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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)

CONTINUING CONNECTED TRANSACTIONS

On 12 September 2008, Great Wall Computer, a subsidiary of the Company entered into the Framework Agreement in relation to the sale of computers and peripherals to Changhai Technology. The transactions under the Framework Agreement are for four months from 1 September 2008 to 31 December 2008.

As Changhai Technology is a company controlled by CEC, the ultimate controlling shareholder of the Company, it is considered an associate of CEC and therefore a connected person of the Company under the Listing Rules. The transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As all the relevant percentage ratios calculated in accordance with Chapter 14A of the Listing Rules for the Transactions are less than 2.5%, the Transactions are subject to reporting and announcement requirements but are exempted from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

FRAMEWORK AGREEMENT

Date

12 September 2008

Parties

Changhai Technology and Great Wall Computer

Principal Terms and Conditions

- (1) Great Wall Computer shall sell computers and peripherals to Changhai Technology at market price. The prices for the above products shall be determined fairly, openly and in accordance with market practice;

- (2) The estimated total amount of products to be sold by Great Wall Computer to Changhai Technology from 1 September 2008 to 31 December 2008 will not exceed RMB22,000,000;
- (3) Payments to be made by Changhai Technology to Great Wall Computer for the products ordered shall be made within such time and in such manner in accordance with normal market practice;
- (4) Each of the parties shall exercise their rights and comply with their obligations as stipulated in the relevant purchase orders. Should either party fail to comply with their obligations, the defaulting party shall indemnify the non-defaulting party for losses incurred;
- (5) The parties shall endeavour to resolve disputes through negotiation, failing which the parties may resort to legal proceedings; and
- (6) The term of the agreement commences from 1 September 2008 and ends on 31 December 2008.

Connection between the parties

Changhai Technology is a company controlled by CEC, the ultimate controlling shareholder of the Company, is considered an associate of CEC and therefore a connected person of the Company under the Listing Rules. The transactions between Changhai Technology and Great Wall Computer, a subsidiary of the Company, therefore constitute connected transactions of the Company.

Annual Cap

The annual cap of the Transactions for year ending 31 December 2008 of not exceeding RMB22,000,000 has been determined with reference to the spare production capacity of Great Wall Computer for the products under the Framework Agreement which is approximately RMB5,500,000 in value per month. As the Framework Agreement covers a period of four months commencing 1 September 2008 to 31 December 2008, the cap for the Transactions under the Framework Agreement is therefore set at RMB22,000,000.

During the period from 1 September 2008 to the date of this announcement, Great Wall Computer had sold to Changhai Technology computer and peripherals amounted to RMB800,000 in aggregate. As all the relevant percentage ratios calculated in accordance with Chapter 14A of the Listing Rules for the transactions between Great Wall Computer and Changhai Technology during the period from 1 September 2008 up to the date of this announcement are less than 0.1%, those transactions are exempted from reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.33(3) of the Listing Rules.

REASONS FOR AND BENEFITS OF THE ONGOING CONNECTED TRANSACTIONS

By virtue of the Framework Agreement, Great Wall Computer can generate revenue from selling the relevant computer products to Changhai Technology.

The Directors (including non-executive directors) consider that the Framework Agreement has been negotiated on an arm's length basis and are on normal commercial terms and in the ordinary course of business, the annual cap and the terms of the Transactions are fair and reasonable and the entering into the Framework Agreement and the transactions contemplated thereunder is in the best interests of the Company and Shareholders as a whole.

INFORMATION ON THE COMPANY

The Company is principally engaged in the development, manufacture, sale and research and development of personal computer ("PC"), PC peripheral products, hard disk drive ("HDD"), HDD related products, broadband network services, network transmission, add-on products and software and system related products and services.

INFORMATION ON GREAT WALL COMPUTER

Great Wall Computer is principally engaged in the manufacture and trading of PC and PC peripheral products. Great Wall Computer is owned as to 47.82% by the Company and whose A-shares are listed on the Shenzhen Stock Exchange in the PRC. As the Company maintains management control over Great Wall Computer, it is considered a subsidiary of the Company.

INFORMATION ON CHANGHAI TECHNOLOGY

Changhai Technology is principally engagement in design, production and sales of computers and computer accessories, communication devices and electronic products; and research and development of computer software and systems.

GENERAL

As all the relevant percentage ratios calculated in accordance with Chapter 14A of the Listing Rules for the Transactions are less than 2.5%, the Transactions are subject to reporting and announcement requirements but is exempted from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Company does not have any prior transactions with Changhai Technology which required aggregation for the purpose of Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associates”	has the meaning ascribed to it under the Listing Rules;
“Board”	means the board of Directors;
“CEC”	means China Electronic Corporation (中國電子信息產業集團公司), a company incorporated in the PRC, the sole shareholder of Great Wall Group and the ultimate controlling shareholder of the Company;
“Changhai Technology”	means桂林長海科技有限責任公司(Guilin Changhai Technology Company Limited), a company incorporated in the PRC beneficially owned as to 51% by CEC through a wholly-owned subsidiary;
“Company”	means長城科技股份有限公司(Great Wall Technology Co., Ltd), a joint stock limited company incorporated in the PRC with limited liability, whose H shares are listed on the Stock Exchange;
“connected persons”	has the meaning ascribed to it under the Listing Rules;
“Directors”	means the directors of the Company;
“Framework Agreement”	means the framework agreement dated 12 September 2008 entered into between Great Wall Computer and Changhai Technology in respect of the sale of computer and peripherals from Great Wall Computer to Changhai Technology;
“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 Corporation (中國長城計算機集團公司), a company incorporated in the PRC and wholly-owned by CEC, is a substantial shareholder holding 62.11% of the Company;

“Group”	means the Company and its subsidiaries;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Independent Shareholders”	means Shareholders other than Great Wall Group;
“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 shareholders of the Company;
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Transactions”	means the transactions contemplated under the Framework Agreement;
“%”	means percentage.

By Order of the Board
Lu Ming
Chairman

Shenzhen, PRC, 16 September 2008

As at the date of this announcement, the Board comprises six executive directors, namely Lu Ming, Tam Man Chi, Wang Jincheng, Yang Jun, Su Duan and Fu Qiang; and three independent non-executive directors, namely Li Sanli, Wang Qinfang and Kennedy Ying Ho Wong.