GWT

長城科技股份有限公司

Great Wall Technology Company Limited

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

(Stock Code: 0074)

2013 INTERIM RESULTS ANNOUNCEMENT

The board of directors (the "Board") of Great Wall Technology Company Limited (the "Company") hereby announces the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the six months ended 30 June 2013 (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").

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE SIX MONTHS ENDED 30 JUNE 2013

		Six months ended 30 June	
		2013	**2012**
	NOTES	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Turnover		**43,714,035**	42,755,637
Cost of sales		**(40,595,910)**	(40,068,121)
Gross profit		**3,118,125**	2,687,516
Other income and gains	4	**724,605**	701,992
Net realised and unrealised gain on foreign exchange forward contracts		**470,503**	540,861
Selling and distribution costs		**(1,772,588)**	(1,424,794)
Administrative expenses		**(1,355,212)**	(1,238,138)
Research and development expenses		**(921,468)**	(822,760)
Finance costs	5	**(343,684)**	(201,271)
Share of results of associates		**(4,811)**	34,939
Share of results of joint ventures		**(1,985)**	(9,997)
(Loss) profit before tax	6	**(86,515)**	268,348
Income tax expense	7	**(72,053)**	(92,297)
(Loss) profit for the period		**(158,568)**	176,051
Profit (loss) for the period attributable to:			
Owners of the Company		**15,336**	20,430
Non-controlling interests		**(173,904)**	155,621
		(158,568)	176,051
Earnings per share			
– Basic and diluted (RMB per share)	9	**1.28 cents**	1.71 cents

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013

	NOTES	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Restated)
Non-current assets			
Property, plant and equipment	10	**6,395,260**	6,790,547
Prepaid land lease payments	11	**649,489**	666,629
Investment properties	12	**1,454,374**	1,458,451
Intangible assets		**1,326,790**	1,386,605
Interests in associates		**836,832**	807,526
Interests in joint ventures		**8,504**	11,194
Available-for-sale investments		**389,199**	393,587
Prepayment, deposits and other receivables		**718,866**	375,120
Term deposits		**173,452**	110,000
Pledged deposits		**10,000**	10,000
Derivative financial instruments		**14,254**	17,845
Deferred tax assets		**629,629**	701,441
		12,606,649	12,728,945
Current assets			
Inventories		**12,935,114**	10,279,397
Trade and bills receivables	13	**14,371,237**	16,560,802
Prepaid land lease payments	11	**18,416**	18,792
Prepayments, deposits and other receivables		**3,560,796**	3,932,341
Financial assets at fair value through profit or loss		**18,592**	26,104
Tax recoverable		**130,742**	112,994
Derivative financial instruments		**381,045**	203,727
Amounts due from fellow subsidiaries		**10,790**	27,686
Amounts due from associates		**10,506**	41,607
Amount due from ultimate holding company		**8,000**	–
Term deposits		**247,000**	243,000
Pledged deposits		**4,157,430**	3,116,683
Bank balances and cash		**4,471,822**	5,386,054
		40,321,490	39,949,187
Assets classified as held for sale	14	**127,094**	–
		40,448,584	39,949,187

	NOTES	30 June 2013 RMB'000 (Unaudited)	31 December 2012 RMB'000 (Restated)
Current liabilities			
Trade and bills payables	15	**15,839,319**	16,320,590
Other payables and accruals		**8,025,983**	8,661,680
Bank and other loans		**9,787,373**	6,705,430
Derivative financial instruments		**63,571**	408,605
Tax payable		**368,645**	305,057
Warranty and other provisions		**806,742**	854,713
Amounts due to fellow subsidiaries		**1,661**	1,676
Amounts due to associates		**37,914**	16,025
Amount due to ultimate holding company		**147,236**	101,622
		35,078,444	33,375,398
Liabilities associated with assets classified as held for sale	14	**137,128**	–
		35,215,572	33,375,398
Net current assets		**5,233,012**	6,573,789
Total assets less current liabilities		**17,839,661**	19,302,734
Capital and reserves			
Share capital	16	**1,197,742**	1,197,742
Reserves		**3,087,856**	3,136,305
Equity attributable to owners of the Company		**4,285,598**	4,334,047
Non-controlling interests		**10,467,029**	11,030,590
Total equity		**14,752,627**	15,364,637
Non-current liabilities			
Bank and other loans		**1,228,820**	1,756,709
Other payables		**1,138,454**	1,327,991
Pension obligations		**122,394**	120,745
Contingent consideration payable and redemption liability		**128,115**	117,502
Deferred tax liabilities		**385,342**	533,594
Government grants		**69,580**	59,488
Derivative financial instruments		**5,493**	176
Other provision		**8,836**	21,892
		3,087,034	3,938,097
		17,839,661	19,302,734

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2013

1. GENERAL

Great Wall Technology Company Limited (the "Company") is a company incorporated in the PRC with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The address 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 (collectively referred to as the "Group") were principally involved in the development, manufacture and sale of TVs and computer and related products including hardware and software products.

In the opinion of the directors, the immediate holding 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.

These condensed consolidated financial statements are presented in Renminbi ("RMB") which is the same as the functional currency of the Company while the functional currency of a major subsidiary, TPV Technology Limited ("TPV"), is US dollars ("US$").

2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") *Interim Financial Reporting* issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") and 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").

The condensed consolidated financial statements have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values, as appropriate.

Except as disclosed below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2013 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2012.

In the current interim period, the Group has applied, for the first time, the following new or revised standards, amendments and interpretations issued by the HKICPA that are relevant for the preparation of the Group's condensed consolidated financial statements.

Amendments to Hong Kong Financial Reporting Standards ("HKFRSs")	Annual Improvements 2009 – 2011 Cycle
Amendments to HKFRS 1	Government Loans
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance
Amendments to HKAS 1	Presentation of Other Comprehensive Income
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
Hong Kong (International Financial Reporting Interpretation Committee) – Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the above new or revised standards, amendments and interpretations in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

HKFRS 13 Fair Value Measurement

The Group has applied HKFRS 13 for the first time in the current interim period. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements, and replaces those requirements previously included in various HKFRSs. Consequential amendments have been made to HKAS 34 to require certain disclosures to be made in the interim condensed consolidated financial statements.

The scope of HKFRS 13 is broad, and applies to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, subject to a few exceptions. HKFRS 13 contains a new definition for 'fair value' and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, HKFRS 13 includes extensive disclosure requirements.

In accordance with the transitional provisions of HKFRS 13, the Group has applied the new fair value measurement and disclosure requirements prospectively.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 introduce new terminology for statement of comprehensive income and income statement. Under the amendments to HKAS 1, a statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and an income statement is renamed as a statement of profit or loss. The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the existing option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes.

HKAS 19 Employee Benefits (as revised in 2011)

In the current interim period, the Group has applied HKAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

HKAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of HKAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in the previous version of HKAS 19 are replaced with a 'net interest' amount under HKAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have not had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years.

The effect of the change in accounting policy described above on the financial positions of the Group as at the end of the immediately preceding financial year, i.e. 31 December 2012, is as follows:

	As at 31 December 2012 (originally stated) *RMB'000*	Adjustments *RMB'000*	As at 31 December 2012 (restated) *RMB'000*
Pension obligations	108,029	12,716	120,745

The effect of the change in accounting policy described above on the financial positions of the Group as at the beginning of the comparative period, i.e. 1 January 2012, is as follows:

	As at 1 January 2012 (originally stated)	Adjustments	As at 1 January 2012 (restated)
	RMB'000	*RMB'000*	*RMB'000*
Pension obligations	37,913	8,588	46,501

The effects of the change in accounting policy described above on the other comprehensive income, statement of cash flows and on earnings per share were insignificant.

Amendments to HKAS 34 Interim Financial Reporting *(as part of the Annual Improvements to HKFRSs 2009-2011 Cycle)*

The Group has applied the amendments to HKAS 34 Interim Financial Reporting as part of the Annual Improvements to HKFRSs 2009 – 2011 Cycle for the first time in the current interim period. The amendments to HKAS 34 clarify that the total assets and total liabilities for a particular reportable segment would be separately disclosed in the interim financial statements only when the amounts are regularly provided to the chief operating decision maker (the "CODM") and there has been a material change from the amounts disclosed in the last annual financial statements for that reportable segment.

The directors of the Company considered that there has been no material change from total assets and liabilities disclosed in the last annual financial statements for any reportable segments and accordingly such information is not presented.

3. SEGMENT INFORMATION

The Group's operating and reportable segments, based on information report to the CODM, for the purposes of resource allocation and performance assessment are as follows:

(a) the TV segment produces televisions;

(b) TP Vision – TV business produces televisions under the brand "Philips";

(c) the monitor segment produces monitors;

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

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

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

(g) the "others" segment comprises, principally, the sales of chassis, spare parts, complete knock down / semi knock down products, the software and system integration and other related businesses.

The sales of computer monitors and flat TVs are subject to seasonal fluctuations, with peak demand in the third and fourth quarters of the year. This is due to seasonal holiday periods.

Information regarding the above segments is reported below.

The following tables present revenue, profit and expenditure information for the Group's reportable segments for the six months ended 30 June 2013 and 2012.

Six months ended 30 June 2013

	TV	TP Vision – TV business	Monitor	Electronic parts and components	Computer	Property investment	Others	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue									
Sales to external customers	**5,330,718**	**8,719,873**	**16,387,108**	**7,466,997**	**1,703,713**	**109,400**	**3,996,226**	**–**	**43,714,035**
Intersegment sales	**4,479,113**	**–**	**–**	**18,845**	**1,068**	**7,932**	**–**	**(4,506,958)**	**–**
Total	**9,809,831**	**8,719,873**	**16,387,108**	**7,485,842**	**1,704,781**	**117,332**	**3,996,226**	**(4,506,958)**	**43,714,035**
Segment results	**21,632**	**(239,550)**	**(21,758)**	**(76,671)**	**7,760**	**15,545**	**13,909**	**–**	**(279,133)**
Unallocated gains									**221,312**
Net realised and unrealised gain on foreign exchange forward contracts									**470,503**
Corporate and other unallocated expenses									**(148,717)**
Finance costs									**(343,684)**
Share of profits and losses of associates and joint venture									**(6,796)**
Loss before tax									**(86,515)**

Six months ended 30 June 2012

	TV	TP Vision – TV business	Monitor	Electronic parts and components	Computer	Property investment	Others	Eliminations	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue									
Sales to external customers	6,293,441	4,546,560	17,673,724	8,689,603	1,405,207	105,855	4,041,247	–	42,755,637
Intersegment sales	2,307,499	–	–	2,944	81,071	6,879	–	(2,398,393)	–
Total	8,600,940	4,546,560	17,673,724	8,692,547	1,486,278	112,734	4,041,247	(2,398,393)	42,755,637
Segment results	(87,011)	21,868	(162,345)	20,941	(13,685)	27,967	(104,350)	–	(296,615)
Unallocated gains									357,581
Net realised and unrealised gain on foreign exchange forward contracts									540,861
Corporate and other unallocated expenses									(157,150)
Finance costs									(201,271)
Share of profits and losses of associates and joint ventures									24,942
Profit before tax									268,348

Segment results represent the profit (loss) attributable to each segment without allocation of central administration costs, acquisition related costs, director's emoluments, bank interests income, finance costs, share of results of associates and joint ventures, change in fair value of financial assets at fair value through profit or loss, gain on disposal of available-for-sale investments, net realised and unrealised gain on foreign exchange forward contracts, cross currency swaps and interest rate swaps, gain on deemed acquisition of additional interests of an associate, gain from a bargain purchase of subsidiaries, dividend income and government grants.

4. OTHER INCOME AND GAINS

	Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Net realised and unrealised gain on cross currency swaps and interest rate swaps	**–**	46,060
Bank interest income	**95,010**	124,303
Government grants	**78,961**	80,632
Reversal of impairment of trade receivables	**44,682**	31,275
Brand promotion fee *(note)*	**439,537**	120,056
Compensation for product launch delay	**–**	141,981
Gain on disposal of available-for-sale investments	**17,294**	–
Gain from a bargain purchase of subsidiaries	**–**	130,561
Dividend income from unlisted available-for-sale investments	**10,247**	1,970
Gain on deemed acquisition of additional interests of an associate	**–**	12,129
Gain on disposal of property, plant and equipment	**19,800**	–
Gain on disposal of prepaid land lease payments	**7,715**	–
Fair value gain on financial assets at fair value through profit or loss	**–**	9,644
Others	**11,359**	3,381
	724,605	701,992

Note:

TP Vision Holding B.V., a non-wholly owned subsidiary of the Company, and its subsidiaries (collectively referred to as the "TP Vision Group") is entitled to charge Koninklijke Philips Electronics N.V. ("Philips") a brand promotion fee up to approximately US$226,000,000 (equivalent to approximately RMB1,410,443,000) for brand promotion and/or enhancement activities. Such activities can include advertising and promotion, sales and marketing, research and development and other activities that incentivise the distribution channels and reduce the cost of non-quality.

5. FINANCE COSTS

	Six months ended 30 June 2013 *RMB'000* (Unaudited)	Six months ended 30 June 2012 *RMB'000* (Unaudited)
Interest on bank and other loans, wholly repayable within five years	**149,748**	121,608
Interest on loans from a non-controlling interest in subsidiaries	**21,662**	17,610
Unwinding of interests on license fee payable, subordinated loans, contingent consideration payable and redemption liability	**172,274**	62,053
	343,684	201,271

Borrowing costs of approximately RMB3,988,000 were capitalised during the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

6. (LOSS) PROFIT BEFORE TAX

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

	Six months ended 30 June 2013 *RMB'000* (Unaudited)	Six months ended 30 June 2012 *RMB'000* (Unaudited)
Staff costs, including directors' emoluments	**2,266,496**	2,051,158
Depreciation of property, plant and equipment	**651,652**	648,210
Amortisation of prepaid land lease payments (included in administrative expenses)	**7,966**	7,144
Amortisation of intangible assets (included in cost of sales and administrative expenses)	**137,680**	142,575
Foreign exchange differences, net	**231,504**	330,727
Net realised and unrealised loss (gain) on cross currency swaps and interest rate swaps	**51,609**	(46,060)
Loss on change in fair value of financial assets at fair value through profit or loss	**7,512**	–
Charge for warranty and other provisions	**564,701**	543,564
Allowance for (reversal of) inventories (included in cost of sales)	**60,761**	(22,721)
Loss on disposal of property, plant and equipment	**–**	5,754
Acquisition-related costs	**81**	24,807
Impairment losses on property, plant and equipment	**85,816**	7,443
Impairment on trade receivables	**15,504**	14,690

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2013	**2012**
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current tax:		
– Hong Kong Profits Tax	**516**	9,431
– PRC Enterprise Income Tax ("EIT") and overseas income tax	**148,707**	177,217
	149,223	186,648
Deferred tax	**(77,170)**	(94,351)
Total tax charge for the period	**72,053**	92,297

(a) Hong Kong Profits Tax

Hong Kong Profits Tax is calculated at 16.5% (2012: 16.5%) of the estimated assessable profit for the period.

(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 22% of the estimated assessable profit for the period. 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.

The relevant tax rates for the Group's subsidiaries in the PRC for the six months ended 30 June 2013 are 25% (six months ended 30 June 2012: 25%).

(c) Overseas Income Tax

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

8. DIVIDENDS

No dividend (2012: a final dividend of RMB3 cents per share in respect of the year ended 31 December 2011) were paid, declared or proposed during the current interim period.

The board of directors of the Company has determined that no dividend will be paid in respect of the current interim period (six months ended 30 June 2012: nil).

9. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the profit for the period attributable to owners of the Company of approximately RMB15,336,000 (six months ended 30 June 2012: RMB20,430,000) and on the weighted average number of 1,197,742,000 (six months ended 30 June 2012: 1,197,742,000) ordinary shares in issue during the period.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2013, the Group acquired property, plant and equipment with a cost of approximately RMB446,796,000 (six months ended 30 June 2012: RMB507,455,000).

Property, plant and equipment with net book value of approximately RMB110,364,000 were disposed of by the Group during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB50,949,000), resulting in a net gain on disposal of approximately RMB19,800,000 (six months ended 30 June 2012: net loss on disposal of approximately RMB5,754,000).

An impairment loss of approximately RMB85,816,000 (2012: RMB7,443,000) was recognised during the current interim period due to early termination of the lease of a production plant with the landlord of a subsidiary.

11. PREPAID LAND LEASE PAYMENTS

During the six months ended 30 June 2013, the Group did not acquire any prepaid land lease payments (six months ended 30 June 2012: RMB341,200,000).

Prepaid land lease payments with net book value of approximately RMB16,470,000 were disposed of by the Group during the six months ended 30 June 2013 (six months ended 30 June 2012: nil), resulting in a net gain on disposal of approximately RMB7,715,000 (six months ended 30 June 2012: nil)

12. INVESTMENT PROPERTIES

At 30 June 2013 and 2012, the fair values of the investment properties were valued by the directors of the Company on an open market basis, which has taken into account the comparable market transactions and the directors of the Company estimated that the carrying amounts did not differ significantly from that which would be determined using fair value. Consequently, no revaluation surplus or deficit has been recognised for the six months ended 30 June 2013 and 2012.

13. TRADE AND BILLS RECEIVABLES

The Group's sales are on credit terms from 30 to 120 days and certain of its export sales are on letters of credit or documents against payment. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade and bills receivables, net of impairment presented based on the invoice date which approximated the revenue recognition date.

	30 June 2013	**31 December 2012**
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**13,197,962**	15,678,364
91 to 180 days	**676,560**	617,448
181 to 365 days	**367,070**	177,491
Over 365 days	**129,645**	87,499
	14,371,237	16,560,802

14. ASSETS CLASSIFIED AS HELD FOR SALE

On 27 March 2013, CEC, the ultimate holding company of the Company, has agreed to inject RMB100 million as registered capital into one of the subsidiaries of the Company which would constitute a deemed disposal of the subsidiary. The assets and liabilities attributable to the subsidiary that are expected to be sold within twelve months from the end of the current interim reporting period have been classified as assets held for sale and are separately presented in the condensed consolidated statement of financial position. The operations are included in the Group's computer segment for segment reporting purposes (see note 3).

The sale proceeds are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised. Major classes of assets and liabilities of the subsidiary as at the end of the current interim period are as follows:

	RMB'000
Property, plant and equipment	4,723
Intangible assets	13,874
Deferred tax assets	139
Inventories	3,700
Trade and bills receivables	455
Prepayments, deposits and other receivables	1,074
Bank balances and cash	103,129
Total assets classified as held for sale	127,094
Trade and bills payables	(1,214)
Other payables and accruals	(135,914)
Total liabilities associated with assets classified as held for sale	(137,128)

15. TRADE AND BILLS PAYABLES

The average credit period on purchase is 30 to 90 days. An aged analysis of the trade and bills payables presented based on the invoice date.

	30 June 2013	**31 December 2012**
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
0 to 90 days	**13,575,994**	11,529,581
91 to 180 days	**1,576,175**	3,748,461
181 to 365 days	**644,648**	973,853
Over 365 days	**42,502**	68,695
	15,839,319	16,320,590

16. SHARE CAPITAL

	30 June 2013 *RMB'000* (Unaudited)	31 December 2012 *RMB'000* (Audited)
Authorised, issued and fully paid:		
743,870,000 state-owned legal person shares of RMB1.00 each	**743,870**	743,870
453,872,000 overseas listed foreign invested shares of RMB1.00 each	**453,872**	453,872
	1,197,742	1,197,742

17. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants in respect of investment properties falling due as follows:

	30 June 2013 *RMB'000* (Unaudited)	31 December 2012 *RMB'000* (Audited)
Within one year	**117,770**	101,837
In the second to fifth years, inclusive	**20,772**	98,149
After five years	**3,108**	1,346
	141,650	201,332

(b) As lessee

The Group had total future minimum lease payments under non-cancellable operating leases in respect of certain office properties falling due as follows:

	30 June 2013 *RMB'000* (Unaudited)	31 December 2012 *RMB'000* (Audited)
Within one year	**151,317**	169,622
In the second to fifth years, inclusive	**322,956**	249,504
After five years	**126,280**	43,137
	600,553	462,263

18. CAPITAL COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

	30 June 2013	**31 December 2012**
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Capital commitments for plant, machinery and equipment		
– Contracted, but not provided for:	**426,931**	905,273

19. CONTINGENT LIABILITIES

The Group had certain outstanding litigations as recorded by TPV, the details of which are set out as follows:

(a) In December 2008, a third party company filed a complaint in the United States of America against one of its subsidiaries, one of its associated companies and other third party companies. The complaint currently concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitors ("Patent I").

On 2 April 2013, a final award was given by the arbitrator after the course of arbitration which does not have significant adverse financial impact on the consolidated statement of financial position or liquidity of the Group.

(b) In January 2009, a third party company filed a complaint in Germany against the Group. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of computer monitor ("Patent II").

As far as the Group is concerned, it is alleged among other matters that:

(i) they had infringed, actively induced, contributed to the infringement of Patent II by making, using, causing to be used, offering to sell, selling, causing to be sold, importing and/or causing to be imported monitors in Germany; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and would continue to sustain damages unless the court grants an award of damages to it covering reasonably attorneys' fees, costs and expenses that incurred by it for pursuing this action.

The directors are of the opinion that while the appellate proceedings are still ongoing, it is not probable to assess the outcome of the case for the time being.

(c) In July 2010, a third party company filed a complaint in the United States of America against the Group. The complaint concerns claims of compensation related to indemnity obligations as provided in an agreement between the parties.

The directors are of the opinion that while the appellate proceedings are still ongoing, it is not probable to assess the outcome of the case for the time being.

(d) In July 2010, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and another third party company. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions ("Patent III").

As far as the Group and its associated company are concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent III, and contributing to and actively inducing the infringement of Patent III by others in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent III.

On 12 April 2013, a verdict was made by the jury to the trial, The directors consider that although the final judgements is not given as yet, the verdict would not give rise to a significant financial impact on the Group as a whole.

(e) In June 2012, a third party company filed a complaint in the United States of America against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of a United States patent in respect of technology of the manufacture of certain monitors and televisions ("Patent IV").

As far as the Group and its associated company are concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent IV, and contributing to and actively inducing the infringement of Patent IV by others in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent IV.

The directors are of the opinion that while the proceedings are ongoing, it is not probable to assess the outcome of the case for the time being.

(f) In 2011, a claim was made by a third party seeking repossession of a relatively small piece of land now owned by TP Vision Group. The matter is currently under consideration by the legal authorities. Under the terms of the Share Purchase Agreement ("SPA") with Philips, any damages arising from this claim will be fully indemnified by Philips.

The directors of the Company are of the opinion that while the proceedings are ongoing, it is not probable to assess the outcome of the case for the time being.

(g) In 2012, in one specific country, the compensation payments to customers accrued and/or paid by the Group and have been treated as fully tax deductible. There is a possibility that the tax deductibility of such payments may be challenged by the local tax authorities in that country following the submission of the relevant tax returns in 2013.

The directors do not consider any liability arising being probable.

(h) In January 2013, a third party company filed an amended complaint to consolidate two underlying related complaints in the United States of America against the Group, one of its associated companies and other third party companies. The complaint concerns claims of damages related to alleged infringement of certain patents in respect of technology of the manufacture of certain televisions. ("Patent V")

As far as the Group and its associated companies are concerned, it is alleged among other matters that:

(i) they have been infringing and continue to infringe the Patent V, and contributing to and actively inducing the infringement of Patent V by others in the United States of America; and

(ii) as a consequence of the infringement, the plaintiff has been damaged and will continue to sustain damages unless the court enjoins them from further infringement of Patent V.

The directors are of the opinion that while the proceedings are currently ongoing, it is not probable to assess the outcome of the case for the time being.

(i) In 2003, a third party company filed various patent infringement cases relating to the use of SmartTV and Net TV in Germany. The cases are still ongoing with the German Courts. ("Patent VI")

The directors of the Company are of the opinion that while the proceedings are ongoing, it is not probable to assess the outcome of the case for the time being.

(j) In 2003, the Civil Code of one specific country requires that all companies producing or importing goods with an audio/video replication functionality must pay 1% of turnover (either import or production value) fees to copyrights owners (unnamed list of authors) through the local union of copyright owners.

The directors of the Company are of the opinion that while their discussion with the union of copyright owners is ongoing, it is not probable to assess the outcome of the case for the time being.

CHAIRMAN'S STATEMENT

Operation Review

In the first half of 2013, the Company further developed the guiding role of its planned strategies. Targeted at creating a "scientific Great Wall", it worked on management upgrade seriously and focused on undergoing a transformation to international standard. Under the leadership of the Board, the Group actively expanded its business in overseas markets. TPV Technology Limited ("TPV"), one of the Group members, determined to become a top enterprise in the industry and maintained a leading position in the world for its monitor products. Regarding TV business, it cooperated with TP Vision Holdings B.V. ("TP Vision"), a joint venture established by TPV and Koninklijke Philips Electronics N.V. ("Philips"), to achieve "lowered cost but better effect" by making Gent, Belgium as its innovation headquarter in Europe in the future, expanding the research and development ("R&D") team at Bangalore, India and setting up R&D centers in Xiamen and Fuqing, which could significantly reduce operating cost. Besides, two new factories in Beihai, Guangxi and Qingdao, Shan dong had put in operation, which helped a lot in reducing cost on human resources. TPV and TP Vision jointly developed and recorded an increase in the sales volume of LCD TV, contributing an additional increase in the sales revenue to the Group. Shenzhen Kaifa Technology Co., Ltd. ("Great Wall Kaifa"), a member of the Group, achieved a smooth progress in the expansion in emerging markets, such as Africa, Southeast Asia and South America for its electric meter business. China Great Wall Computer Shenzhen Co., Ltd. ("CGC"), a member of the Group, overwhelmed the difficulties in high efficiency and high power density for its switch power supplies products, which successfully helped to improve the standard of local products. CGC also established a complementary cooperation with P.I. International Inc. ("PI International") and successfully broadened its major customer base locally and internationally. Regarding capital operation, the non-public issue by Great Wall Kaifa was approved by China Securities Regulatory Commission in July. The issue of medium-term note by CGC was approved. Regarding construction of industry base, the construction of China Electronic Great Wall Building underwent favorably. Regarding management upgrade, the Group had commenced their deployment of strategy planning for the future three to five years, together with the establishment of internal control system and the further promotion of informatization construction of the Company. The Group successfully held the "CEC's First Session of Electronic SMT Function Competition" in the first half of the year. Under various measures, despite the stringent conditions of local and overseas economy where the Group operated, the Group recorded a steady development in all of its businesses. In the first half of 2013, the Group achieved an operating revenue of RMB43,714 million, representing an increase of 2% as compared to last year. Meanwhile, we also noticed that, due to the expansion of distribution network and the provision on receivables and inventories, a decrease in profit was recorded for the first half of the year and the net profit attributable to the parent company was RMB15.3 million, representing a comparative decrease of 25%. Yet, the fundamentals of the Company continued to develop positively. Under the adverse conditions of significant adjustments to global economy and continuous slowdown in growth, core businesses of the Company still remained a steady development.

1. **Put more efforts in market expansion, and kept stable growth in the sales of main products.**

Market share in monitors business sector remained the largest in the world. As the overall economy has not yet recovered and the use of IT products has changed, the demand for LCD monitors has kept decreasing in the world. Under the unfavorable economic condition, TPV has put more resources on the research on high-end products with multiple functions through streamlined management and efficient integration of panel resources. In the first half of the year, 24.9 million monitors were produced, which made the market share of our monitors to remain as the largest in the world.

LCD TV business achieved a relatively significant comparative growth. After the merger with TP Vision, TPV enhanced strategic planning on products and resource sharing and put in place clear sales strategies for retail channels, which facilitated a gradual increase in the sales of products and market presence. During January and June, TPV produced 6.2 million LCD TVs, representing an increase of 18.2% as compare to the corresponding period of last year.

Power supply business recorded a steady growth. Integration between the Business Department of Great Wall Power Supplies Factory and PI International was further strengthened with complementary benefits. They worked together to put more efforts on the expansion of local and overseas markets. PI International made great achievement in broadening its major customer base in the Mainland. Great Wall Power Supplies Factory recorded a rapid growth for its overseas business, especially the substantial increase in high-end power supply business compared to other businesses. In the first half of the year, sales revenue from power supply business recorded a comparative increase of 4.75%.

Computer business maintained a steady growth. In light of the decreasing quantities of computer for five consecutive quarters and the pressure from mobile phones and tablet computers, which resulted in the decrease in demand from customers, the Company actively developed new driver for business growth. Benefited from the rapid expansion of all-in-one computer market, the Company recorded a comparative increase of 5.2% in aggregate sales revenue for computer business during January to June.

Electric meter business made a new breakthrough in overseas sales. Great Wall Kaifa continued to expand its business in overseas markets while maintaining its market position in Italy. Currently, it achieved better sales in the European Union, Africa, Southeast Asia, South America, etc. In the first half of the year, electric meter business recorded a comparative increase of 8.03% in aggregate sales revenue.

2. **Strengthened innovative technology and made a new breakthrough in brand business and research on high-end products.**

TPV extended its product lines to help increasing the overall value of AOC brand. In the first half of the year, TPV launched AOC "LUVIA", its high-end subsidiary brand, and the brand new 21:9 "悅影 (Yueying)" LV291HQM monitor characterized by amazingly super wide display screen of theatre standard, being a hot and concerned topic on the market. Besides, on top of putting great efforts in monitor business to build a high-end brand, and leveraging on the competitive edge of resource integration within the industry chain, it regarded video technology as its core task and put in-depth efforts in monitor industry with profession, concentration and expertise and proactively developed emerging video products, such as large screen for business use, smart board, TV for hotel and mini projector in order to provide a complete set of video resolution and hence achieving an advancement in overall value of AOC brand. The large screen business launched in 2012 not only won the bid of key projects in Suzhou and Hanzhou, it also won the bid of Outdoor Public Display Project for Beijing Garden Show in the first half of the year.

The high technology of AOC's smart TV featured by signs, voices, smart system and 4K beat other competitors in the market. TPV caught up with the trend of new technology on intelligence, network and extra high-definition and put more sources on the research on technology, which made its LCD TVs led the trend by its good image quality and attractive outlook, as well as the advance technology and smart application. Among all LCD TV products, USB port that supports blue-ray H.264 had become a standard item for users to enjoy the strong visual and sound effect of a blue-ray theatre by using U disk or portable disk. Key product series like 5530, 6530, 6730 and 7830 were well equipped with smart processor and Linux/Android operation system, installed with Internet browser and Movie, News, Sports and Entertainment Channel of Wasu Media and Hailiang, etc. and functioned with Wi-Fi wireless connection, which allowed TV to wirelessly connect to computers, tablets, smart phones, etc. by directly connected to the Wi-Fi network of a household so as to share audio and visual contents. Moreover, wireless keyboard and mouse can be installed for input.

Great Wall Power Supplies Factory overwhelmed the difficulties in the technology on power supply for supercomputers. The requirements for supercomputer were rather high that not only need a high power density, conversion efficiency and reliability but also smart control. Researchers at Great Wall Power Supplies Factory produced a qualified sample within only six months by tackling problems on the technology and great efforts day and night. One year later, the difficulties in advance technology were solved. The research team successfully developed a supercomputer with power supply of 3000W during the first half of 2013 and the technology standard (eg. conversion efficiency) was far beyond the expectation from its customers; for instance, traditional loading rate was 94.5%, which was above the 50% requirement, and power factory was above 0.99, which helped to improve the standard of local products by owing advance technology at international level.

3. **Actively promoted capital operation, and further enhanced the booster for corporate development.**

   Approval was obtained for the issue of medium-term note by CGC. CGC passed the "Resolution on the issue of medium-term note by the company" at its fifth extraordinary general meeting in 2012 to agree the application by CGC to issue medium-term note of a total amount of not more than RMB1 billion to institutional investors of Inter-bank Bond Market in the country. In the first half of the year, the application was approved by relevant governmental authorities.

   Approval was obtained for the non-public issue by Great Wall Kaifa. To cater for the development trend of the industry, further expand product market, increase profitability, upgrade comprehensive strength, implement development strategies, Great Wall Kaifa intended to raise fund through the non-public issue of shares to finance the relevant projects. In July 2013, the non-public issue of A shares made by Great Wall Kaifa was approved by China Securities Regulatory Commission. It was anticipated to raise not more than RMB691,516,200 and the proceeds will be used in four projects, namely the relocation, expansion and construction of the smart mobile communication terminal project, the international electric meter measurement terminal and management system project, the high-end medical electric equipment and components production project and to supplement Great Wall Kaifa's working capital.

4. **Started to promote management upgrade to improve the Company's ability for sustainable development.**

   Strategic plans for the next 3-5 years were ready to launch. To take good use of the strategic leading role of planning, improve top-level design, keep foothold on high-end market, broaden horizon, and speed up high-end industrialization, product diversification and market internationalization, in the first half of 2013, the Group has started preparing strategic plans for the next 3-5 years. The Company's development plan for 2013-2015 was considered and approved by the Board on 18 June 2013; TPV held a development strategy seminar in Xiamen on 13-14 June 2013, which further defined the strategic direction for the next 3 years; CGC engaged a professional consulting firm as a consultant for its strategic planning consulting project in March 2013, which has completed the preliminary drafts of "Diagnostic Report on Strategic and Operational Management", "Strategic Planning Report" and "Organization and Control Improvement Plan" by the end of June, and submitted the same to CGC's management for discussion and consideration; in the first half of the year, Great Wall Kaifa made amendments to its "Twelfth Five Year Plan", and updated the preliminary revised draft of Great Wall Kaifa's "Twelfth Five-Year Plan" for 2013, as well as planned to hold a corporate strategic planning seminar for discussion of the same in early or mid August.

The construction of internal control system was carried out in full. In December 2012, the Company officially commenced the internal control system construction, and engaged a professional consulting firm as its consultant, which was carried out in full in 2013. In the first half of the year, through interviews and questionnaires, process streamlining, walk-through test, design effectiveness judgment, operation effectiveness test and judgment, aggregation of differences and defects identification, a risk control matrix was formed and flowcharts of critical control points were prepared. By which, a total of 113 systems were streamlined, of which 7 systems were modified and 5 new systems were added; a total of 220 processes were streamlined, of which 58 processes were modified and 2 new processes were added; 75 defects were aggregated in total. All of these formed the preliminary draft of "Internal Control Manual" of the Group.

The informatization construction was further promoted. In the first half of the year, the Company and its members, CGC and Great Wall Kaifa, completed their respective corporate information development plans for 2013-2015. For the implementation of information construction projects, CGC has completed the introduction of comprehensive budget for the Property Business Unit; established a cloud platform for private cloud, which is in the process of migration plan test; for PLM project, CGC has completed IPD consultancy, and the project is in the process of implementation; completed the construction and team building for Business Intelligence ("BI") research laboratories. Great Wall Kaifa also launched the development of BI projects, and identified BI solutions based on Microsoft technologies. In the first half of the year, it has completed the demand analysis on financial subjects and business process restoration and risk identification, some of which have been introduced.

Self-improvement of the staff promoted management upgrade to make achievements. Great Wall Kaifa determined 2013 as its "Management Upgrade Year". In the first half of the year, 5,984 proposals were received from the employees under the self-improvement plan, of which 1,596 rapid-improvement projects were implemented. Great Wall Kaifa also introduced Knowledge Centre Act (KCA) management model, which integrates various quality control technologies and tools such as industrial engineering, theory of constraints and IT, to effectively acquire knowledge and use the same in the organization, processes and products of Great Wall Kaifa, thus constantly upgrading products and operation quality. In the first half of the year, it completed 19 KCA projects, which delivered a rigid income of RMB2.7 million and a flexible income of RMB5 million. In the first half of the year, Great Wall Kaifa also introduced a new Social Responsibility Management certification (SA8000, EICC), Information Security Management certification (ISO27001), Business Continuity Management (BCM) certification (ISO22301) and Product Safety Management certification (ISO28000), all of which are scheduled to complete during the year.

OUTLOOK AND MAJOR MEASURES FOR MAINTAINING GROWTH AND PROMOTING DEVELOPMENT IN THE SECOND HALF YEAR

In the second half of the year, the global economy continues to face many uncertainties. The peripheral economic environment in China remains tough and complicated. The Company will continue to enhance its management level and intensify industry transformation, as well as to make every effort to maintain growth and promote development.

Firstly, to focus on intensifying product innovation. By taking the opportunities of "multi-screen interaction", we will focus on the development of Smart TVs and Smart terminals in line with the age of the Internet, and dedicate to making breakthroughs for new display technologies, in order to highlight the innovative product design of human-computer interaction, smart experience and Ambilight, as well as aggressively develop transboundary and intelligent display terminals and digital TV products that are networking, intelligent, energy-saving and of high-definition.

Secondly, to put more resources on market expansion. We will continue to expand and intensify the cooperation with both international and domestic large companies to a more extensive degree, at multi-levels and in all-round respects, consolidate and strengthen our existing partnerships to improve the level of cooperation, and expand the market size. By making good use of the government policies which encourage enterprises to "go abroad", we will put more resources on international market expansion. By seizing the favorable government policies which increase domestic demand, we will put more efforts in expanding the China market for intelligent terminal products in China.

Thirdly, to accelerate the investment and financing progress. We intend to complete the non-public issue by Great Wall Kaifa and the issue of medium-term note by CGC. In addition, we will actively promote project investment and continue to make healthy investment to ensure return on project investment by strictly following the approved scope, adjusting direction on the basis of corporate layout and structure, complying with company strategies and plans, and focusing on the main businesses.

Fourthly, to intensify cost control and increase efficiency. We will aggressively introduce standardised management to continue to refine cost control; increase capital turnover rate and reduce capital deposit to lower financial costs; optimize regional industry resources, strengthen internal resources consolidation and vigorously streamline organization to further reduce the costs of production, operation and labor and raise our profitability; and actively improve operation of loss-making businesses to minimize loss.

Fifthly, to improve the construction of internal control system. We will implement the results from the internal control system construction commenced in the first half of the year, and integrate and consolidate the same, especially the defect rectification results, into corporate governance, business processes, rules and regulations, and authorisation and management, through which, we will effectively improve operations and promote evaluation to achieve routing management, process systematism and system informatization.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the Reporting Period, the Group realised a turnover of approximately RMB43,714 million, representing a increase of 2% as compared to the corresponding period of last year. Profit after tax attributable to the shareholders of the Company amounted to approximately RMB15 million during the Reporting Period as compared to the profit of approximately RMB20 million for the corresponding period last year. As global economic condition was complicated and full of uncertainties, along with excess production capacity and insufficiency of effective demand, especially demand from overseas, as well as the deterioration of growth in Europe and the U.S. markets, the Group's results was negatively impacted.

Liquidity and Financial Resources

As at 30 June 2013, the Group's total cash and cash equivalent amounted to approximately RMB4,472 million and the Group's total bank and other borrowings amounted to approximately RMB11,016 million.

Gearing Ratio

As at 30 June 2013, the Group's total bank and other borrowings and total equity were approximately RMB11,016 million and RMB14,753 million respectively, as compared to approximately RMB8,462 million and RMB15,365 million respectively as at 31 December 2012.

The gearing ratio as at 30 June 2013 was 75%. The gearing ratio as at 31 December 2012 was 55%. The gearing ratio is defined as the ratio between total bank borrowings and total equity.

Current Ratio and Working Capital

As at 30 June 2013, the Group's current assets and current liabilities were approximately RMB40,449 million and RMB35,216 million respectively, while the Group's working capital was approximately RMB5,233 million. The current ratio was 1.15.

As at 31 December 2012, the Group's current assets and current liabilities were approximately RMB39,949 million and RMB33,375 million respectively, while the Group's working capital was RMB6,574 million. The current ratio was 1.20.

Charge of Group Assets

As at 30 June 2013, certain of the Group's term deposits with a carrying value of approximately RMB4,167 million were pledged to banks to secure general banking facilities and performance bonds for the Group.

As at 31 December 2012, the Group had pledged to banks its bank savings of approximately RMB3,127 million as a pledge for banks' general finance for the Group.

Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: nil).

Employees

As at 30 June 2013, the number of employees of the Group was approximately 61,000 (as at 31 December 2012: approximately 60,000). 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.

Corporate Governance

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

Audit Committee

The Company established its Audit Committee in December 1999 with specific written terms of reference which have from time to time been modified in accordance with the prevailing provisions of the CG Code. 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. The Audit Committee comprises three independent non-executive directors, namely Mr. Yao Xiaocong (the chairman of Audit Committee), Mr. James Kong Tin Wong and Mr. Zeng Zhijie.

The Audit Committee has reviewed, with the management, the accounting principles and policies, audit, internal controls and financial reporting procedures adopted by the Group and the unaudited consolidated financial statements of the Group for the six months ended 30 June 2013 and recommended its adoption by the Board.

Nomination and Remuneration Committee

The Company established its Nomination and Remuneration Committee on 8 April 2005 with specific written terms of reference which have from time to time been modified in accordance with the prevailing provisions of the CG Code.

The Nomination and Remuneration Committee is responsible for analysing the nomination of, and appraisal standard for, directors and senior management of the Group, and making recommendations to the Board from time to time.

The Nomination and Remuneration Committee comprising two independent non-executive directors, namely Mr. James Kong Tin Wong (the chairman of Nomination and Remuneration Committee) and Mr. Yao Xiaocong, and an executive director, namely Mr. Fu Qiang.

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 contained in the Model Code as set out in Appendix 10 of the Listing Rules. The Company has made specific enquiry to all the directors and supervisors of the Company and all of them have confirmed that they have complied with the required standard contained in the Model Code throughout the six months ended 30 June 2013.

Purchase, Sale and Redemption of the Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2013.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to take this opportunity to thank Messrs. Lu Ming and Su Duan, who had retired as executive directors of the Company, for their valuable contributions over years. I would also like to extend my sincere gratitude to all staff and business partners for their strong support to the Group during the past year.

By Order of the Board
Great Wall Technology Company Limited
Liu Liehong
Chairman

Shenzhen, PRC, 29 August 2013

As at the date of this announcement, the Board comprises six executive directors, namely Liu Liehong, Tam Man Chi, Yang Jun, Du Heping, Fu Qiang and Xu Haihe; and three independent non-executive directors, namely Yao Xiaocong, James Kong Tin Wong and Zeng Zhijie.