

**CHINA TECHNOLOGY DEVELOPMENT GROUP CORPORATION  
ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2007 (UNAUDITED)**

HONG KONG, October 5, 2007, China Technology Development Group Corporation (**NASDAQ: CTDC**; “the Company” or “CTDC”) announced today its unaudited consolidated financial results for the six month period ended June 30, 2007 (without any footnotes disclosure).

Revenues decreased by US\$42,000, or 11.11%, from US\$378,000, excluding US\$203,000 which was reclassified as loss on discontinued operations) in the six months ended June 30, 2006 (“the 2006 Period”) to US\$336,000 in the six months ended June 30, 2007 (“the 2007 Period”). Revenues were contributed solely from the Company’s IT operations in the 2007 Period. The decrease of the first half year was due primarily to loss of some contracts.

Total cost of sales in the 2007 Period was US\$157,000, excluding US\$150,000 which was reclassified as loss on discontinued operations, the same as in the 2006 Period. The cost of sales in the 2007 Period was incurred by the Company’s IT operations.

Gross profit in the 2007 Period amounted to US\$179,000, a decrease of US\$42,000, or 19.00%, from US\$221,000, excluding US\$53,000 which was reclassified as loss on discontinued operations of China Natures Technology Inc. (“CNT”) and Zhejiang Innoessen (“HZ”) in the 2006 Period. Gross profit margin of IT operations decreased by 5.19bps, from 58.47% in the 2006 Period to 53.27% in the 2007 Period. CNT was an investment holding company for the Company’s nutraceutical business. It owned 71.43% interest in HZ which was the head office of CNT’s research and development and sale and market functions.

Selling, general and administrative expenses (“SG&A expenses”) increased by US\$153,000, or 18.28%, from US\$837,000, excluding US\$288,000 which was reclassified as discontinued operations in the 2006 Period to US\$990,000 in the 2007 Period. SG&A expenses of the corporate office increased by US\$218,000, or 54.23%, from US\$402,000 in the 2006 Period to US\$620,000 in the 2007 Period. The increase was due primarily to an increase in staff costs and property rental expenses as a result of the expansion of the corporate office since January 2007. Salaries and benefits of IT operations decreased by US\$90,000 or 46.63%, from US\$193,000 in the 2006 Period to US\$103,000 in the 2007 Period, which was due primarily to the workforce reduction beginning in 2006.

Non-operating income increased by US\$1,289,000, or 3,392%, from US\$38,000 in the 2006 Period to US\$1,327,000 in the 2007 Period. The non-operating income mainly represented US\$1,282,000 of realized gain on sale of securities in the 2007 Period.

Non-operating expenses incurred US\$134,000 in the 2007 Period, of which US\$114,000 was a result of losses at Eastern Communication Limited (“ECI”) operations. ECI was a subsidiary of Beijing BHL Networks Technology Co Ltd. (“BBHL”) specializing in the network technology. BBHL is a subsidiary of CTDC.

As of June 30, 2007, we had a cash balance of US\$1,784,000. In addition, the Company maintained a deposit of US\$1,605,659 which was included in other assets.

The Company also maintained a deposit of US\$819,000 with China Biotech Holdings Limited (“China Biotech”), a related company, for the purpose of financing potential investments. In addition, we had received US\$3,770,000 in settlement of the subscription proceeds receivable from China Biotech in the 2007 Period.

As a result, the Company reported a net income of US\$796,000 in the 2007 Period as compared to a net loss of US\$736,000 in the 2006 Period.

**CHINA TECHNOLOGY DEVELOPMENT GROUP CORPORATION AND SUBSIDIARIES**

**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

(Amounts in thousands, except per share data)

For the six months ended June 30, 2006 and 2007

|  | June 30,<br>2006 | June 30,<br>2007 |
|--|------------------|------------------|
|  | US\$             | US\$             |
| <b>Continuing operations:</b>                                    |                  |                  |
| Revenues   | 378              | 336              |
| Cost of sales  | (157)            | (157)            |
| Gross Profit   | 221              | 179              |
| Selling, general and administrative expenses                     | (837)            | (990)            |
| <b>Operating loss</b>  | (616)            | (811)            |
| Interest income  | 16               | 41               |
| Finance cost   | -                | (8)              |
| Non-operating income   | 38               | 1,327            |
| Non-operating expenses   | -                | (134)            |
| <b>Loss before income tax provision</b>                          | (562)            | 415              |
| Income taxes provision   | -                | -                |
| <b>Loss from continuing operations before minority interests</b> | (562)            | 415              |
| Minority interest-continuing operations                          | (1)              | -                |
| <b>Loss from continuing operations</b>                           | (563)            | 415              |
| <b>Discontinued operations:</b>                                  |                  |                  |
| Income (Loss) from discontinued operations before income taxes   | -                | -                |
| including Loss on discontinued operation US\$173 for CNT & HZ    | (173)            | -                |
| including Gain on discontinued operation US\$381 for CNT & HZ    | -                | 381              |
| <b>Net Income (Loss) for the year</b>                            | (736)            | 796              |
| Income (Loss) per share  |                  |                  |
| -Basic and dilutive  | (0.07)           | 0.06             |
| Income (Loss) per share from continuing operations               |                  |                  |
| -Basic and dilutive  | (0.05)           | 0.03             |
| Income (Loss) per share from discontinued operations             |                  |                  |
| -Basic and dilutive  | (0.02)           | 0.03             |
| Weighted average ordinary shares                                 |                  |                  |
| -Basic and dilutive  | 11,275           | 13,893           |

**CHINA TECHNOLOGY DEVELOPMENT GROUP CORPORATION AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(Amounts in thousands)

|  | (Audited )<br>December 31,<br>2006<br>US\$ | (Unaudited)<br>June 30,<br>2007<br>US\$ |
|--|--|---|
| <b>ASSETS</b>  |  |   |
| <b>CURRENT ASSETS</b>  |  |   |
| Cash and cash equivalents  | 445  | 1,784                                   |
| Short-term investments-security trust account  | 2,546                                      | 700                                     |
| Available-for-sale securities  | 21   | 3,777                                   |
| Trade accounts receivable, net   | 187  | 51                                      |
| Inventories  | 193  | 187                                     |
| Value added tax and business tax recoverable   | 18   | 48                                      |
| Due from related parties   | 4,634                                      | 834                                     |
| Other assets   | 163  | 1,733                                   |
| <b>TOTAL CURRENT ASSETS</b>  | <b>8,207</b>                               | <b>9,114</b>                            |
| Long-term prepayment for rental of land  | 0  | 0                                       |
| Property, plant and equipment, net   | 90   | 106                                     |
| Intangible asset   | 0  | 0                                       |
| Goodwill   | 0  | 0                                       |
| <b>TOTAL ASSETS</b>  | <b>8,297</b>                               | <b>9,220</b>                            |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>  |  |   |
| <b>CURRENT LIABILITIES</b>   |  |   |
| Trade accounts payable   | 113  | 106                                     |
| Accrued professional fees  | 718  | 223                                     |
| Income tax payable   | 30   | 30                                      |
| Due to a related party   | 122  | 0                                       |
| Deferred tax liabilities   | 63   | 0                                       |
| Other liabilities and accrued expenses   | 762  | 354                                     |
| <b>TOTAL CURRENT LIABILITIES-CONTINUING OPERATIONS</b>   | <b>1,808</b>                               | <b>713</b>                              |
| Contingencies and commitments  |  |   |
| <b>SHAREHOLDERS' EQUITY</b>  |  |   |
| Common stock, US\$0.01 par value; 5,000,000,000 shares authorised;<br>shares issued and outstanding 13,809,497 in 2006 and 14,146,497 in 2007) | 138  | 141                                     |
| Additional paid-in capital   | 41,827                                     | 42,583                                  |
| Accumulated deficit  | (35,582)                                   | (34,786)                                |
| Accumulated other comprehensive losses   | 106  | 569                                     |
| <b>TOTAL SHAREHOLDERS' EQUITY</b>  | <b>6,489</b>                               | <b>8,507</b>                            |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>  | <b>8,297</b>                               | <b>9,220</b>                            |

**CHINA TECHNOLOGY DEVELOPMENT GROUP CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amount in thousands)

For the six months ended June 30, 2006 and 2007

|   | 2006    | 2007    |
|---|---------|---------|
|   | US\$    | US\$    |
| Cash flows from operating activities  | (736)   | 796     |
| Net income (loss)   |         |         |
| Adjustments to reconcile net income(loss) to net cash used in operating activities              |         |         |
| Minority interests in loss of consolidated subsidiaries   | (71)    | -       |
| Amortization of intangible asset, goodwill and software development costs                       | 81      | -       |
| Amortization of long-term prepayment for rental of land   | 1       | -       |
| Depreciation  | 95      | 37      |
| Dividend income   | (1)     | -       |
| Gain on disposal of available-for-sale securities   | -       | 454     |
| Loss on written-off of property, plant and equipment  | -       | 22      |
| Loss on disposal of discontinued operations   | -       | (330)   |
| Changes in assets and liabilities:  |         |         |
| Decrease in trade accounts receivable   | 7       | 140     |
| Increase in inventories   | (57)    | 11      |
| (Increase)/decrease in due from related parties and other assets                                | (14)    | 3,951   |
| Decrease in trade accounts payable, amount due to a related party and other current liabilities | (577)   | (768)   |
| Decrease in income tax payable  | (19)    | (1)     |
| Net cash provided by (used in) operating activities   | (1,291) | 4,312   |
| Cash flows from investing activities  |         |         |
| Security trust account  | 13      | 1,837   |
| Dividend income   | 1       | -       |
| Decrease in funds held by related parties for security investment purposes                      | -       | (1,603) |
| Net cash and cash equivalents disposal of upon disposal of discontinued operations              | -       | (27)    |
| Proceeds from disposal of available-for-sale securities   | -       | 22      |
| Prepayment for investment in subsidiary   | (75)    | -       |
| Purchase of available-for-sales securities  | -       | (3,777) |
| Purchase of property, plant and equipment   | (6)     | (84)    |
| Net cash used in investing activities   | (67)    | (3,632) |
| Cash flows from financing activities  |         |         |
| Repayment of borrowings   | (40)    | -       |
| Proceeds from exercise of stock option  | -       | 756     |
| Net cash provided by (used in) financing activities   | (40)    | 756     |
| Effect of exchange rate changes on cash and cash equivalents                                    | (16)    | (97)    |
| Net increase/ (decrease) in cash and cash equivalents   | (1,414) | 1,339   |
| Cash and cash equivalents at beginning of period  | 2,292   | 445     |
| Cash and cash equivalents at end of period  | 878     | 1,784   |

**CHINA TECHNOLOGY DEVELOPMENT GROUP CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Amounts in thousands)

For the six months ended June 30, 2006 and December 31, 2006 and June 30, 2007

|   | <u>Common Stock</u> |          | Additional<br>Paid in<br>Capital | Accumulated<br>Deficit | Accumulated<br>other<br>comprehensive<br>losses | Total<br>shareholders'<br>equity |
|---|---------------------|----------|----------------------------------|------------------------|---|----------------------------------|
|   | Shares              | Amount   |                                  |                        |   |                                  |
| Balance at June 30, 2006                                    | 11,274,497          | US\$ 113 | US\$ 33,766                      | US\$ (22,148)          | US\$ (127)                                      | US\$ 11,604                      |
| Issue of shares   | 2,500,000           | 25       | 5,907                            | -                      | -   | 5,932                            |
| Stock options upon exercise of stock options                | 35,000              | -        | 64                               | -                      | -   | 64                               |
| Issue of Warrants during the year                           |                     |          | 30                               |                        |   | 30                               |
| Stock options granted                                       |                     |          | 2,060                            |                        |   | 2,060                            |
| Net loss  |                     | -        | -                                | (13,434)               |   | (13,434)                         |
| Net unrealized gain/(loss) on available-for-sale securities |                     | -        | -                                |                        | 11  | 11                               |
| Less: Reclassification adjustment for loss realized on sale |                     | -        | -                                |                        | 61  | 61                               |
| Translation adjustment                                      |                     | -        | -                                |                        | 161   | 161                              |
| Total comprehensive loss for the year                       |                     |          |                                  |                        |   | 233                              |
| Balance at December 31, 2006                                | 13,809,497          | 138      | 41,827                           | (35,582)               | 106   | 6,489                            |
| Stock options upon exercise of stock options                | 337,000             | 3        | 756                              | -                      | -   | 759                              |
| Net loss  |                     | -        | -                                | 796                    |   | 796                              |
| Net unrealized gain/(loss) on available-for-sale securities |                     | -        | -                                |                        | 503   | 503                              |
| Less: Reclassification adjustment for loss realized on sale |                     | -        | -                                |                        | -   | -                                |
| Translation adjustment                                      |                     |          |                                  |                        | (40)  | (40)                             |
| Total comprehensive loss for the year                       |                     |          |                                  |                        |   | 463                              |
| Balance at June 30, 2007                                    | 14,146,497          | 141      | 42,583                           | (34,786)               | 569   | 8,507                            |

Note : The functional currency of the Company is Renminbi (“Rmb”), the lawful currency of the People’s Republic of China. For the convenience of the reader, Unless otherwise indicated, the translations have been made at Rmb7.6120 = US\$1.00 for assets and liabilities, which was the noon buying rate in New York City for cable transfer in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York City on June 30, 2007 and translations have been made at Rmb7.7014 = US\$1.00 for revenues and expenses. No representation is made that the Renminbi amounts could have been, or could be, converted into United States Dollars at the rate or at any other certain rate.

**For Further information:**

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**About CTDC**

CTDC is engaged in information network security in the People’s Republic of China. CTDC’s ultimate principal shareholder is China Merchants Group ([www.cmhk.com](http://www.cmhk.com)), one of the most important Chinese state-owned enterprises in China. For more information, please visit our website at [www.chinactdc.com](http://www.chinactdc.com).

**Forward-Looking Statement Disclosure:**

This press release of the Company, which is a foreign private issuer, on Form 6-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, and Section 21E of the Securities Act of 1934. These statements relate to future events or the Company’s future financial performance. The Company has attempted to identify forward-looking statements by terminology including “anticipates”, “believes”, “expects”, “can”, “continue”, “could”, “estimates”, “expects”, “intends”, “may”, “plans”, “potential”, “predict”, “should”, or “will” or the negative of these terms or other comparable terminology. These statements are only predictions, uncertainties and other factors may cause the Company’s actual results, level of activity, performance or achievements to be materially different from any future results, level of activity, performance or achievements expressed or implied by these forward-looking statements. The information in this Report on Form 6-K is not intended to project future performance of the Company. Although the Company believes that the expectations reflected in the forward-looking statements are reasonable, the Company does not guarantee future results, level of activity, performance or achievements. The Company’s expectations are as of the date this Form 6-K is filed, and the Company does not intend to update any of the forward-looking statements after the date this Report on Form 6-K is filed to conform these statements to actual results, unless required by law.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

China Technology Development  
Group Corporation

By: /s/ Charlene Hua  
Name: Charlene Hua  
Title: Chief Financial Officer

Date: October 05, 2007