2009

INTERIM REPORT

GWT

長城科技股份有限公司

Great Wall Technology Company Limited

Stock Code : 0074

CONTENTS

CORPORATE INFORMATION

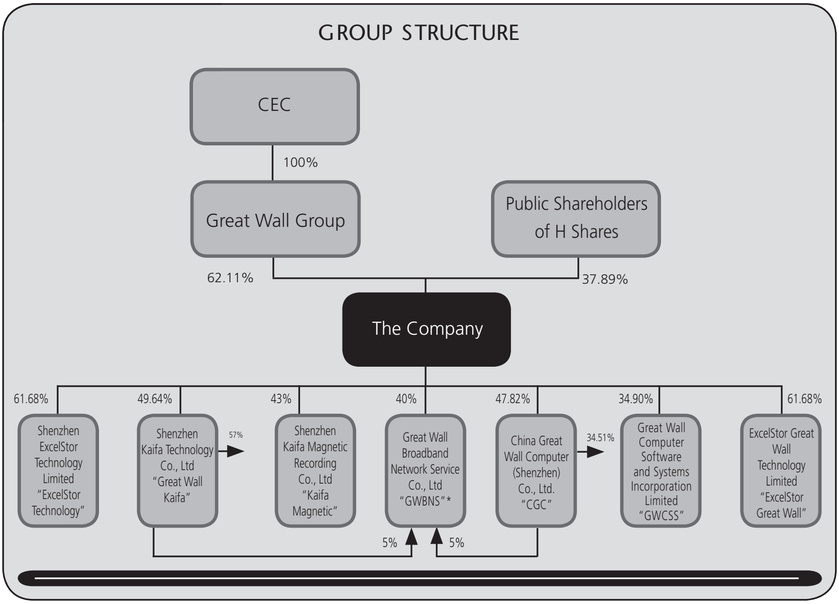
Company Name in Chinese	:	長城科技股份有限公司
Company Name in English	:	Great Wall Technology Company Limited
Place of Registration	:	No. 2 Keyuan Road Technology & Industry Park Nanshan District Shenzhen
Tel	:	(0755) 2672 8686
Fax	:	(0755) 2650 4493
Postal Code	:	518057
Executive Directors	:	Lu Ming (Chairman) Tam Man Chi Wang Jincheng Yang Jun Su Duan Fu Qiang
Independent Non-executive Directors	:	Li Sanli Kennedy Ying Ho Wong Wang Qinfang
Supervisors	:	Lang Jia Kong Xueping Song Jianhua
Company's Legal Representative	:	Lu Ming
Company's Secretary	:	Siu Yuchun
Authorized Representative	:	Lu Ming Siu Yuchun
International Auditor	:	Shinewing (HK) CPA Limited Certified Public Accountants Hong Kong
Domestic Auditor	:	Shinewing CPA
Legal Advisor (as to Hong Kong law)	:	Jones Day
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, software and system integration and broadband networks and value-added services.



* GWBNS is an associate of the Company

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").

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 30 June 2009

	NOTES	For the six months ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Turnover		7,093,854	11,689,956
Cost of sales		(6,758,886)	(11,123,827)
Gross profit		334,968	566,129
Other income and gains	5	45,185	174,519
Compensation for termination of contracts		116,057	–
Discount on acquisition of subsidiary		505,695	–
Discount on acquisition of an associate		141,748	–
Selling and distribution costs		(124,006)	(150,558)
Administrative expenses		(226,162)	(208,666)
Other expenses		–	5,571
Finance costs	6	(18,214)	(34,651)
Loss on derecognition of available-for-sale investments		(568,031)	–
Share of results of associates		29,379	14,282
Profit before tax	7	236,619	366,626
Income tax expense	8	(14,139)	(40,960)
Profit for the period		222,480	325,666
Attributable to:			
Owners of the Company		130,179	195,517
Minority interests		92,301	130,149
		222,480	325,666
Earnings per share attributable to equity holders of the Company			
– Basic for the period attributable to ordinary owners of the Company (expressed in RMB per share)	10	10.87 cents	16.32 cents

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2009

	For the six months ended 30 June	
	2009	**2008**
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Profit for the period	222,480	325,666
Other comprehensive income (loss) for the period		
Change in fair value of available-for-sale investments	167,311	(356,449)
Derecognition of available-for-sale investments	437,736	–
Deferred tax on change in fair value of available-for-sale investments	(25,097)	–
Exchange differences on translation of foreign operations	(1,624)	(37,821)
Other comprehensive income (loss)for the period	578,326	(394,270)
Total comprehensive income (loss)for the period	800,806	(68,604)
Attributable to:		
Owners of the Company	407,297	1,005
Minority interests	393,509	(69,609)
	800,806	(68,604)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	NOTES	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Unaudited) RMB'000
Non-current assets			
Property, plant and equipment	11	2,022,367	2,115,672
Prepaid land lease payments		111,121	115,281
Investment properties	12	875,130	875,130
Intangible assets		4,274	4,659
Interests in associates		2,254,214	303,899
Available-for-sale investments		81,062	522,311
Term deposits	14	126,957	65,008
Pledged deposits	14	182,336	3,948
Deferred tax assets		40,984	194,120
		5,698,445	4,200,028
Current assets			
Inventories		798,719	887,582
Trade and bills receivables	13	1,384,860	1,339,946
Prepaid land lease payments		3,623	3,763
Prepayments, deposits and other receivables		327,788	300,996
Amounts due from fellow subsidiaries		5,937	71,182
Amounts due from associates		76,758	–
Term deposits	14	704,703	440,000
Pledged deposits	14	107,533	33,408
Bank balances and cash	14	2,149,916	2,430,652
		5,559,837	5,507,529

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

As at 30 June 2009

	NOTES	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Unaudited) RMB'000
Current liabilities			
Trade and bills payables	15	1,710,777	1,754,436
Other payables and accruals		459,009	505,648
Bank and other loans		1,068,656	805,980
Tax payable		50,933	105,354
Provisions for products warranties		39,904	46,239
Amount due to intermediate holding company		2,633	–
Amounts due to fellow subsidiaries		765,855	2,342
Amounts due to associates		216	72
		4,097,983	3,220,071
Net current assets		1,461,854	2,287,458
Total assets less current liabilities		7,160,299	6,487,486
Non-current liabilities			
Financial guarantee contracts		21,140	21,140
Deferred tax liabilities		89,040	87,516
Government grants		5,652	7,653
		115,832	116,309
Net assets		7,044,467	6,371,177
Equity attributable to owners of the Company			
Share capital		1,197,742	1,197,742
Reserves		2,942,987	2,599,836
		4,140,729	3,797,578
Minority interests		2,903,738	2,573,599
Total equity		7,044,467	6,371,177

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2009

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium account RMB'000	Goodwill reserve RMB'000	Asset revaluation reserve RMB'000	Available-for-sale investment revaluation reserve RMB'000	Statutory reserve (Note) RMB'000	Translation reserve RMB'000	Other Reserve RMB'000	Retained profits RMB'000	Proposed final dividends RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2009	1,197,742	997,498	(28,155)	47,557	(277,332)	906,689	(47,611)	(6,347)	941,661	65,876	3,797,578	2,573,599	6,371,177
Profit for the period	-	-	-	-	-	-	-	-	130,179		130,179	92,301	222,480
Other comprehensive income					277,332		(214)				277,118	301,208	578,326
Total comprehensive income for the period	-	-	-		277,332		(214)	-	130,179		407,297	393,509	800,806
Dividends paid										(65,876)	(65,876)		(65,876)
Dividends attributable to minority shareholders	-	-	-	-	-	-	-	-	-		-	(70,528)	(70,528)
Acquisition of a subsidiary	-	-	-	-	-	-		-	-			5,339	5,339
Share of reserves of associates	-	-	-	-	-	-	1,730	-	-	-	1,730	1,819	3,549
	-	-	-	-	-	-	-	-			-	-	-
Transfer	-	-	-	-	-	41,141	-		(41,141)		-	-	-
At 30 June 2009 (unaudited)	1,197,742	997,498	(28,155)	47,557		947,830	(46,095)	(6,347)	1,030,699	-	4,140,729	2,903,738	7,044,467

Note: In accordance with the relevant People's Republic of China (the "PRC") rules and regulations, subsidiaries established in the PRC are required to set aside 10% of their profit after income tax as recorded in the PRC statutory financial statements as statutory reserves, except where the reserve fund balance has reached 50% of the subsidiaries' registered capital. The reserve fund can only be used to make good the subsidiaries' previous years' losses, to expand the subsidiaries' production operations or to increase the capital of the subsidiaries.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(continued)

For the six months ended 30 June 2009

	Attributable to owners of the Company												
	Share capital	Share premium account	Goodwill reserve	Asset revaluation reserve	Available-for-sale investment revaluation reserve	Statutory reserve (Note)	Translation reserve	Other Reserve	Retained profits	Proposed final dividends	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	RMB'000	RMB'000
At 1 January 2008	1,197,742	997,498	(28,155)	34,569	(25,287)	907,620	(36,459)	–	659,285	–	3,706,813	3,088,630	6,795,443
Profit for the period	–	–	–	–	–	–	–	–	195,517	–	195,517	130,149	325,666
Other comprehensive loss					(170,454)		(24,058)				(194,512)	(199,758)	(394,270)
Total comprehensive income/ (loss) for the period	–	–	–	–	(170,454)	–	(24,058)	–	195,517	–	1,005	(69,609)	(68,604)
Dividends attributable to minority shareholders	–	–	–	–	–	–	–	–	–	–	–	(182,673)	(182,673)
Share of reserves of associates	–	–	–	–	–	–	(13,348)	–	–	–	(13,348)	(14,042)	(27,390)
Transfer	–	–	–	–	–	11,019	–	–	(11,019)	–	–	–	–
At 30 June2008	1,197,742	997,498	(28,155)	34,569	(195,741)	918,639	(73,865)	–	843,783	–	3,694,470	2,822,306	6,516,776

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

For the six months ended 30 June 2009

	Six months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
NET CASH FROM OPERATING ACTIVITIES	84,534	125,533
NET CASH USED IN INVESTING ACTIVITIES	(463,510)	(361,115)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	106,057	(19,489)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(272,919)	(255,071)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,430,652	2,719,237
EFFECT OF FOREIGN EXCHANGE RATE CHANGES, NET	(7,817)	(12,669)
CASH AND CASH EQUIVALENTS AT END OF PERIOD, representing bank balances and cash	2,149,916	2,451,497

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Great Wall Technology Company Limited (the "Company") is a limited liability company incorporated in the People's Republic of China (the "PRC"). The addresses of the registered office and the principal place of business of the Company is located at No.2 Keyuan Road, Technology and Industrial Park, Nanshan District, Shenzhen, the PRC.

The Company and its subsidiaries (the "Group") were principally involved in the development, manufacture and sale of computer and related products including hardware and software products.

In the opinion of the directors, the parent of the Company is China Great Wall Computer Group Company, and the ultimate holding company of the Company is China Electronics Corporation ("CEC") as a result of the restructuring approved by the State-owned Assets Supervision and Administration Commission of the State Council ("SASAC") on 18 August 2006. Both of them are state-owned enterprises established in the PRC.

2. BASIS OF PREPARATION

The condensed interim financial information has been prepared in accordance with the application in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("the Listing Rules") and with Hong Kong Accounting Standard ("HKAS") No.34, Interim Financial Reporting, issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA").

These consolidated condensed interim financial information has been prepared on the historical cost basis, except for investment properties and certain financial instruments, which are measured at fair values. The accounting policies and basis of presentation used in the preparation of these condensed interim financial information are consistent with those adopted in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2008.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

In the current period, the Group has applied, for the first time, a number of new standards, amendments and interpretations ("INTs") (herein collectively referred to as "New HKFRSs") issued by the HKICPA which are effective for the Group's financial year beginning 1 January 2009. The New HKFRSs mainly include the followings:

HKFRS 8 Operating Segments

(effective for annual periods beginning on or after 1 January 2009)

The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments (see note 4).

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKAS 1 (Revised 2007) Presentation of Financial Statements

(effective for annual periods beginning on or after 1 January 2009)

HKAS 1 (Revised 2007) has introduced a number of terminology changes, including revised titles for the condensed consolidated financial statements, and has resulted in a number of changes in presentation and disclosure.

The adoption of the new interpretations has had no material effect on how the results and financial position of the Group for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been recognised.

The Group has not early applied the following new or revised standards, amendments and interpretations that have been issued but are not yet effective as at the date of the report.

HKFRSs (Amendments)	Improvements to HKFRSs May 2008[1]
HKFRSs (Amendments)	Improvements to HKFRSs 2009[2]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[3]
HKAS 39 (Amendment)	Eligible hedged items[3]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standard[3]
HKFRS 2 (Amendments)	Share-based Payment – Group Cash-Settled Share-based Payment Transaction[6]
HKFRS 3 (Revised)	Business Combinations[3]
HK(IFRIC)-Int 9 & HKAS 39 (Amendments)	Embedded Derivatives[4]
HK(IFRIC)-Int 17	Distributions of non-cash Assets to Owners[3]
HK(IFRIC)-Int 18	Transfers of Assets from Customers[5]

[1] Amendments to HKFRS 5, effective for annual periods beginning on or after 1 July 2009

[2] Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate

[3] Effective for annual periods beginning on or after 1 July 2009

[4] Effective for annual periods ending or after 30 June 2009

[5] Effective for transfer of assets from customers received on or after 1 July 2009

[6] Effective for annual periods beginning on or after 1 January 2010

The application of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary. The directors of the Company anticipate that the application of the other new and revised standards, amendments or interpretations will have no material impact on the results and the financial position of the Group.

4. SEGMENT INFORMATION

The Group has adopted HKFRS 8 Operating Segments with effect from 1 January 2009. HKFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker being the Board of Directors in order to allocate resources to segments and to assess their performance. In contrast, the predecessor Standard (HKAS 14, Segment Reporting) required an entity to identify two sets of segments (business and geographical) using a risks and returns approach, with the entity's "system of internal financial reporting to key management personnel" serving only as the starting point for the identification of such segments.

In the past, the Group's primary reporting format was business segments. The application of HKFRS 8 has not resulted in redesignation of the Group's reportable segments as compared with the primary reportable segment determined in accordance with HKAS 14. Nor has the adoption of HKFRS 8 changed the basis of measurement of segment profit or loss.

As at 30 June 2009, the Group has the following main business segments:

(a) the electronic parts and components segment produces magnetic heads, monitors, switch power supplies, hard disk drives and disk substrates mainly for use in personal computers ("PC");

(b) the computer segment produces PCs, printers, network electric meters, servers and PC peripheral products;

(c) the property investment segment invests in prime office space for its rental income potential; and

(d) the "others" segment comprises, principally, the software and system integration and other related businesses.

4. **SEGMENT INFORMATION** (continued)

The following tables present revenue, profit and expenditure information for the Group's business segments for the six months ended 30 June 2009 and 2008.

	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 2009						
Segment revenue						
Sales to external customers	4,855,746	1,837,541	64,831	335,736	–	7,093,854
Other income and gains	116,319	4,334	1,239	818	–	122,710
Intersegment sales	243,621	51	18,884	–	(262,556)	–
Total	5,215,686	1,841,926	84,954	336,554	(262,556)	7,216,564
Segment results	87,273	17,282	29,818	(374)	(20,164)	113,835
Unallocated gains						38,532
Corporate and other unallocated expenses						(6,325)
Finance costs						(18,214)
Share of results of associates	26,015	2,560		804		29,379
Gain on acquisition of an associate		141,748				141,748
Discount on acquisition of a subsidiary						505,695
Loss on derecognition of Available-for-sale investment						(568,031)
Profit before tax						236,619
Income tax expense						(14,139)
Profit for the year						222,480

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4. SEGMENT INFORMATION (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 2008						
Segment revenue						
Sales to external customers	10,862,025	414,038	53,162	360,731	–	11,689,956
Other income and gains	60,878	3,734	2	71	–	64,685
Intersegment sales	101,829	5,497	14,581	–	(121,907)	–
Total	11,024,732	423,269	67,745	360,802	(121,907)	11,754,641
Segment results	231,943	(32,046)	35,964	13,245	(3,156)	245,950
Unallocated gains						99,784
Gain on disposal of equity investment at fair value through profit and loss	10,050					10,050
Corporate and other unallocated expenses						31,211
Finance costs						(34,651)
Share of results of associates	9,159	5,123	–	–	–	14,282
Profit before tax						366,626
Income tax expense						(40,960)
Profit for the year						325,666

5. OTHER INCOME AND GAINS

	For the six month ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Other income and gains		
Interest income	26,068	29,375
Dividend income from listed available-for-sale investment	6,822	27,792
Dividend income from unlisted available-for-sale investments	1,016	42,617
Government grant	4,626	–
Sale of scrap materials	–	1,484
Compensation income	–	51,737
Gain on disposal of equity investments at FVTPL	–	10,050
Others	6,653	11,464
	45,185	174,519

6. FINANCE COSTS

	For the six month ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Interest on bank and other loans, wholly repayable within five years	18,214	34,651

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six month ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Staff costs (including directors' remuneration):		
Wages and salaries	293,037	391,970
Depreciation of property, plant and equipment	139,110	182,524
Amortisation of prepaid land lease payments (included in administrative expense)	1,882	1,666
Amortisation of other intangible assets (included in administrative expense)	502	1,237
Auditors' remuneration	350	500
Foreign exchange differences, net	6,617	38,476
Reversal of impairment of loans to associates (included in administrative expense)	–	(36,500)
Impairment of trade and bills receivables (included in administrative expense)	3,226	3,434
Reversal of impairment of trade and bills receivables (included in administrative expense)	(3,721)	(6,162)
Allowance for inventories (included in cost of sales)	6,503	27,534
Reversal of allowance for inventories (included in cost of sales)	(12,585)	(417)
Loss/(gain) on disposal of property, plant and equipment	9,546	(2,708)

8. INCOME TAX EXPENSE

	For the six month ended 30 June 2009 (Unaudited) RMB'000	2008 (Unaudited) RMB'000
Current – Hong Kong profit tax	3,246	2,231
Current – PRC corporate income tax	11,626	45,050
Deferred tax	(733)	(6,321)
Total tax charge for the period	14,139	40,960

8. INCOME TAX EXPENSE (continued)

(a) Hong Kong profits tax

Hong Kong Profits Tax is calculated at 17.5% (2008: 17.5%) of the estimated assessable profit for the year.

(b) PRC EIT

The subsidiaries established in the PRC are subject to the PRC EIT at rate of 25%. Certain of the subsidiaries of the Group are approved to be high technology enterprises and income tax is calculated at a rate of 18% of the estimated assessable profit for the year. In accordance with the relevant income tax regulations of the PRC, certain subsidiaries are entitled to exemptions from income tax for the two years commencing from their first profit-making year of operation after offsetting prior year tax losses, followed by a 50% reduction in the PRC EIT for the next three years.

On 16 March 2007, the PRC Government promulgated the Law of the PRC on PRC EIT (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulation of the New Law. Under the New Law and Implementation Regulation, the PRC EIT rate of the Group's subsidiaries in the PRC was increased from 15% to 25% progressively from 1 January 2008 onwards (2008:18%, 2009:20%, 2010:22%, 2011:24%, 2012:25%). The relevant tax rates for the Group's subsidiaries in the PRC ranged from 15% to 25% (2007: 15% to 33%).

9. DIVIDENDS

The Board does not recommend the payment of an interim dividend to shareholders in respect of the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

10. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the year attributable to the ordinary owners of the Company of approximately RMB130,179,000 (six months ended 30 June 2008: RMB195,517,000) and on the weighted average number of 1,197,742,000 (six months ended 30 June 2008: 1,197,742,000) ordinary shares in issue during the period.

Diluted earnings per share for the two periods ended 30 June 2009 and 2008 have not been disclosed as there are no diluting events existed during both periods.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2009, the Group acquired assets with a cost of RMB64,807,000 (2008:RMB257,983,000 on additions to property, plant and equipment.

Assets with a net book value of RMB17,051,000 were disposed of by the group during the six months ended 30 June 2009 (six months ended 30 June 2008: RMB7,957,000), resulting in a net losson disposal of RMB9,546,000 (net gain for six months ended 30 June 2008: RMB2,708,000).

12. INVESTMENT PROPERTIES

At 30 June 2009, 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 recognized in the current period.

13. TRADE AND BILLS RECEIVABLES

The credit period is generally for a period of three months for the Group's customers.

An aged analysis of the trade and bills receivables, based on the invoice date and net of provision, is as follows:

	30 June 2009 (Unaudited) RMB'000	**31 December 2008** (Audited) RMB'000
Within 90 days	1,303,681	1,237,340
91 to 180 days	58,634	94,202
181 to 365 days	22,545	8,404
	1,384,860	1,339,946

14. PLEDGED DEPOSITS AND CASH AND CASH EQUIVALENTS

For the purpose of the condensed consolidated statement of cash flow, cash and cash equivalents are comprised of the following:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Cash and bank balances	1,081,146	1,388,989
Time deposits	2,190,299	1,584,027
	3,271,445	2,973,016
Less: Current deposits		
Pledged for bank facilities	92,280	13,202
Pledged for performance bonds	15,253	20,206
	107,533	33,408
Term deposits with terms over three months	704,703	440,000
	812,236	473,408
Non-current deposits		
Pledged for bank facilities	173,974	–
Pledged for performance bonds	8,362	3,948
Total pledged deposits	182,336	3,948
Term deposits with terms over one year	126,957	65,008
	309,293	68,956
Bank balances and cash	2,149,916	2,430,652

15. TRADE AND BILLS PAYABLES

The trade and bills payables are normally settled on terms of 30 to 90 days. An aged analysis of the trade and bills payables, based on the invoice date, is as follows:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Within 90 days	1,605,106	1,714,695
91 to 180 days	73,563	9,874
181 to 365 days	5,526	7,789
Over 365 days	26,582	22,078
	1,710,777	1,754,436

16. ACQUISITION OF A SUBSIDIARY

On 29 June 2009, the Group acquired 99.9999% of the voting shares of China Great Wall Computer (Hong Kong) Co., Ltd ("Great Wall Hong Kong"), an unlisted company based in Hong Kong principally engaged in trading of computers and related products, at a consideration of approximately RMB10,601,000. The acquisition has been accounted for using the purchase method of accounting.

The Directors estimate the fair value of the identifiable net assets of Great Wall Hong Kong acquired at the date of acquisition were approximately RMB516million.

17. ACQUISITION OF AN ASSOCIATE

Upon completion of the acquisition of Great Wall Hong Kong on 29 June 2009, Great Wall Hong Kong became a subsidiary of the Group thereafter. As Great Wall Hong Kong held approximately 17% of the total issued share capital of TPV Technology Limited on 29 June 2009, the Group's aggregate interest in the total issued share capital of TPV Technology Limited increased from approximately 9.5% to 26.5%. The Group started to have a significant influence over TPV Technology Limited and therefore accounted for the investment in TPV Technology Limited as interests in associates.

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the balance sheet date:

	30 June 2009 (Unaudited) RMB'000	31 December 2008 (Audited) RMB'000
Contracted, but not provided for:		
Leasehold land and buildings	–	25,196
Plant and machinery	63,069	6,700
	63,069	31,896

19. RELATED PARTY TRANSACTIONS

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

	Notes	For the six months ended 30 June 2009 RMB'000	2008 RMB'000
Intermediate holding company:			
License fees	(i)	1,162	1,107
Associates:			
Sale of products	(ii)	7,565	127,366
Rental income	(iii)	26,040	30,426
Interest income	(iv)	1,085	19
Purchases of components and parts	(v)		295,186
Fellow subsidiaries:			
Sale of products	(i)	57,255	12,110
Rental income	(iii)	6,754	6,218
Purchases of components and parts	(v)	177,364	186,458

19. RELATED PARTY TRANSACTIONS (continued)

(a) (continued)

Notes:

(i) The license fee paid to the intermediate holding company was based on a rate of 0.15% of the revenue from the products under the "Great Wall" brand for both years.

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

(iii) The rental income from the property leased to associates and fellow subsidiaries was made according to the market rate offered to third parties.

(iv) The interest income from associates was based on an interest rates of 5.05% per annum for both years.

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

(b) Outstanding balances with related parties:

(i) The balances with intermediate holding company, fellow subsidiaries and associates are unsecured, interest free and repayable on demand.

(ii) The Group had Outstanding trade payables to associates of approximately RMB216,000 as at 30 June 2009 (31 December 2008: RMB72,000) 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.

(c) Facilities granted by a fellow subsidiary

On 28 September 2008, the Group's land and buildings with a net carrying value of approximately RMB43,080,000 were pledged to secure a credit facilities amounted to RMB120,000,000 granted by a fellow subsidiary to the Company.

19. RELATED PARTY TRANSACTIONS (continued)

(d) The Group operates in an economic environment predominated by enterprises directly or indirectly owned or controlled by the PRC government through its numerous authorities, affiliates or other organisations (collectively "State-owned Enterprises"). During the six months ended 30 June 2009 and the year ended 31 December 2008, the Group had transactions with State-owned Enterprises including, but not limited to, sales and purchase of computers, electronic parts and computer-related products. The directors of the Company consider that transactions with other State-owned Enterprises are activities in the ordinary course of business, and that dealings of the Group have not been significantly controlled or owned by the PRC government. The Group has also established pricing policies for products and such pricing policies do not depend on whether or not the customers are State-owned Enterprises. Having due regard to the substance of the relationships, the directors of the Company are of the opinion that none of these transactions is a material related party transaction that requires separate disclosure.

20. EVENTS AFTER THE REPORTING PERIOD

On 16 July 2009, the Company and a subsidiary, Shenzhen Kaifa Technology Co., Ltd entered into subscription agreements with another subsidiary, China Great Wall Computer (Shenzhen) Co., Ltd. ("Great Wall Computer"), whose A shares are listed on the Shenzhen Stock Exchange in the PRC, to subscribe for a total of 110,742,000 new shares of Great Wall Computer at an aggregate consideration of approximately RMB1,000 million, payable in cash. Upon completion of the subscription transactions, the Group's effective shareholding in Great Wall Computer will be increased from 47.82% to up to 56.56%, Great Wall Computer continues to be a subsidiary of the Company following the completion of the subscription transactions. Further details of the subscription transactions had been set out in the Company's announcement dated 17 July 2009.

21. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current period's presentation.

22. APPROVAL OF THE INTERIM FINANCIAL REPORT

These condensed interim financial statements were approved and authorised for issue by the Board on 23 September 2009.

CHAIRMAN'S STATEMENT

During the six months ended 30 June 2009 (the "Reporting Period"), the profit after tax attributable to the shareholders of the Company was RMB130,179,000, comparing to RMB195,517,000 for the corresponding period last year. Amid the challenging global economic conditions and the rapidly changing market, our export business was adversely affected, and hence resulted in a lower incomes from core business. During the Reporting Period, the Group achieved an operating profits before tax of RMB236,619,000, while the operating profits before tax realized in the corresponding period last year was RMB366,626,000. The sales for the Reporting Period was RMB7,093,854,000, comparing to RMB11,689,956,000 for the corresponding period last year.

Under the leadership of the board of directors and with the help of our management and staff's dedication, the production operating environment has been improved with the effort of our prudent financial policies, proactive marketing strategies, quality products and services, and stringent cost and risk controls, resulting in an increased core business incomes and a recovering trend.

Business Review

During the Reporting Period, under the significant impact of the financial turmoil, the Group has launched the "Study and Practice of the Scientific Development Concept Program", and formulated specific measures of "acquisition, improvement and creation of new growth areas". Focusing on sustaining growth, regulating structures, encouraging innovation and facilitating reorganization, our production operation has already back to the recovery track.

Sustaining growth by way of reinforcing market expansion.

In the first half year of 2009, members of the Group endeavored to overcome the financial turmoil by way of reinforcing market expansion. Through the expansion of both the international and domestic markets and enhancement of our brand images, the Group has successfully achieved satisfactory results.

Riding on the opportunities provided by the PRC government's domestic demand stimulation measures, CGC has taken a step further to expand its market. In the bidding for the "Bringing Computers to Rural Areas" scheme, CGC has achieved the Grand Slam with all of its participating products won. Currently, CGC is supplying its products in 20 provinces. In addition, CGC has further enhanced its sales of netbooks and security computers. Expansion of industry market has achieved a breakthrough with several considerable orders, including the order for thousands of notebooks in Jiangxi. In the first half year, sales of Great Wall notebooks increased 120% comparing to the corresponding period last year. Further, CGC has actively developed emerging markets overseas. On 19 May 2009, CGC signed a cooperation agreement with EEPAD, an Algerian company. Currently CGC is preparing to build production facilities in Algeria to produce notebook products. Besides, CGC has been awarded, once again, the "China Top-Ten Leading Brands of Consumer Electronic Products" in 2009 with its outstanding quality and services.

Great Wall Kaifa has further deepened its cooperation with international corporations. Despite the industry export was materially impacted, sales incomes of Great Wall Kaifa's core product, magnetic heads, maintained the same level as the corresponding period last year. Disk substrates orders have also successfully recovered from the declining trend resulted from the financial turmoil, and recorded a month-on-month growth. Great achievement was seen in EMS business's market expansion. Certain international corporations and renowned domestic enterprises have become our clients, which has offset some operational income declines caused by the financial turmoil.

Regulating structures to further foster change in development models.

Since the beginning of this year, the Group has promptly captured the opportunities for structure regulation and business enhancement shown in the global economic downturn, and established solid bases for corporation strategies and long term development. Regarding the business structure and products structure, we have reinforced structures regulation so as to switch the development direction into "high-end", "high-tech" and "green and energy saving", and to foster change in development models.

Business structure regulation. While consolidating the existing business advantages, we have also been actively developing emerging areas, such as solar energy, wind energy and automobile electronic products. Besides, we dedicated to create new growth areas, as well as regulating and optimizing business structure. ExcelStor Great Wall has undergone a business transformation this year, and started producing solar energy generation facilities in April 2009. All of its products are for export. Since production commenced, orders remain at a steady level. Great Wall Kaifa has entered the automobile electronic parts and components manufacture industry. It has established a joint venture, namely深圳開發技研汽車電子有限公司, with a joint venture partner, and mass production of automobile air-conditioning control products will soon be started.

Products structure regulation. We endeavor to undertake products structure regulation which is market-oriented, and to develop quality products which suit customers' demands. We also aim to strengthen technology innovation, improve production technology and to continuously enhance our products technology level and added value. We have implemented brand strategies which further strengthened our brand advertisement and promotion. While the existing desktop computer power supply business of CGC's power supply division enjoys a steady growth, it is also actively developing non-desktop computer power supply business. Currently, it has successfully developed power supplies for servers, notebooks, LCD TVs, home appliance, industrial use, in-car application, communication, LIPS and adaptors, which demonstrates an achievement in high-end products transformation. During the Reporting Period, non-desktop computer power supply business recorded an exceptional result, which was 6.6 times as compared to the corresponding period last year. Based on the flat monitor industry, CGC's monitor division has actively developed both upstream and downstream on the industry chain. Supported by the LCD monitor business, CGC actively researches and develops a wide range of industry display terminal applications, such as ad players, in-car TVs, touch-screen monitors, CCTV monitors and monitoring walls. The division will also launch energy-saving LED backlight monitors in the coming future.

Encouraging innovation to initiate supportive technologies.

During the Reporting Period, members of the Group further strengthened their R&D on key technology and facilities. We have also enhanced applications of technology R&D results. In the first six months, we gave birth to certain technologies and products with self-owned intellectual properties. 25 patent applications have been made during the reporting Period, including 12 invention patents. We were also granted 50 patents, including 12 invention patents.

Kaifa Magnetic Recording has accelerated its R&D process on the high density vertical magnetic recording RN6 product, and remains in the leading position on the “upstream”. RN6 product is currently at the trial stage. As a series of new production and testing technologies are applied, the passing rate will be significantly raised. In the meanwhile, the product has achieved customers’ preliminary recognition.

CGC has focused on design and R&D of system-level components, as well as enhancing innovations. It has dedicated to explore the areas of design and production of such system-level components as motherboards and display cards, as well as focusing on R&D and design of notebooks and establishing production facilities. By now, CGC has already developed various netbook motherboards. With a view to quickly enhance its innovation, CGC is also preparing to engage leading experts from all over the country.

During the first half year, the Group has also deepened the cooperation among industry, academic and research areas in order to accelerate the enhancement of our innovation. We worked together with both international and domestic renowned scientific research institutes and tertiary institutions, with an aim to build a R&D cooperation platform so as to realize complement of resources and advantages.

Facilitating reorganization to drive corporate cross-development.

While expanding the market, the Group has also actively reorganized the corporate structure in the first half year, through which the corporate size was scaled down and the management costs was reduced. Further, we capitalized on the transformation opportunities brought by the financial turmoil. Maintaining prudent investment strategies and backed by our strong financial resources, we actively, yet prudently, sought investment opportunities to drive to become the industry leader and enter the emerging industries and market areas. We have also made strategic investments and optimized our corporate resources so as to drive corporate cross-development.

On 29 June 2009, the acquisition of 99.9999% of the issued capital of China Great Wall Computer (HK) Holding Limited ("Great Wall (HK)") by CGC was completed, thereby the Group's direct and indirect interests in TPV Technology Limited ("TPV") has increased to 26.5%. Due to the increased gains from investment in TPV, investment gains of CGC has increased for the Reporting Period compared to the corresponding period last year. Further increased shareholdings in TPV, the largest monitor manufacturer in the world, will realize an association between the two strong partners, which will create synergies that is beneficial to both CGC and TPV. Through this association, their advantages as a whole can be fully utilized, their international operation abilities can be quickly enhanced, and their international development strategies can be realized.

Outlook

In the second half of 2009, the Group will, under the leadership of the board of directors, steadfastly focus on our "1236" development strategies and "325" development process. Sustaining growth remains our priority in the second half year. To pursue the goal, we will follow the guiding principles, viz. change in development model and regulation of structures, and be driven by the accelerated reform of system and mechanism. We will also step up our efforts in building our expert teams and leverage on their energy and creativity. With the annual operation performance target in mind, we are dedicated, we are up for any challenge, and we will spare no effort until we hit the goal.

On behalf of the board of directors, I would like to take this opportunity to express my gratitude to all the staff of the Group for their hard work, as well as to all shareholders for their long-term support to the Company.

By order of the Board
Lu Ming
Chairman
Shenzhen, PRC

23 September 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group realised a turnover of RMB7,093,854,000, representing a decrease of 39.32% as compared to the corresponding period of last year. Interim profit after tax attributable to the shareholders of the Company amounted to RMB130,179,000 during the Reporting Period as compared to the interim profit of RMB195,517,000 for the corresponding period last year.

Liquidity and Financial Resources

As at 30 June 2009, the Group's total cash and cash equivalent amounted to RMB2,149,916,000 and the Group's total bank borrowings amounted to RMB1,068,656,000.

The structure of such borrowings was as follows:

(1) 100% was denominated in Renminbi;

(2) Range from 3.51% to 7.2% was made on fixed interest rates.

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

As at 31 December 2008, the Group's total cash and cash equivalent amounted to RMB2,430,652,000 and the Group's total bank borrowings amounted to RMB805,980,000.

The structure of such borrowings was as follows:

(1) 100% was denominated in Renminbi;

(2) Range from 4.4% to 7.2% 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 2009, the Group's total bank borrowings and shareholders' equity were RMB1,068,656,000 and RMB4,140,729,000 respectively, as compared to RMB805,980,000 and RMB3,797,578,000 respectively as at 31 December 2008.

The gearing ratio as at 30 June 2009 was 25.81%. The gearing ratio as at 31 December 2008 was 21.22%. The gearing ratio is defined as the ratio between total bank borrowings and shareholders' equity.

Current Ratio and Working Capital

As at 30 June 2009, the Group's current assets and current liabilities were RMB5,559,837,000 and RMB4,097,983,000 respectively, while the Group's working capital was RMB1,461,854,000. The current ratio was 1.36.

As at 31 December 2008, the Group's current assets and current liabilities were RMB5,507,529,000 and RMB3,220,071,000 respectively, while the Group's working capital was RMB2,287,458,000. The current ratio was 1.71.

Charge of Group Assets

As at 30 June 2009, the Group had pledged to banks its bank savings of approximately RMB266,254,000 to secure general banking facilities for the Group. As at 30 June 2009, no borrowings were guaranteed by CEC, the ultimate holding company of the Group.

As at 31 December 2008, the Group had pledged to banks its bank savings of approximately RMB13,202,000 as a pledge of banks' general finance for the Group.

As at 31 December 2008, no borrowings were guaranteed by CEC, the ultimate holding company of the Group.

Exchange Rate Fluctuation

During the Reporting Period, approximately 65.8% 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.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2009 (six months ended 30 June 2008: Nil).

Major Event

CGC entered into a share transfer agreement with Great Wall Group on 30 April 2009 to acquire from Great Wall Group 99.9999% of the issued share capital of Great Wall (HK), a company incorporated in Hong Kong engaging principally in the development and sale of computers, procurement of components and major facilities. The consideration for the acquisition is RMB10,601,200, which is determined with reference to the fair value of Great Wall (HK) as at 31 December 2008 of HK$12,021,100 as stated in the valuation report prepared by an independent valuer in the PRC in accordance with generally accepted valuation procedures and practices in the PRC. The acquisition was approved by the shareholders of the Company on 29 June 2009 and Great Wall (HK) became a subsidiary of the Company.

Currently, Great Wall (HK) holds approximately 17% of shares in the issued share capital of TPV Technology Limited ("TPV"), a company listed on Hong Kong Stock Exchange whilst CGC holds approximately 9.46% of the issued share capital of TPV. As the Group's shareholding in TPV is approximately 26.5%, TPV is an associated company of the Group and its accounts shall be equity accounted for in the Group's accounts.

Event Subsequent to Balance Sheet Date

On 16 July 2009, the Company and Great Wall Kaifa entered into subscription agreement respectively with CGC to subscribe for a total of 110,742,000 new shares of CGC, of which the Company may subscribe for up to 110,742,000 new shares (representing up to 100% of the new shares to be issued by CGC) and Great Wall Kaifa may subscribe for up to 17,718,700 new shares (representing up to 16% of the new shares to be issued by CGC) at RMB9.03 per new share. The total consideration for the issue of the new shares by CGC is RMB1,000 million, payable in cash. Upon completion of the subscription of new shares by the Company and Great Wall Kaifa, the Group's effective shareholding in CGC will be increased from 47.82% to up to 56.56%, depending on the allocation of new shares to be subscribed for by the Company and Great Wall Kaifa.

Employees

As at 30 June 2009, the number of employees of the Group was approximately 16,000 (as at 31 December 2008: approximately 16,000). 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.

OTHER INFORMATION

DIRECTORS', SUPERVISORS' AND THE COMPANY'S CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2009, 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 Securities and Futures Ordinance ("**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 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 total registered share capital of the relevant entities
Mr. Lu Ming	100,743 shares of CGC (L)	0.0183%
Mr. Tam Man Chi	1,113,878 shares of Great Wall Kaifa (L)	0.12%
Mr. Du Heping	30,000 shares of CGC	0.0055%

2. Corporate Interests

Name of Director	Number of Shares held	Approximate percentage of total registered share capital of the relevant entities
Mr. Tam Man Chi	71,244,587 shares of Great Wall Kaifa *(Note 1)* (L)	8.1%

Note:

1. Broadata (H.K.) Limited ("Broadata") held approximately 8.1% of these shares. Flash Bright International Limited held approximately 67.96% shares in Broadata. Mr. Tam and his spouse held in aggregate 100% equity shares in Flash Bright International Limited.

The letter "L" denotes a long position.

Save as disclosed above and so far as the Directors, supervisors and chief executives of the Company are aware, as at 30 June 2009, none of the Directors, supervisors and chief executive officers of the Company had any interest or short position in the shares, underlying shares and debentures of the Company and 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, supervisor or chief executive officers 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 adopted by the Company.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

So far as the Directors, supervisors and chief executives of the Company are aware, as at 30 June 2009, the following persons (other than the Directors, supervisors and chief executives of the Company) 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 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 percentage of the issued State-owned legal person shares	Approximate shareholding percentage of the issued H shares
Great Wall Group	State-owned legal person shares	743,870,000	100%	–
HKSCC NOMINEES LIMITED	H shares	446,283,500	–	98.33%

Save as disclosed above and so far as the Directors, supervisors and chief executives of the Company are aware, as at 30 June 2009, no other person (other than the Directors, supervisors or chief executives of the Company) had an interest or short position in the Company's shares or underlying shares which are required to be disclosed to the Company 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.

CORPORATE GOVERNANCE

The Company, currently and within the Reporting Period, has applied the principles and complied with the provisions of the Code on Corporate Governance Practices ("**CG Code**") as set out in Appendix 14 of the Listing Rules.

BOARD COMPOSITION

The Board consists of a total of nine directors, comprising six executive directors three independent non-executive directors. At least one of the independent non-executive directors have appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

All Directors are appointed for a period of three years and are subject to re-election in accordance with the Company's Articles of Association and the CG Code.

The positions of the Chairman of the Board and the Chief Executive Officer of the Company are held by separate individuals with a view to maintaining an effective segregation of duties respecting management of the Board and the day-to-day management of the Group's business.

AUDIT COMMITTEE

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.

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 2009 and recommended its adoption by the Board.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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 Transaction by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry to Directors and supervisors, and the Directors and supervisors have confirmed that they have complied with the required standard set out in the Model Code during the six months ended 30 June 2009.

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

The Company has not redeemed any of its shares during the six months ended 30 June 2009. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

By Order of the Board
Great Wall Technology Company Limited
Lu Ming
Chairman

Shenzhen, PRC, 23 September 2009