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**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)

### **DISCLOSEABLE TRANSACTION**

The Directors announce that at the shareholders' meeting of Great Wall Broadband held on 7 April 2008, all the shareholders of Great Wall Broadband unanimously resolved that the registered capital of Great Wall Broadband shall be increased by RMB300,000,000 (HK\$332,880,000) pursuant to which the Company shall contribute for 50% thereof in cash which is RMB150,000,000 (HK\$166,440,000).

The Contribution constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Contribution will be sent to the Shareholders as soon as reasonably practicable.

### **THE CAPITAL INCREASE AND THE CONTRIBUTION**

The Directors announce that at the shareholders' meeting of Great Wall Broadband held on 7 April 2008, all the shareholders of Great Wall Broadband unanimously resolved that the registered capital of Great Wall Broadband shall be increased from RMB600,000,000 (HK\$665,760,000) to RMB900,000,000 (HK\$998,640,000). The increased registered capital of RMB300,000,000 (HK\$332,880,000) of Great Wall Broadband shall be contributed as to RMB150,000,000 (HK\$166,440,000) by the Company and the remaining RMB150,000,000 (HK\$166,440,000) by CITIC.

The Company will make the Contribution in cash within three months from the date of such shareholders' meeting of Great Wall Broadband which will be financed by the internal resources of the Group.

The shareholders' equity interest in Great Wall Broadband before and after the Capital Increase are illustrated in the table below:

Parties	Before the Capital Increase		After the Capital Increase	
	Registered capital contribution <i>RMB'000 (HK\$'000)</i>	Percentage of equity interest	Registered capital contribution <i>RMB'000 (HK\$'000)</i>	Percentage of equity interest
CITIC	300,000 (332,880)	50%	450,000 (499,320)	50%
The Company	210,000 (223,016)	35%	360,000 (399,456)	40%
Great Wall Computer	45,000 (49,932)	7.5%	45,000 (49,932)	5%
Great Wall Kaifa	45,000 (49,932)	7.5%	45,000 (49,932)	5%
Total	<u>600,000 (665,760)</u>	<u>100%</u>	<u>900,000 (998,640)</u>	<u>100%</u>

Both of Great Wall Computer and Great Wall Kaifa are subsidiaries of the Company whose A shares are respectively listed on the Shenzhen Stock Exchange in the PRC.

CITIC and its ultimate beneficial owners, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, are independent third parties which are (i) not connected with any of the directors, chief executives, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates; and (ii) not a connected person of the Company as defined in the Listing Rules.

All the shareholders of Great Wall Broadband shall enter into the new articles of association to reflect the Capital Increase.

The audited loss before and after taxation and minority interests of Great Wall Broadband for each of the two financial years ended 31 December 2007 respectively were set out as follows:

	<b>For the year ended 31 December</b>			
	<b>2007</b>		<b>2006</b>	
	<i>RMB'000 (HK\$'000)</i>	<i>(HK\$'000)</i>	<i>RMB'000 (HK\$'000)</i>	<i>(HK\$'000)</i>
Loss before taxation and minority interests	(120,797)	(134,036)	(128,306)	(142,368)
Loss after taxation and minority interests	(117,190)	(130,034)	(122,133)	(135,519)

The audited net deficit of Great Wall Broadband as at 31 December 2007 was RMB129,121,146 (HK\$143,272,824).

#### **INFORMATION ON GREAT WALL BROADBAND**

Great Wall Broadband is a domestic limited liability company established under the laws of the PRC on 3 April 2000 with a registered capital of RMB600,000,000 (HK\$665,760,000). Great Wall Broadband engages in the business of provision of Internet information services. Its term of operation is 20 years from 3 April 2000.

#### **REASONS FOR AND BENEFITS OF THE CONTRIBUTION**

By reason of the business development and capital requirement of Great Wall Broadband, its shareholders have unanimously resolved to increase the registered capital by RMB300,000,000 (HK\$332,880,000). As the Directors consider that the Contribution will expedite the growth and development in the business of Great Wall Broadband which will benefit the Group, they have agreed to the Contribution. The Directors (including the independent non-executive Directors) consider that the terms of the Contribution are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

#### **FINANCIAL EFFECT OF THE CONTRIBUTION**

Upon completion of the Contribution, the equity interest of the Company in Great Wall Broadband will increase from 35% to 40%. The Group's total equity interest in Great Wall Broadband remains unchanged at 50% after the Contribution. Great Wall Broadband will continue to be accounted for as an associated company of the Company after completion of the Contribution. The financial results of Great Wall Broadband will not be consolidated into the accounts of the Company.

## **IMPLICATIONS UNDER THE LISTING RULES**

As the applicable percentage ratio exceeds 5% but is less than 25%, the Contribution constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules. A circular containing details of the Contribution will be sent to the Shareholders as soon as reasonably practicable.

## **GENERAL**

The Company and its subsidiaries are principally engaged in the development, manufacture, sale and research and development of personal computer (“PC”), PC peripheral products, hard disk drives (“HDD”), HDD related products, broadband network services, network transmission, add-on products and software and system related products and services.

Great Wall Computer is principally engaged in the manufacture and trading of PC and PC peripheral products.

Great Wall Kaifa is principally engaged in the manufacture, sale and research and development of HDD magnetic heads, remote control meter, tax-control products, memory module, video heads and automation equipment.

CITIC is a state owned limited liability company established under the laws of the PRC and its principal businesses include the renting and sale of network equipment and related products; provision of Internet services; construction, management and maintenance of data networks; and development and sale of software and databases.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“associates”	has the meaning ascribed to it under the Listing Rules;
“Capital Increase”	means the increase in registered capital of Great Wall Broadband by RMB300,000,000 (HK\$332,880,000) approved by its shareholders at the shareholders’ meeting held on 7 April 2008;
“CITIC”	means 中信網絡有限公司 (CITIC Networks Co., Ltd.), a company established under the laws of the PRC;
“Company”	means 長城科技股份有限公司 (Great Wall Technology Company Limited), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange;

“Contribution”	means the contribution of RMB150,000,000 (HK\$166,440,000) being 50% of the Capital Increase by the Company in accordance with the shareholders’ meeting of Great Wall Broadband held on 7 April 2008;
“Directors”	means the directors of the Company;
“Great Wall Broadband”	means 長城寬帶網絡服務有限公司 (Great Wall Broadband Network Service Co., Ltd.), a company established under the laws of the PRC;
“Great Wall Computer”	means 中國長城計算機深圳股份有限公司 (China Great Wall Computer (Shenzhen) Co., Ltd.), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange in the PRC, a subsidiary of the Company, currently held as to 47.82% by the Company;
“Great Wall Kaifa”	means 深圳長城開發科技股份有限公司 (Shenzhen Kaifa Technology Co., Ltd.), a joint stock limited company incorporated in the PRC with limited liability, whose A shares are listed on the Shenzhen Stock Exchange in the PRC, a subsidiary of the Company, currently held as to 49.64% by the Company;
“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange;
“PRC”	means the People’s Republic of China;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shareholders”	means holders of the H shares in the capital of the Company; and
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.1096. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By Order of the Board  
**Great Wall Technology Company Limited**  
**Siu Yuchun**  
*Company Secretary*

Shenzhen, PRC, 7 April 2008

*As at the date of this announcement, the board of directors of the Company comprises five executive directors, namely Lu Ming (Chairman), Tam Man Chi, Wang Jincheng, Yang Jun and Su Duan; and three independent non-executive directors, namely Li Sanli, Wang Qinfang and Kennedy Ying Ho Wong.*