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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

FINANCIAL SERVICES AGREEMENT

WITH CEC FINANCE

CONTINUING CONNECTED TRANSACTIONS

Reference is made to the Company's announcement and circular dated 2 November 2009 and 12 November 2009 respectively regarding the GWT Agreement and the Company's announcement and circular dated 17 September 2010 and 28 September 2010 respectively regarding the Kaifa Agreement. Pursuant to the GWT Agreement and the Kaifa Agreement, CEC Finance has agreed to provide to the Company and Great Wall Kaifa respectively deposit services, loan services, settlement services, general strategic advisory services and Other Financial Services. The GWT Agreement expired on 12 March 2013 and the Kaifa Agreement will expire on 7 December 2013.

On 19 August 2013, CEC Finance entered into (i) the New GWT Agreement with the Company and (ii) the New Kaifa Agreement with Great Wall Kaifa on similar terms and conditions as those under the respective GWT Agreement and Kaifa Agreement. On the same day, CEC Finance also entered into the CGC Agreement with CGC pursuant to which CEC Finance has agreed to provide to CGC deposit services, loan services, settlement services, general strategic advisory services and Other Financial Services subject to the terms and conditions provided therein.

LISTING RULES IMPLICATIONS

CEC Finance is a subsidiary of CEC owned as to approximately 41.97% by CEC, the ultimate controlling shareholder of the Company, which indirectly holds 62.11% of the total issued shares of the Company through its wholly-owned subsidiary Great Wall Group. CEC Finance is therefore a connected person of the Company. Great Wall Kaifa and CGC are both subsidiaries of the Company. Accordingly, the transactions contemplated under the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement constitute continuing connected transactions of the Company under the Listing Rules.

DEPOSIT SERVICES

As one of the relevant percentage ratios calculated in accordance with Chapter 14A of the Listing Rules in respect of each of the GWT Deposit Cap, the Kaifa Deposit Cap and the CGC Deposit Cap exceeds 5% and all of the foregoing caps are more than HK\$10,000,000, the Proposed Deposit Transactions and the Proposed Deposit Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under the Listing Rules.

LOAN AND LOAN GUARANTEE SERVICES

As the provision of loan and loan guarantee services by CEC Finance to the Company, Great Wall Kaifa and CGC are provided for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted to CEC Finance in respect of such services, the continuing connected transactions involving the provision of loan and loan guarantee services are exempt from the reporting, announcement and Independent Shareholders' approval requirements under Rule 14A.65(4) of the Listing Rules.

SETTLEMENT SERVICES AND GENERAL STRATEGIC ADVISORY SERVICES

CEC Finance will not charge the Company, Great Wall Kaifa and CGC any fees for the provision of settlement services and general strategic advisory services, and as such, the continuing connected transactions involving the provision of the said services are exempt from the reporting, announcement and Independent Shareholders' approval requirements.

OTHER FINANCIAL SERVICES

As at the date of this announcement, the Company, Great Wall Kaifa and CGC have not entered into any separate agreement with CEC Finance for the provision of Other Financial Services. The Company will comply with the applicable notification, disclosure and/or Shareholders' approval requirements under the Listing Rules in the event that the Company, Great Wall Kaifa and/or CGC enters into any such separate agreement with CEC Finance.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Proposed Deposit Transactions and the Proposed Deposit Caps. An independent financial adviser will be appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

A circular containing, among other things, further information relating to (i) the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement, (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Deposit Transactions and the Proposed Deposit Caps, and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 30 September 2013 as more time is required for the preparation of the information to be included therein.

Great Wall Group and its associates will abstain from voting on the resolutions to approve the Proposed Deposit Transactions and the Proposed Deposit Caps at the EGM.

Reference is made to the Company's announcement and circular dated 2 November 2009 and 12 November 2009 respectively regarding the GWT Agreement and the Company's announcement and circular dated 17 September 2010 and 28 September 2010 respectively regarding the Kaifa Agreement. Pursuant to the GWT Agreement and the Kaifa Agreement, CEC Finance has agreed to provide to the Company and Great Wall Kaifa respectively deposit services, loan services, settlement services, general strategic advisory services and Other Financial Services. The GWT Agreement expired on 12 March 2013 and the Kaifa Agreement will expire on 7 December 2013.

On 19 August 2013, CEC Finance entered into (i) the New GWT Agreement with the Company and (ii) the New Kaifa Agreement with Great Wall Kaifa on similar terms and conditions as those under the respective GWT Agreement and Kaifa Agreement. On the same day, CEC Finance also entered into the CGC Agreement with CGC pursuant to which CEC Finance has agreed to provide to CGC deposit services, loan services, settlement services, general strategic advisory services and Other Financial Services subject to the terms and conditions provided therein.

NEW GWT AGREEMENT

Date

19 August 2013

Parties

- (a) the Company
- (b) CEC Finance

Effective Date and Term

The New GWT Agreement shall become effective for a term of three (3) years upon obtaining the approval of the Independent Shareholders at the EGM.

Key Terms

1. Pursuant to the New GWT Agreement, the financial services to be provided by CEC Finance to the Company include conducting financial and financing consultation, credit certification and other relevant advice and agency services; assistance in the receipt and payment of transaction proceeds; approved insurance agency services; provision of guarantee and foreign exchange settlement services; entrusted loans and entrusted investment services; bill acceptance and discount services; intra-group transfer and settlement services and planning of settlement scheme; deposit services; and financial services for the Company such as loans and finance leasing.
2. CEC Finance shall, in accordance with the following service principles, provide the aforesaid financial services to the Company:

(a) Deposit Services

- (i) the interest rate payable for the Company's deposits with CEC Finance shall not be lower than the interest rate for deposits offered by other commercial banks in the PRC during the same period and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by CEC Finance to the Company on a quarterly basis; and
- (ii) the maximum daily deposit amount (including accrued interest) placed by the Company with CEC Finance during the term of the New GWT Agreement shall not exceed RMB100,000,000.

(b) Loan and Loan Guarantee Services

- (i) CEC Finance shall, in accordance with its loan policies and PBC's rules and regulations for the provision of loans, provide to the Company loan services;
- (ii) the interest rate for loans granted to the Company by CEC Finance shall not be higher than the rate charged by other commercial banks in the PRC and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by the Company to CEC Finance on a quarterly basis;
- (iii) the fees charged by CEC Finance for the provision of loan guarantee services shall not be higher than the fees charged by other commercial banks in the PRC for the same type of services; and
- (iv) the maximum daily balance for loan and loan guarantee services provided by CEC Finance to the Company during the term of the New GWT Agreement shall not exceed RMB200,000,000.

(c) *Settlement Services and General Strategic Advisory Services*

CEC Finance will not charge the Group any fees for the provision of settlement services (the services in relation to effecting any payment out of any fund held by CEC Finance or accepting payment of fund to the Company, in both cases on the Company's behalf and to the order of the Company), bank confirmations and general strategic advisory services (except for the special financing consultation services).

3. The Company has agreed to give priority right to use the financial services (to the extent up to a maximum amount as stated in the New GWT Agreement) provided by CEC Finance but the Company, with the benefit of market rate information, has the right to determine whether or not the terms of the aforesaid financial services provided by CEC Finance are more favourable than those offered by other independent financial institutions.
4. If the Company, for whatever reason, fails to obtain from CEC Finance all the monies it has deposited with CEC Finance, it may off-set any outstanding amount due from CEC Finance in this regard against any sums that it owes CEC Finance.
5. CEC Finance has agreed that it shall provide to the senior management of the Company (including the Directors) the financial statements of CEC Finance on the tenth business day after the end of each quarter.
6. CEC Finance shall notify the Company on a timely basis of any material changes to its corporate and shareholding structure and operational risks which would affect its normal operations; otherwise, the Company is entitled to discontinue the services provided by CEC Finance.
7. CEC Finance shall immediately notify the Company of (i) run of its deposits, (ii) failure to meet debt obligations, (iii) large amount of overdue loans or guarantees, (iv) severe computer network breakdown, (v) it being robbed or defrauded, or (vi) any of its director or senior management is in material breach of any regulations or involved in criminal cases and CEC Finance shall take immediate remedial measures of the foregoing.
8. CEC Finance shall immediately notify the Company of any potential risk on the deposits placed by the Company and CEC Finance shall take immediate measures to remedy such risk.

GWT Deposit Cap

Deposit Services

As of 31 December 2012, the amount of deposits placed by the Company with CEC Finance under the GWT Agreement was approximately RMB8,997,000. Upon the expiry of the GWT Agreement, the Company has transferred out the full amount of deposits it placed with CEC Finance under the GWT Agreement.

The Board has considered the GWT Deposit Cap of RMB100,000,000, being the maximum daily balance (including accrued interest) under the New GWT Agreement. The GWT Deposit Cap has been determined with reference to (a) the Company's financial status, in particular, its cash balance position, (b) the average daily cashflow of the Company for the six months ended 30 June 2013, and (c) the expected demand for cashflow of the Company for the year of 2013 after having considered the operation and development of the Company.

Loan and Loan Guarantee Services

Pursuant to the New GWT Agreement, the loan and loan guarantee services to be provided by CEC Finance to the Company are on normal commercial terms and no security over the assets of the Group will be granted in respect of the loans and guarantees. As such, such loan and loan guarantee services are continuing connected transactions exempt from reporting, announcement and Independent Shareholders' approval under Rule 14A.65(4) of the Listing Rules and, accordingly, no cap is required to be set in this regard.

Settlement Services and General Strategic Advisory Services

As CEC Finance will not charge the Company any fees for the provision of settlement services and general strategic advisory services, the continuing connected transactions involving the provision of the said services are exempt from the reporting, announcement and Independent Shareholders' approval requirements.

Other Financial Services

Pursuant to the New GWT Agreement, CEC Finance and the Company are required to negotiate and enter into separate agreement before CEC Finance provides Other Financial Services to the Company. As at the date of this announcement, the Company has not entered into any separate agreement with CEC Finance for the provision of Other Financial Services. The Company will comply with the applicable notification, disclosure and/or Shareholders' approval requirements under the Listing Rules in the event that the Company enters into any such separate agreement with CEC Finance.

NEW KAIFA AGREEMENT

Date

19 August 2013

Parties

- (a) Great Wall Kaifa
- (b) CEC Finance

Effective Date and Term

The New Kaifa Agreement shall become effective for a term of three (3) years upon (i) obtaining the approval of the shareholders of Great Wall Kaifa, (ii) obtaining the approval of the Independent Shareholders at the EGM, and (iii) the relevant filing with the Shenzhen Stock Exchange has been made by Great Wall Kaifa.

Key Terms

1. Pursuant to the New Kaifa Agreement, the financial services to be provided by CEC Finance to Great Wall Kaifa include conducting financial and financing consultation, credit certification and other relevant advice and agency services; assistance in the receipt and payment of transaction proceeds; approved insurance agency services; provision of guarantee and foreign exchange settlement services; entrusted loans and entrusted investment services; bill acceptance and discount services; intra-group transfer and settlement services and planning of settlement scheme; deposit services; and financial services for Great Wall Kaifa such as loans and finance leasing.
2. CEC Finance shall, in accordance with the following service principles, provide the aforesaid financial services to Great Wall Kaifa:
 - (a) *Deposit Services*
 - (i) the interest rate payable for Great Wall Kaifa's deposits with CEC Finance shall not be lower than the interest rate for deposits offered by other commercial banks in the PRC during the same period and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by CEC Finance to Great Wall Kaifa on a quarterly basis; and
 - (ii) the maximum daily deposit amount (including accrued interest) placed by Great Wall Kaifa with CEC Finance during the term of the New Kaifa Agreement shall not exceed RMB600,000,000.
 - (b) *Loan and Loan Guarantee Services*
 - (i) CEC Finance shall, in accordance with its loan policies and PBC's rules and regulations for the provision of loans, provide to Great Wall Kaifa loan services;
 - (ii) the interest rate for loans granted to Great Wall Kaifa by CEC Finance shall not be higher than the rate charged by other commercial banks in the PRC and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by Great Wall Kaifa to CEC Finance on a quarterly basis;

- (iii) the fees charged by CEC Finance for the provision of loan guarantee services shall not be higher than the fees charged by other commercial banks in the PRC for the same type of services; and
 - (iv) the maximum daily balance for loan and loan guarantee services provided by CEC Finance to Great Wall Kaifa during the term of the New Kaifa Agreement shall not exceed RMB600,000,000.
- (c) *Settlement Services and General Strategic Advisory Services*
- CEC Finance will not charge the Group any fees for the provision of settlement services (the services in relation to effecting any payment out of any fund held by CEC Finance or accepting payment of fund to Great Wall Kaifa, in both cases on Great Wall Kaifa's behalf and to the order of Great Wall Kaifa), bank confirmations and general strategic advisory services (except for special financing consultation services).
3. Great Wall Kaifa has agreed to give priority right to use the financial services (to the extent up to a maximum amount as stated in the New Kaifa Agreement) provided by CEC Finance but Great Wall Kaifa, with the benefit of market rate information, has the right to determine whether or not the terms of the aforesaid financial services provided by CEC Finance are more favourable than those offered by other independent financial institutions.
 4. If Great Wall Kaifa, for whatever reason, fails to obtain from CEC Finance all the monies it has deposited with CEC Finance, it may off-set any outstanding amount due from CEC Finance in this regard against any sums that it owes CEC Finance.
 5. CEC Finance has agreed that it shall provide to the senior management of Great Wall Kaifa (including the directors of Great Wall Kaifa) (i) a copy of every regulatory report it submitted to CBRC and (ii) the financial statements of CEC Finance on the tenth business day after the end of each quarter.
 6. CEC Finance shall notify Great Wall Kaifa on a timely basis of any material changes to its corporate and shareholding structure and operational risks which would affect its normal operations; otherwise, Great Wall Kaifa is entitled to discontinue the services provided by CEC Finance.
 7. CEC Finance shall immediately notify Great Wall Kaifa of (i) run of its deposits, (ii) failure to meet debt obligations, (iii) large amount of overdue loans or guarantees, (iv) severe computer network breakdown, (v) it being robbed or defrauded, or (vi) any of its director or senior management is in material breach of any regulations or involved in criminal cases and CEC Finance shall take immediate remedial measures of the foregoing.

8. CEC Finance shall immediately notify Great Wall Kaifa of any potential risk on the deposits placed by Great Wall Kaifa and CEC Finance shall take immediate measures to remedy such risk.

Kaifa Deposit Cap

Deposit Services

As of 30 June, 2013, the amount of deposits placed by Great Wall Kaifa with CEC Finance under the Kaifa Agreement was approximately RMB599,862,000. The Board has considered the Kaifa Deposit Cap of RMB600,000,000, being the maximum daily balance (including accrued interest) under the New Kaifa Agreement. The Kaifa Deposit Cap has been determined with reference to (a) Great Wall Kaifa's financial status, in particular, its cash balance position, (b) the average daily cashflow of Great Wall Kaifa for the six months ended 30 June 2013, and (c) the expected demand for cashflow of Great Wall Kaifa for the year of 2013 after having considered the operation and development of Great Wall Kaifa.

Loan and Loan Guarantee Services

Pursuant to the New Kaifa Agreement, the loan and loan guarantee services to be provided by CEC Finance to Great Wall Kaifa are on normal commercial terms and no security over the assets of the Group will be granted in respect of the loans and guarantees. As such, such loan and loan guarantee services are continuing connected transactions exempt from reporting, announcement and Independent Shareholders' approval under Rule 14A.65(4) of the Listing Rules and, accordingly, no cap is required to be set in this regard.

Settlement Services and General Strategic Advisory Services

As CEC Finance will not charge Great Wall Kaifa any fees for the provision of settlement services and general strategic advisory services, the continuing connected transactions involving the provision of the said services are exempt from the reporting, announcement and Independent Shareholders' approval requirements.

Other Financial Services

Pursuant to the New Kaifa Agreement, CEC Finance and Great Wall Kaifa are required to negotiate and enter into separate agreement before CEC Finance provides Other Financial Services to Great Wall Kaifa. As at the date of this announcement, Great Wall Kaifa has not entered into any separate agreement with CEC Finance for the provision of Other Financial Services. The Company will comply with the applicable notification, disclosure and/or Shareholders' approval requirements under the Listing Rules in the event that Great Wall Kaifa enters into any such separate agreement with CEC Finance.

CGC AGREEMENT

Date

19 August 2013

Parties

- (a) CGC
- (b) CEC Finance

Effective Date and Term

The CGC Agreement shall become effective for a term of three (3) years upon (i) obtaining the approval of the shareholders of CGC, (ii) obtaining the approval of the Independent Shareholders at the EGM, and (iii) the relevant filing with the Shenzhen Stock Exchange has been made by CGC.

Key Terms

1. Pursuant to the CGC Agreement, the financial services to be provided by CEC Finance to CGC include conducting financial and financing consultation, credit certification and other relevant advice and agency services; assistance in the receipt and payment of transaction proceeds; approved insurance agency services; provision of guarantee and foreign exchange settlement services; entrusted loans and entrusted investment services; bill acceptance and discount services; intra-group transfer and settlement services and planning of settlement scheme; deposit services; and financial services for CGC such as loans and finance leasing.
2. CEC Finance shall, in accordance with the following service principles, provide the aforesaid financial services to CGC:
 - (a) *Deposit Services*
 - (i) the interest rate payable for CGC's deposits with CEC Finance shall not be lower than the interest rate for deposits offered by other commercial banks in the PRC during the same period and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by CEC Finance to CGC on a quarterly basis; and
 - (ii) the maximum daily deposit amount (including accrued interest) placed by CGC with CEC Finance during the term of the CGC Agreement shall not exceed RMB200,000,000.

(b) *Loan and Loan Guarantee Services*

- (i) CEC Finance shall, in accordance with its loan policies and PBC's rules and regulations for the provision of loans, provide to CGC loan services;
- (ii) the interest rate for loans granted to CGC by CEC Finance shall not be higher than the rate charged by other commercial banks in the PRC and such interest shall be calculated by way of the Accumulated Interest Method and shall be payable by CGC to CEC Finance on a quarterly basis;
- (iii) the fees charged by CEC Finance for the provision of loan guarantee services shall not be higher than the fees charged by other commercial banks in the PRC for the same type of services; and
- (iv) the maximum daily balance for loan and loan guarantee services provided by CEC Finance to CGC during the term of the CGC Agreement shall not exceed RMB400,000,000.

(c) *Settlement Services and General Strategic Advisory Services*

CEC Finance will not charge the Group any fees for the provision of settlement services (the services in relation to effecting any payment out of any fund held by CEC Finance or accepting payment of fund to CGC, in both cases on CGC's behalf and to the order of CGC), bank confirmations and general strategic advisory services (except for special financing consultation services).

- 3. CGC has agreed to give priority right to use the financial services (to the extent up to a maximum amount as stated in the CGC Agreement) provided by CEC Finance but CGC, with the benefit of market rate information, has the right to determine whether or not the terms of the aforesaid financial services provided by CEC Finance are more favourable than those offered by other independent financial institutions.
- 4. If CGC, for whatever reason, fails to obtain from CEC Finance all the monies it has deposited with CEC Finance, it may off-set any outstanding amount due from CEC Finance in this regard against any sums that it owes CEC Finance.
- 5. CEC Finance has agreed that it shall provide to the senior management of CGC (including the directors of CGC) (i) a copy of every regulatory report it submitted to CBRC and (ii) the financial statements of CEC Finance on the tenth business day after the end of each quarter.

6. CEC Finance shall notify CGC on a timely basis of any material changes to its corporate and shareholding structure and operational risks which would affect its normal operations; otherwise, CGC is entitled to discontinue the services provided by CEC Finance.
7. CEC Finance shall immediately notify CGC of (i) run of its deposits, (ii) failure to meet debt obligations, (iii) large amount of overdue loans or guarantees, (iv) severe computer network breakdown, (v) it being robbed or defrauded, or (vi) any of its director or senior management is in material breach of any regulations or involved in criminal cases and CEC Finance shall take immediate remedial measures of the foregoing.
8. CEC Finance shall immediately notify CGC of any potential risk on the deposits placed by CGC and CEC Finance shall take immediate measures to remedy such risk.

CGC Deposit Cap

Deposit Services

The Board has considered the CGC Deposit Cap of RMB200,000,000, being the maximum daily balance (including accrued interest) under the CGC Agreement. The CGC Deposit Cap has been determined with reference to (a) CGC's financial status, in particular, its cash balance position, (b) the average daily cashflow of CGC for the six months ended 30 June 2013, and (c) the expected demand for cashflow of CGC for the year of 2013 after having considered the operation and development of CGC.

Prior to the entering of the CGC Agreement, CGC has not placed any money with CEC Finance as deposits.

Loan and Loan Guarantee Services

Pursuant to the CGC Agreement, the loan and loan guarantee services to be provided by CEC Finance to CGC are on normal commercial terms and no security over the assets of the Group will be granted in respect of the loans and loan guarantees. As such, such loan and loan guarantee services are continuing connected transactions exempt from reporting, announcement and Independent Shareholders' approval under Rule 14A.65(4) of the Listing Rules and, accordingly, no cap is required to be set in this regard.

Settlement Services and General Strategic Advisory Services

As CEC Finance will not charge CGC any fees for the provision of settlement services and general strategic advisory services, the continuing connected transactions involving the provision of the said services are exempt from the reporting, announcement and Independent Shareholders' approval requirements.

Other Financial Services

Pursuant to the CGC Agreement, CEC Finance and CGC are required to negotiate and enter into separate agreement before CEC Finance provides Other Financial Services to CGC. As at the date of this announcement, CGC has not entered into any separate agreement with CEC Finance for the provision of Other Financial Services. The Company will comply with the applicable notification, disclosure and/or Shareholders' approval requirements under the Listing Rules in the event that CGC enters into any such separate agreement with CEC Finance.

INFORMATION ON CEC FINANCE

CEC Finance is a non-bank financial institution approved and regulated by PBC and CBRC. It is established for the purpose of enhancing the centralised management of funds among the members of the CEC Group and for improving efficiency of fund utilisation by the CEC Group as a whole.

CEC Finance currently has a registered capital of RMB1,750,943,000 and a net asset value of approximately RMB2,357,613,000.

CEC Finance is a subsidiary of CEC owned as to approximately 41.97% by CEC, the ultimate controlling shareholder of the Company, which indirectly holds 62.11% of the total issued shares of the Company through its wholly-owned subsidiary Great Wall Group. CEC Finance is therefore a connected person of the Company.

As at the date of this announcement, the Company owns approximately 5.71% equity interest in CEC Finance.

As far as the Directors are aware, CEC Finance has established stringent internal control measures to ensure effective risk management and strict compliance with laws and regulations, including:

- (a) corporate governance structure to ensure the effectiveness of its internal controls such as the formation of the Budget and Audit Committee, the Strategy Committee, the Risk Control Committee and the Remuneration and Appraisal Committee;
- (b) effective internal rules and policies specifically for management and control of operational risks and credit risks;
- (c) various risk management tools to manage and monitor credit risks;
- (d) CEC Finance's internal audit department assumption of an internal independent supervisory role, which duties include examining and auditing the business activities of other departments; and

- (e) intra-group check-and-balance mechanisms (such as segregation of duties, regular and random internal examination, re-assessment and upper level supervision) to identify operational irregularities and to ensure the operations of CEC Finance are conducted in a legal and effective manner.

In assessing the financial risks involved in placing deposits with CEC Finance, the Directors have taken into account the following factors:

- (a) the operations of CEC Finance are subject to the supervision of PBC and CBRC and are regulated by the relevant PRC financial services rules and regulations;
- (b) CEC Finance has established internal control and risk management systems in accordance with the relevant PRC financial services rules and regulations;
- (c) the current ratios and capital adequacy ratios of CEC Finance are in compliance with the requirements by CBRC; and
- (d) CEC Finance is backed by CEC as pursuant to article 48 of the articles of association of CEC Finance, CEC undertakes to provide support by way of injecting additional capital to CEC Finance if and when CEC Finance has difficulties in meeting its payment obligations.

INFORMATION ON THE COMPANY, GREAT WALL KAIFA AND CGC

The Company is principally engaged in the development, manufacture, sale, research and development of PC and information terminal products, storage products, power supply products, monitoring terminals, LCD television product and EMS business.

Great Wall Kaifa is principally engaged in the manufacture, sale and research and development of hard disk drive magnetic heads, remote control meters, tax-control products, memory modules, video heads and automatic equipment.

CGC is principally engaged in the manufacture and trading of PC and PC peripheral products.

INTERNAL CONTROL PROCEDURES AND CORPORATE GOVERNANCE MEASURES

In order to protect the interests of the Shareholders, the Company, Great Wall Kaifa and CGC will adopt the following internal control procedures and corporate governance measures in relation to its utilisation of CEC Finance's financial services:

- (a) where it needs to place deposit with CEC Finance, it will obtain at least two comparable offers from independent commercial banks for the same type of deposit and the terms of all such offers, together with the offer from CEC Finance, will be forthwith disclosed to its chief financial officers for review;

- (b) where it needs to enter into any loan or credit facilities agreement with CEC Finance in relation to its borrowing from CEC Finance, it will obtain at least two comparable offers from independent commercial banks or financial institutions for a loan of the same term or a credit facility of the same nature (as the case may be) and the terms of all such offers, together with the offer from CEC Finance, will be forthwith disclosed to its chief financial officer for review;
- (c) establish a Deposit Risk Control Team to prevent and manage deposit risks and related issues through monitoring the status of deposits, the operational and financial situations of CEC Finance and material changes of CEC Finance with respect to its shareholding and corporate structure and operational risks, and report these matters to its directors on regular and random basis, and promptly handle any issues arising from CEC Finance's breach of the GWT Agreement/ the New Kaifa Agreement/the CGC Agreement, or relevant laws and regulations (e.g. investigation, meetings with CEC Finance, etc.);
- (d) a copy of every regulatory report submitted by CEC Finance to CBRC will be provided to the Company/Great Wall Kaifa/CGC; and
- (e) the financial statements of CEC Finance will be provided to the Company/Great Wall Kaifa/CGC on the tenth business day after the end of each quarter.

The Board considers that the above internal control procedures and corporate governance measures proposed to be adopted by the Company, Great Wall Kaifa and CGC concerning the continuing connected transactions are appropriate and that the procedures and measures will give sufficient assurance to the Shareholders that the continuing connected transactions will be appropriately monitored by the Company, Great Wall Kaifa and CGC.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The reasons for the entering into the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement are as follows:

- (a) CEC Finance is regulated by PBC and CBRC and its customers are limited to the group members of CEC. The risks exposed to CEC Finance are lesser than those exposed to other financial institutions which often have a broad and unrestricted customer base. Therefore, CEC Finance is able to safeguard the funds of its customers more effectively;
- (b) CEC Finance is a financially sound financial institution with great development potentials and it has never had any deposit problem;

- (c) If CEC Finance encounters any difficulties in meeting its payment obligations, CEC will back CEC Finance by injecting additional capital to CEC Finance pursuant to article 48 of the articles of association of CEC Finance;
- (d) CEC Finance will provide free settlement services and general strategic advisory services to the Group and as a result the Group's fund settlement and transaction costs can be reduced; and
- (e) The Group is expected to benefit from CEC Finance's good understanding of the Group's operations and nonhierarchical management, which will enable CEC Finance to provide more expedient and efficient services to the Group compared to other commercial banks in the PRC.

The Directors (excluding the independent non-executive Directors, who will give their views after considering the recommendation from the Independent Financial Adviser) consider that the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement have been negotiated at arm's length and on normal commercial terms and the Proposed Deposit Caps are fair and reasonable and that the entering into the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

CEC Finance is a subsidiary of CEC owned as to approximately 41.97% by CEC, the ultimate controlling shareholder of the Company, which indirectly holds 62.11% of the total issued shares of the Company through its wholly-owned subsidiary Great Wall Group. CEC Finance is therefore a connected person of the Company. Great Wall Kaifa and CGC are both subsidiaries of the Company. Accordingly, the transactions contemplated under the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As one of the relevant percentage ratios calculated in accordance with Chapter 14A of the Listing Rules in respect of each of the GWT Deposit Cap, the Kaifa Deposit Cap and the CGC Deposit Cap exceeds 5% and all of the foregoing caps are more than HK\$10,000,000, the Proposed Deposit Transactions and the Proposed Deposit Caps are subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under the Listing Rules.

INDEPENDENT BOARD COMMITTEE

The Independent Board Committee has been established to advise the Independent Shareholders in respect of the Proposed Deposit Transactions and the Proposed Deposit Caps. An independent financial adviser will be appointed to make recommendation to the Independent Board Committee and the Independent Shareholders in the same regard.

GENERAL

A circular containing, among other things, further information relating to (i) the New GWT Agreement, the New Kaifa Agreement and the CGC Agreement, (ii) a letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in relation to the Proposed Deposit Transactions and the Proposed Deposit Caps; and (iii) a notice of the EGM is expected to be despatched to the Shareholders on or before 30 September 2013 as more time is required for the preparation of the information to be included therein.

Great Wall Group and its associates will abstain from voting on the resolutions to approve the Proposed Deposit Transactions and the Proposed Deposit Caps at the EGM. Great Wall Group has no associates which are Shareholders.

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
“Accumulated Interest Method”	the accumulated interest method for calculating the interest on the account. This method is to calculate interest rate with the accumulated interest multiplying daily interest rate on the basis of the daily accumulated account balance in the actual number of days. The formula for calculating interest is: Interest = accumulated interest × daily interest rate, of which, the accumulated interest shall be equal to the total of the daily balance
“Board”	the board of Directors
“CBRC”	中國銀行業監督管理委員會 China Banking Regulatory Commission
“CEC”	中國電子資訊產業集團公司 China Electronic Corporation, a company incorporated in the PRC, the sole shareholder of Great Wall Group and the ultimate controlling shareholder of the Company
“CEC Finance”	中國電子財務有限責任公司 CEC Finance Co., Ltd., a non-bank financial institute of CEC and a company incorporated in the PRC, owned as to 41.97% by CEC and 5.71% by the Company
“CEC Group”	CEC and its subsidiaries (other than the Group)

“CGC”	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 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
“CGC Agreement”	the financial services agreement entered into between CGC and CEC Finance on 19 August 2013
“CGC Deposit Cap”	the proposed maximum daily balance of deposits placed by CGC under the CGC Agreement with CEC Finance during the term of the CGC Agreement
“Company”	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 Main Board of the Stock Exchange
“connected persons”	has the meaning ascribed to it under the Listing Rules
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Proposed Deposit Transactions and the Proposed Deposit Caps
“EMS”	electronics manufacturing services
“Great Wall Group”	中國長城計算機集團公司 China Great Wall Computer Group Corporation, a company incorporated in the PRC and wholly-owned by CEC, is a substantial Shareholder holding 62.11% of the Company
“Great Wall Kaifa”	深圳長城開發科技股份有限公司 Shenzhen Kaifa Technology Co., Ltd., a company incorporated in the PRC whose shares are listed on the Shenzhen Stock Exchange, a subsidiary of the Company
“Group”	the Company and its subsidiaries
“GWT Agreement”	the financial services agreement entered into between the Company and CEC Finance on 2 November 2009

“GWT Deposit Cap”	the proposed maximum daily balance of deposits placed by the Company under the New GWT Agreement with CEC Finance during the term of the New GWT Agreement
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising of the independent non-executive Directors
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Proposed Deposit Transactions and the Proposed Deposit Caps
“Independent Shareholders”	Shareholders other than Great Wall Group and its associates
“Kaifa Agreement”	the financial services agreement entered into between Great Wall Kaifa and CEC Finance on 17 September 2010
“Kaifa Deposit Cap”	the proposed maximum daily balance of deposits placed by Great Wall Kaifa under the New Kaifa Agreement with CEC Finance during the term of the New Kaifa Agreement
“LCD”	liquid crystal display
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New GWT Agreement”	the financial services agreement entered into between the Company and CEC Finance on 19 August 2013
“New Kaifa Agreement”	the financial services agreement entered into between Great Wall Kaifa and CEC Finance on 19 August 2013
“Other Financial Services”	other financial services to be provided by CEC Finance apart from deposit, settlement, general strategic advisory and loan services, for instance, fund management, handling of bill acceptance and discounting services, handling of entrusted loans and entrusted investment, handling of financial and

	financing consultation, credit certification, arranging underwriting of corporate debentures/notes and other related consulting and agency services, provision of security and other financial services as may be approved by CBRC
“PBC”	中國人民銀行 People’s Bank of China
“PC”	personal computer
“PRC”	the People’s Republic of China
“Proposed Deposit Caps”	the GWT Deposit Cap, the Kaifa Deposit Cap and the CGC Deposit Cap
“Proposed Deposit Transactions”	the transactions involving the provision of deposit services by CEC Finance to (i) the Company under the New GWT Agreement, (ii) Great Wall Kaifa under the New Kaifa Agreement, and (iii) CGC under the CGC Agreement
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	the shareholders of the Company
“Shenzhen Stock Exchange”	Shenzhen Stock Exchange in the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage.

By Order of the Board
Liu Liehong
Chairman

Shenzhen, PRC, 19 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 Xiacong, James Kong Tin Wong and Zeng Zhijie.