than 30 countries and regions.

Kaifa Magnetic, a subsidiary of the Group, raised its investment in substrates development that represented its future development. During the Reporting Period, the sales amount increased by 22%. Great Wall Kaifa established firmly its strategy of cooperate partnership with Seagate and won a PCBA order from Seagate, an international high-end customer. Suzhou factory started its operation after opening and achieve a sales of RMB 600 million in the first half of the year. With its technology innovation, it developed auto HGA – III successfully. Great Wall Kaifa indicated that PLC telecom system for streetlight is developed successfully in the business in Italy market and won new high-end customers.

Excelstor Technology, a subsidiary of the Group, developed 3.5" single hard disk capacity of 160G. The sales of the first half of the year amounted to USD133.26 million, 35% of the total sales amount of hard disk. Excelstor Technology devoted itself to switch from OEM (Original Equipment Manufacture) to ODM (Original Design Manufacture), and cooperate with companies such as Hitachi, Iomega, Tandberg, Freecom, etc.

Strengthen technology innovation and enhance the capability of continued development

During the Reporting Period, the Group raised its investment in technology, the investment in development expenses of the first half of the year is increased by 26%. The investment included 111 technological items, 19 application-for-patent items, 3 patent invention items and establishment of a new development centre.

Excelstor Technology is an "innovative" enterprise selected by the government of Shenzhen. It cooperates with Huazhong University of Science and Technology and set up an engineering technology research centre in Beijing with the basis of the two research centres in USA and Shenzhen.

Kaifa Magnetic successfully developed the RN3e product line on the basis of RN3 product, which enhances the preciseness of polishing disk substrates; improves automatic cleaning line and increases the percentage of qualified products by 5%.

"Goldtax engineering value added tax administration information system" of GWCSS was awarded the 2nd Place for National Scientific and Technological Advancement, "烽火臺應用中間件V2.0" was awarded the 11th China International Software Exhibition Innovation Award (第11屆中國國際軟體博覽會創新獎), "GWAISV2.0" was awarded the 11th China International Software Exhibition Innovation Award and other prizes.

Continue to explore the field of international cooperation, fully implement the expansion plan

Forefront capacity is essential to expansion. During the Reporting Period, subordinate enterprises of the Company actively proceed to the construction of "foundation of management", and explore the exporting business.

During the Reporting Period, the total amount of import and export continues to climb new hikes. The total amount of import and export reached US$2,701,660,000, with an increase of 45% over last year.

The standard of export products enhances and the number of trading countries also increases. Products are sold and delivered to over 50 nations and regions. The amount of export for products including LCD monitors, power switch, memory sticks, circuits board and electronic components, Optical Magnetic Product etc increased by over 60% over last year.

CGC a subsidiary of the Group, acquired 10.27% of equity interest of TPV Technology Limited ("TPV") from BOE Technology Group Company Limited ("BOE") at the price of HK$1.14 billion in May 2007. TPV takes up 28% of the world's market share in monitor business, and ranked the first around the world.

Forecast for the later half of 2007

During the later half of 2007, the Group strives to explore new grounds and nurtures new areas with growth potential; strengthens international cooperation, develops high-ends clients; accelerates its resources input in technology, consolidates its management in scientific innovative management; increases the magnitude of fine management, focuses on operational control and management, effectively offsets market risks exposure; pays adequate attention to technical reformation project for infrastructure to ensure the finishing period and quality of the construction; fulfill the task of energy saving and emission reduction and safe production, so to create a harmonic, dirt-free and civilized enterprise.

On behalf of the Board, I would like to take this opportunity to express my heartfelt thanks to the staff of the Group for their dedication and to all shareholders for their unceasing support and care for the Company.

By Order of the Board,
Chen Zhaoxiong
Chairman

Beijing, China
21 August 2007

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group realised a turnover of RMB10,571,284,000, representing an increase of 22% as compared to the corresponding period of last year, and interim profit after tax attributable to the shareholders of the Company amounted to RMB263,861,000 as compared to the interim loss of the corresponding period last year amounted to RMB293,137,000.

Liquidity and Financial Resources

As at 30 June 2007, the Group's total cash and cash equivalent amounted to RMB2,585,502,000 and the Group's total bank borrowings amounted to RMB1,063,176,000. The structure of such borrowings was as follows:

(1) 84% was denominated in Renminbi;

(2) 100% was made on fixed interest rates.

No such borrowings will be expired and repayable within 2 to 5 years.

As at 31 December 2006, the Group's total cash and cash equivalent amounted to RMB2,980,882,000 and the Group's total bank borrowings amounted to RMB449,247,000. The structure of such borrowings was as follows:

(1) 48.94% was denominated in Renminbi;

(2) 75% was made on fixed interest rates.

No such borrowings will be expired and repayable within 2 to 5 years.

Gearing Ratio

As at 30 June 2007, the Group's total bank borrowings and shareholder's equity were RMB1,063,176,000 and RMB3,701,573,000 respectively, as compared to RMB449,247,000 and RMB3,559,816,000 respectively as at 31 December 2006.

The gearing ratio as at 30 June 2007 was 28.72%. The gearing ratio as at 31 December 2006 was 12.62%. The gearing ratio is defined as the ratio between total bank borrowings and shareholders' equity.

Current Ratio and Working Capital

As at 30 June 2007, the Group's current assets and current liabilities were RMB7,408,047,000 and RMB4,465,867,000 respectively, while the Group's working capital was RMB2,942,180,000. The current ratio was 1.66.

As at 31 December 2006, the Group's current assets and current liabilities were RMB6,248,992,000 and RMB3,562,371,000 respectively, while the Group's working capital was RMB2,686,621,000. The current ratio was 1.75.

Charge of Group Assets

As at 30 June 2007, the Group had pledged to banks its bank savings of approximately RMB15,477,000 to secure general banking facilities for the Group. As at 30 June 2007, no borrowings were guaranteed by CEC, the ultimate holding company of the Group.

As at 31 December 2006, the Group had pledged to banks its bank savings of approximately RMB9,581,000 as a pledge of banks' general finance for the Group. As at 31 December 2006, no borrowings were guaranteed by CEC, the ultimate holding company of the Group.

Contingent liabilities

The Group's contingent liabilities are set out in detail in note 20 to the financial statements.

Exchange Rate Fluctuation

During the Period, approximately 83% of the turnover of the Group was received in US dollars. The loans of the Group were mainly denominated in Renminbi. Any rise of the exchange rate of the US dollar against the Renminbi will have a positive impact on the Group. Any fall of the exchange rate of the US dollar against the Renminbi will have an adverse impact on the Group.

Major Events

Acquisition of shares in TPV Technology Limited by CGC

CGC entered into the Share Transfer Agreement with BOE on 14 May 2007. CGC decided to acquire 200,000,000 shares in TPV at HK$1,140,000,000, 10.27% of the issued ordinary shares of TPV as at 11 April 2007. The transaction does not constitute a related party transaction for the Company.

The transaction exceeds 50% of the audited net assets as at 31 December 2006 of CGC. In accordance with Zhengjian Gongsi Zi (2001) No.105 "Notice on the issue regarding the substantial acquisition, realization and replacement of assets for listed companies" issued by the China Securities Regulatory Commission ("CSRC"), the transaction constitute a major assets purchasing behavior and require an examination by CSRC. Notice that request for discussion at the shareholders' meeting shall be announced to convene the shareholders' meeting of CGC only after the examination by CSRC and with no disagreement.

The transaction has been reported to CSRC for examination but no result has been announced yet.

Business risks and risk management policies

The Company's associate, GWBNS, was established in 2000. Up to the date of this interim report, GWBNS is owned as to 50% by Midinfo Network Limited, and the Company also holds a 35% direct interest in GWBNS and each of Great Wall Kaifa and CGC both of which are subsidiaries of the Company, holds a 7.5% interest in GWBNS.

Due to fierce competition in the broadband industry and substantial capital requirement, as at 30 June 2007, GWBNS has recorded an accumulated loss of approximately RMB1,003 million in its unaudited management accounts. As at the date of this interim report, the Company has provided a guarantee in respect of the loan granted to GWBNS, which amounted to approximately RMB450 million and provided a loan of approximately RMB457 million to GWBNS. The accumulated interest amounted to approximately RMB50 million. Due to fierce competition in the inland broadband industry, there are certain risks inherent to the above guarantee and loan.

EMPLOYEES

As at 30 June 2007, the number of employees of the Group was approximately 13,000 (as at 31 December 2006: approximately 13,000). The salaries of the employees were determined according to the rank in and contribution to the respective company of any individual employee with reference to the remuneration and incentive system of the respective company.

By Order of the Board,
Chen Zhaoxiong
Chairman

Beijing, China
21 August 2007

OTHER INFORMATION

PRINCIPAL ACTIVITIES

The Group's business covers various fields, including computer components and parts, computer manufacturing, portable terminals for GSM and CDMA mobile phones, software and system integration, broadband networks and value-added services. The Group's computer parts and components products include magnetic heads, disk substrates, hard disk drives (HDDs), monitors, switching power supplies and cards etc.. Computer supply products include personal computers, notebook computers, servers, ATMs, tax controlling cashing machines, projectors, digital TV sets, and network smart electronic meters. In the field of software and system integration, our products include large information systems oriented to applications for the public security, taxation, industry and commerce, and financial sectors. Regarding broadband network and value-added services, we have set up a broadband network covering 30 large cities in China. The Group is one of the leading providers of diversified information products in China. Such businesses were mainly undertaken by subsidiaries and associates of the Company.

PROFIT DISTRIBUTION PLAN DURING THE PERIOD AND ITS IMPLEMENTATION

On 29 June 2007, the Company convened its annual general meeting for the year 2006. Due to the losses of result in 2006, the Company did not adopt any profit distribution plans for the year 2006.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2007 (six months ended 30 June 2006: Nil).

SHARE CAPITAL STRUCTURE

As at 30 June 2007, the total share capital of the Company amounted to RMB1,197,742,000, divided into 1,197,742,000 shares of RMB1.00 each. The share capital of the Company as at 30 June 2007 was as follows:

	As at 30 June 2007 (Unaudited) Number of shares	As at 31 December 2006 (Audited) Number of shares
State-owned legal person shares	743,870,000	743,870,000
Oversea listed foreign shares (H Share)	453,872,000	453,872,000
Total shares	1,197,742,000	1,197,742,000

Note: There was no change in the share capital structure of the Company during the Period and during the period from 30 June 2007 up to the date of this interim report.

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below in respect of the interests and short positions of the Directors and chief executives of the Company and so far as the Directors and chief executives of the Company are aware, as at 30 June 2007, the following persons had an interest or short position in the Company's shares or underlying shares which are required to be disclosed to the Company under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (abbreviated as "SFO"), or which are required to be recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Class of shares	Number of the Company's shares held	Approximate shareholding ratio to the State-owned legal person shares	Approximate shareholding ratio to the issued H Share
Great Wall Group	State-owned legal person shares	743,870,000	100%	–
HKSCC NOMINEES LIMITED	H shares	448,929,900	–	98.91%
FU PO CHU	H shares	460,000	–	0.10%
CORWIN COMPANY LTD	H shares	300,000	–	0.07%
HSBC NOMINEES (HK) LIMITED	H shares	294,000	–	0.06%
CHU SHU PING	H shares	220,000	–	0.05%

Save as disclosed above and so far as the Directors, supervisors and chief executives of the Company are aware, as at 30 June 2007, no other person (other than the Directors, supervisors or chief executives of the Company as disclosed below) had an interest or short position in the Company's shares or underlying shares (as the case may be) which are required to be disclosed to the Company and the Hong Kong Stock Exchange under provisions of Divisions 2 and 3 of Part XV of the SFO, or which was recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO, or which was otherwise a substantial shareholder (as such term is defined in the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (abbreviated as the "Listing Rules")) of the Company.

PURCHASE, SALE and REPURCHASE OF THE LISTED SECURITIES OF THE COMPANY OR ANY OF ITS SUBSIDIARIES

The Company did not purchase, sell or redeem any listed securities of the Company or its subsidiaries during the 6 months' period ended 30 June 2007.

Subsidiary

On 1 April 2006, the Board of the Company agreed to dissolve DigiPro, a subsidiary of the Company. Due to the needs of development of the Group, no liquidation of such company is in progress.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The directors are in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

THE PURCHASE AND SALE OF SHARES BY THE DIRECTORS AND SUPERVISORS

During the six months ended 30 June 2007, the Company had not granted any right to any Directors or Supervisors and their spouses or children less than 18 years of age to subscribe for shares in the Company. The interests of the Directors and supervisors of the Company in the shares of the Company, its subsidiaries or its associated corporation are set out in the section headed "Directors', Supervisors' and the Company's Chief Executives' Interests in the share capital of the Company and its Associated Corporations" below.

DIRECTORS', SUPERVISORS' AND THE COMPANY'S CHIEF EXECUTIVES' INTERESTS IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2007, the interests and short positions of the Directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (as defined under Part XV of the SFO) which were notified to the Company and the Stock Exchange of Hong Kong Limited ("Hong Kong Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors, supervisors and chief executives of the Company were deemed or taken to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") adopted by the Company were as follows:

1. Personal Interests

Name of Director	Number of Shares held	Approximate percentage of issued share capital of the company
Mr. Lu Ming	83,952 shares of CGC	0.0183%
Mr. Tam Man Chi	1,113,878 shares of Great Wall Kaifa	0.12%

2. Corporate Interests

Name of Director	Number of Shares held	Approximate percentage of issued share capital of the company
Mr. Tam Man Chi	73,389,587 shares of Great Wall Kaifa (Note 1)	8.34%

Note:

1. Broadata (H.K.) Limited ("Broadata") held approximately 8.34% of these shares. Flash Bright International Limited held approximately 70% shares in Broadata. Mr. Tam and his spouse held in aggregate 100% equity shares in Flash Bright International Limited.

Save as disclosed above and so far as the Directors, supervisors and chief executives of the Company are aware, as at 30 June 2007, no other Directors, chief executive officers or supervisors of the Company had any interest or short position in the shares, underlying shares and/or debentures (as the case may be) of the Company and/or any of its associated corporations (as defined in Part XV of the SFO) which was required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, chief executive officers or supervisor is taken or deemed to have under such provisions of the SFO) of which was required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which was otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules.

OTHER DISCLOSURES

Litigation

CGC

Note dispute and loan dispute with Sichuan Yintong Computer System Co. Ltd.

CGC was involved in a note dispute and loan dispute with Sichuan Yintong Computer System Co. Ltd. ("Yintong") and Chengdu Commercial Bank ("Chengdu Bank"). By its civil judgment (2000) Chuan Jing Chu Zi 17 and other documents, the Sichuan Higher People's Court has ruled in favour of CGC. However, since Chengdu Bank, which had a joint guarantee liability related to the subject matter of the case, has raised objections in relation to the proceedings and other matters and made an application for re-trial, the Sichuan Higher People's Court has suspended the enforcement of the said judgment by its verdict (2001) Chuan Jing Jian Zi 53 on 3 February 2001. On 17 December 2003, the Sichuan Higher People's Court issued the Urgent Notice Regarding the Trial and Enforcement of Cases in Relation to the Rectification of Investment and Trust Companies by the Provincial Government (Chuan Gao Fa 2003 486). The notice stipulated that prior to 30 June 2004, there would be no action, trial or enforcement regarding cases in which any of five financial institutions, including Chengdu Bank, was/were the debtor.

By its civil case judgment (2005) Min Er Zhong 181 dated 17 March 2006, the Supreme Court of the People's Republic of China reaffirmed Sichuan Higher People's Court's civil case judgment (2000) Chuan Jing Chu Zi 17 and made this decision final.

In accordance to its final verdict regarding the note dispute and loan dispute between CGC, Sichuan Yintong Computer System Co. Ltd. and Chengdu Commercial Bank (civil case judgment (2005) Min Er Zhong 181) issued by the Supreme Court of the People's Republic of China, Chengdu Commercial Bank made a payment to CGC of RMB33,630,650 and RMB569,131.03 respectively as principal and cost in relation to the case, totalled RMB34,199,781.03. CGC received such payment on 21 June 2006.

In June 2007, Chengdu Commercial Bank made a payment to CGC of RMB17,086,558.57 as interest in relation to the case. CGC received such payment on 11 June 2007.

GUARANTEE FOR INDEPENDENT THIRD PARTIES

As at 30 June 2007, the Group had provided a guarantee of approximately RMB57,736,000 in respect of bank facilities granted to third parties, of which Great Wall Kaifa, the Company's subsidiary, and China National Machinery & Equipment Import & Export Corporation ("CMEC") have collaborated on the export of Italy ENEL Smart Meter. The Bank of China had issued a performance bond for the said project with CMEC as the applicant of the bond.

GUARANTEE FOR AN ASSOCIATED COMPANY

As at 30 June 2007, the Group had provided guarantee of approximately RMB450 million in respect of bank facilities granted to GWBNS, an associated company.

Balance sheet of the above associated company is extracted from its unaudited management accounts as at 30 June 2007 and is set out as follows:

	RMB'000
Non-current assets	1,296,616
Current assets	291,694
Current liabilities	1,618,762
Shareholders' equity	(30,452)

ADVANCE TO ASSOCIATED COMPANIES

As at 30 June 2007, the balance of advance of approximately RMB530,167,000 represented the amount due from associated companies. The balances were incurred from the ordinary course of business of the Group. The above advance balance bore interest, of which RMB73,174,000 bore a interest rate of 5.58%. The accumulated interest of RMB456,993,000 amounted to RMB49,670,000. Combined balance sheet of the associated companies is extracted from their management accounts as at 30 June 2007 and is set out as follows:

	RMB'000
Non-current assets	1,505,588
Current assets	334,397
Current liabilities	1,656,387
Non-current liabilities	173,965
Shareholders' equity	9,633

PRE-EMPTIVE RIGHTS

According to the Articles of Association of the Company and the laws of the PRC, there are no provisions for pre-emptive rights requiring the Company to offer new shares to the existing shareholders in proportion to their shareholdings.

SUFFICIENCY OF PUBLIC FLOAT

According to the public information that is available to the Directors, the Company has maintained the prescribed public float under the Listing Rules as at the latest practicable date.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company, currently and within the Period, adopted and applied the principles of the Code on Corporate Governance Practices ("CG Code") as set out in Appendix 14 of the Listing Rules. The Company has amended the articles of association at the 2006 Annual General Meeting and those amendments complied with all the provisions in the CG Code.

CG Code A.1.1 provides that the board should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. In addition, CG Code A.1.3 provides that notice of at least 14 days should be given of a regular board meeting. The Company has amended the articles of association at the 2006 Annual General Meeting so that Article 102 is amended as the board of directors shall meet at regular intervals and no less than four times a year at approximately quarterly intervals, such meetings to be convened by the chairman of the Board. Notice of regular board meetings shall be notified to all directors 14 days prior to the proposed meeting. In case of urgent matters, board meetings may be convened by one third or more of directors or the chief executive or vice chief executive. Regular board meetings shall not include written resolutions passed by directors. Thus, the Company complied with the requirements under CG Code.

INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

For the six months ended 30 June 2007, the Company has complied with the provisions of Rules 3.10(1) and 3.10(2) of the Listing Rules that sufficient number of independent non-executive directors be appointed by listed issuers and that at least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. For details of the independent non executive directors of the Company, please refer to the 2006 Annual Report of the Company.

Furthermore, in compliance with the requirements of the CG Code and Rules 3.21 of the Listing Rules, an Audit Committee was established in December 1999. The principal duties of the Audit Committee include the review of the Company's financial reporting program, internal controls and financial reporting matters of the Group. Since 29 June 2007, the Audit Committee comprises three independent non-executive directors, namely Mr. Kennedy Ying Ho Wong (the chairman of Audit committee), Mr. Li Sanli and Ms. Wang Qinfang.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed, with the management, the accounting principles and policies, audit, internal controls and financial reporting adopted by the Group, and the unaudited interim financial report for the six months ended 30 June 2007 and recommended its adoption by the Board. In addition, Ernst & Young has reviewed the unaudited interim financial results in accordance with Hong Kong Standard on Review Engagements 2410 issued by the Hong Kong Institute of Certified Public Accountants.

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2007 was approved by the Board on 21 August 2007.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS' OF LISTED ISSUERS

For the six months ended 30 June 2007, the Company has adopted a code of conduct regarding directors' and supervisors' securities transactions on terms no less exacting than the required standard set out in the Model Code For Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry to Directors and supervisors, and its Directors and supervisors have complied with the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers and the relevant Code of Conduct regarding directors' securities transactions.

DOCUMENTS FOR INSPECTION AND LOCATION OF DOCUMENTS FOR INSPECTION

(A) Documents for inspection

(1) Copy of the Interim Report signed by the Chairman.

(2) Copy of the Financial Report signed and sealed by the Legal Person Representative, Financial Controller and Manager of the Financial Asset Department.

(B) Location of documents for inspection:

Secretary's Office of the Board of the Company.

POST INTERIM REPORT AT THE HONG KONG STOCK EXCHANGE WEBSITE

When appropriate, the Company will post all the information as required by Appendix 16 of the Listing Rules at the Hong Kong Stock Exchange Limited Website (http://www.hkex.com.hk).