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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Great Wall Technology Company Limited, you should at once hand this circular to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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**

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## DEFINITIONS

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

|                        |   |
|------------------------|---|
| “associate(s)”         | has the meaning ascribed thereto in 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 Group”     | means China Great Wall Computer Group Company, a state-owned enterprise established under the laws of the PRC, the controlling shareholder of the Company currently holding approximately 62.11% of the issued shares of 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;   |

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## DEFINITIONS

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|---------------------------|--|
| “Hong Kong”               | means the Hong Kong Special Administrative Region of the PRC;  |
| “HK\$”                    | means Hong Kong dollars, the lawful currency of Hong Kong;   |
| “Latest Practicable Date” | means 24 April 2008, being the latest practicable date for ascertaining certain information referred to in this circular prior to printing of this circular; |
| “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;  |
| “SFO”                     | means Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong;  |
| “Shareholders”            | means holders of the H shares in the capital of the Company; and   |
| “Stock Exchange”          | means The Stock Exchange of Hong Kong Limited.   |

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## LETTER FROM THE BOARD

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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)

*Directors:*

Mr. Lu Ming (*Chairman*)  
Mr. Tam Man Chi  
Mr. Wang Jincheng  
Mr. Yang Jun  
Mr. Su Duan

*Registered address and head office:*

No.2 Keyuan Road  
Technology and Industry Park  
Nanshan District  
Shenzhen, PRC

*Independent non-executive Directors:*

Mr. Li Sanli  
Ms. Wang Qinfang  
Mr. Kennedy Ying Ho Wong

28 April 2008

*To the shareholders*

Dear Sir and Madam,

### DISCLOSEABLE TRANSACTION

#### INTRODUCTION

On 7 April 2008, the Company announced that at the shareholders' meeting of Great Wall Broadband held on the same date, 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.

The purpose of this circular is to provide you with further information relating to, among other things, details of the Contribution.

#### THE CAPITAL INCREASE AND THE CONTRIBUTION

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.

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## LETTER FROM THE BOARD

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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<br><i>RMB'000 (HK\$'000)</i> | Percentage of equity interest | Registered capital contribution<br><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%                            |
| <b>Total</b>        | <b>600,000 (665,760)</b>                                     | <b>100%</b>                   | <b>900,000 (998,640)</b>                                     | <b>100%</b>                   |

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:

|   | For the year ended 31 December |                   |                |                   |
|---|--------------------------------|-------------------|----------------|-------------------|
|   | 2007                           |                   | 2006           |                   |
|   | <i>RMB'000</i>                 | <i>(HK\$'000)</i> | <i>RMB'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)         |

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## LETTER FROM THE BOARD

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

### **INFORMATION ON THE COMPANY, GREAT WALL COMPUTER, GREAT WALL KAIFA, CITIC AND GREAT WALL BROADBAND**

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.

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.

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## LETTER FROM THE BOARD

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### 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.

### ADDITIONAL INFORMATION

Your attention is also drawn to the general information as set out in the Appendix to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Great Wall Technology Company Limited**  
**Lu Ming**  
*Chairman*

## 1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts not contained in this circular, the omission of which would make any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS

### Directors, supervisors and chief executives of the Company

As at the Latest Practicable Date, 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 (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the 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 taken or deemed to have under such provisions of the SFO) or which were required to be and were recorded in the register required to be kept pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers adopted by the Company (the “Model Code”) were as follows:

#### Personal Interests

| Name of Director | Number of shares held                | Approximate percentage of total registered share capital of the relevant entity |
|------------------|--------------------------------------|---|
| Mr. Lu Ming      | 83,952 shares of Great Wall Computer | 0.0183%   |
| Mr. Tam Man Chi  | 1,113,878 shares of Great Wall Kaifa | 0.12%   |

#### Corporate Interests

| Name of Director | Number of shares held                                 | Approximate percentage of total registered share capital of the relevant entity |
|------------------|---|---|
| Mr. Tam Man Chi  | 73,389,587 shares of Great Wall Kaifa ( <i>Note</i> ) | 8.34%   |

*Note:* Broaddata (HK) Limited (“Broaddata”) held approximately 8.34% of these shares. Flash Bright Investment Limited held 67.96% shares in Broaddata. Mr. Tam Man Chi and his spouse held in aggregate 100% equity shares in Flash Bright Investment Limited.

Save as disclosed above and so far as the Directors, supervisors and chief executives of the Company are aware, as at the Latest Practicable Date, none of the Directors, supervisors and chief executives of the Company had or was deemed to have any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which such Director, supervisor or chief executive was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which was required, pursuant to the Model Code contained in the Listing Rules, to be notified to the Company and the Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as the Directors, supervisors and chief executives of the Company are aware, the following persons (not being a Director, supervisor or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or, were directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, were as follows:

#### Long position in the shares and underlying shares of the Company

| Name of Shareholder    | Class of shares                 | Number of shares held | Shareholding percentage of issued state-owned legal person shares | Shareholding percentage of issued H shares |
|------------------------|---------------------------------|-----------------------|---|--|
| Great Wall Group       | State-owned legal person shares | 743,870,000           | 100%  | –  |
| HKSCC Nominees Limited | H shares                        | 449,177,900           | –   | 98.97%                                     |

Since 18 August 2006, Great Wall Group has been wholly owned by 中國電子信息產業集團公司 (China Electronics Corporation) which in turn, has become the ultimate controlling shareholder of the Company by holding 62.11% of the Company’s total issued share capital.

As at the Latest Practicable Date, Mr. Lu Ming, Mr. Yang Jun and Mr. Wu Kai Ming hold the following positions in the Company and Great Wall Group:

|                 | <b>Position(s) in<br/>the Company</b> | <b>Position(s) in<br/>Great Wall Group</b> |
|-----------------|---------------------------------------|--|
| Mr. Lu Ming     | chairman,<br>president and director   | president and director                     |
| Mr. Yang Jun    | director                              | director and vice-president                |
| Mr. Wu Kai Ming | vice-president                        | director                                   |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or senior managers had any interest or position in the substantial shareholders of the Company, namely Great Wall Group and HKSCC Nominees Limited.

Save as disclosed above, so far as the Directors, supervisors and chief executives of the Company are aware, as at the Latest Practicable Date, no other person (other than the Directors, supervisors and chief executives of the Company), had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, and/or, who was, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

#### **4. COMPETING INTERESTS**

Each of the Directors has confirmed that he/she and their respective associates (as defined under the Listing Rules) do not have any interests in a business apart from the Group's business, which competes or is likely to compete, either directly or indirectly with the Group's business.

#### **5. LITIGATION**

##### **Note dispute and loan dispute between Great Wall Computer and Sichuan Yintong Computer System Co. Ltd.**

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

or enforcement regarding cases in which any of five financial institutions, including Chengdu Bank, was/were the debtors.

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

In accordance with the final judgment rendered by the Supreme Court of the PRC on a dispute on bills and debts between Great Wall Computer, Yintong and Chengdu Bank (civil case judgment (2005) Min Er Zhong Zi No. 181), on 21 June 2006, Great Wall Computer received from Chengdu Bank a total payment of RMB34,199,781.03, which was broken down into RMB33,630,650 and RMB569,131.03, being payment of the principal and the costs of the case respectively. In June 2007, Chengdu Bank made a payment to Great Wall Computer of RMB17,086,558.57 as interest in relation to the case. Great Wall Computer received such payment on 11 June 2007.

## **6. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors, proposed Directors or supervisors of the Company had any existing or proposed service contracts with the Company (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

## **7. GENERAL**

- (a) The company secretary and qualified accountant of the Company is Mr. Siu Yuchun, a fellow of the Hong Kong Institute of Certified Public Accountants and the Association of Certified Chartered Accountants in the United Kingdom. Mr. Siu also holds a Bachelor degree in economics from Acadia University, Canada and a Master degree in business administration from Dalhousie University, Canada.
- (b) The Company's H shares registrar and transfer office is Hong Kong Registrars Ltd., Rooms 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong.
- (c) The registered address of the Company is No. 2, Keyuan Road, Technology & Industry Park, Nanshan District, Shenzhen, the PRC.
- (d) The English text of this circular shall prevail over the Chinese text in the case of any inconsistency.