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CEC 中国电子

CHINA ELECTRONICS
CORPORATION
(中國電子信息產業集團有限公司)
*(A state-owned enterprise incorporated in the
People's Republic of China)*

CHINA GREAT WALL COMPUTER
GROUP COMPANY*
(中電長城計算機集團公司)
*(A state-owned enterprise incorporated in the
People's Republic of China)*

GWT
GREAT WALL TECHNOLOGY
COMPANY LIMITED
(長城科技股份有限公司)
*(A joint stock limited company incorporated in the
People's Republic of China with limited liability)
(Stock Code: 0074)*

JOINT ANNOUNCEMENT

**(1) VOLUNTARY CONDITIONAL OFFER
BY ABCI CAPITAL LIMITED ON BEHALF OF CEC AND CGW
FOR ALL THE ISSUED H SHARES IN GWT (OTHER THAN THOSE
ALREADY HELD BY CEC AND CGW AND PARTIES ACTING IN
CONCERT WITH ANY OF THEM)**

AND

**(2) PROPOSED PRIVATISATION AND VOLUNTARY WITHDRAWAL
OF LISTING OF THE H SHARES OF GWT**

AND

**(3) PROPOSED MERGER BY ABSORPTION
OF CGW AND GWT BY CEC**

AND

(4) RESUMPTION OF TRADING

Financial Adviser to CEC and CGW



* For identification purpose only

INTRODUCTION

On 16 December 2013, the CEC Board, the CGW Board and the GWT Board jointly announced that ABCI, on behalf of CEC and CGW (a wholly-owned subsidiary of CEC), will make a voluntary conditional offer to acquire all of the issued H Shares in the issued share capital of GWT (other than those already held by CEC, CGW and parties acting in concert with any of them) in accordance with the Takeovers Code.

The H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this announcement, including the approval of the voluntary withdrawal of the listing of the H Shares on the Stock Exchange by the Independent GWT H Shareholders at the H Share Class Meeting.

The CEC Board, the CGW Board and the GWT Board further announced that on 16 December 2013, CEC and CGW entered into the Merger Agreement with GWT. If the Merger Agreement is implemented and completed, each of GWT and CGW will be merged and absorbed by CEC in accordance with the PRC Company Law and other applicable PRC Laws.

The effectiveness of the Merger Agreement is subject to a number of Mergers Conditions as set out in this announcement including the completion of the H Share Offer and the voluntary withdrawal of the listing of the H Shares on the Stock Exchange.

CEC and CGW consider that the H Share Offer and the Mergers will be beneficial for CEC and its subsidiaries to streamline their structure, enhance management effectiveness, and promote the development of CEC and its subsidiaries.

CONSIDERATION FOR THE H SHARE OFFER

The H Share Offer will be made on the following basis:

For each H Share HK\$3.20 in cash

After prudential consideration, the consideration was determined by reference to the market trading price of the H Shares during a relatively long time interval, hence, CEC and CGW will not increase the consideration for the H Share Offer as set out above.

INTENTION IN RELATION TO GWT

(i) Voluntary Withdrawal of Listing of the H Shares

Upon the H Share Offer becoming unconditional, GWT will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules.

(ii) Merger and Absorption of CGW and GWT

Subject to the completion of the H Share Offer, the Delisting and fulfilment of other Mergers Conditions, the Merger Agreement will be implemented and completed, pursuant to which, GWT and CGW will be de-registered in accordance with the PRC Company Law or the Administrative Regulations of the PRC Governing the Registration of Legal Enterprises (as the case may be) and relevant legal provisions; and each of GWT and CGW will cease to exist as a separate legal entity, which will be merged into CEC.

MERGER BY ABSORPTION OF CGW AND GWT BY CEC

On 16 December 2013, CEC and CGW entered into the Merger Agreement with GWT, pursuant to which, each of GWT and CGW will be merged and absorbed by CEC in accordance with the PRC Company Law and other applicable PRC Laws. The Mergers will be implemented and completed by going through the following major processes after the completion of the H Share Offer and the Delisting, namely (i) CEC will pay a Merger Price of HK\$3.20 per delisted H Share (other than those which may be acquired by CEC and CGW under the H Share Offer) in cash to the then existing GWT H Shareholders as at the effective date of the Merger Agreement; and (ii) CGW and GWT will be de-registered in accordance with the PRC Company Law or the Administrative Regulations of the PRC Governing the Registration of Legal Enterprises (as the case may be) and relevant legal provisions. Consequently, each of GWT and CGW will cease to exist as a separate legal entity, which will be merged into CEC. As a result of the Mergers, the assets and liabilities (together with the rights and obligations attached to such assets) will be assumed by CEC as the surviving corporation, and the employees of both GWT and CGW will be co-ordinated and arranged by CEC.

The effectiveness of the Merger Agreement is conditional upon the fulfilment of a number of Mergers Conditions, which shall be fulfilled on or before 30 June 2014 (or such other date as CEC, CGW and GWT may agree), otherwise the Merger Agreement will become lapsed. Pursuant to the PRC Laws, when the Merger Agreement becomes effective, it will be legally binding on CEC, CGW and GWT. Upon the completion of the transactions under the Merger Agreement, CEC will have the right under the PRC Laws and the Articles of GWT to compulsorily deregister the then existing delisted H Shares.

Pursuant to the Merger Agreement, no consideration will be paid by CEC to CGW as to the entire Domestic Shares and the H Shares which may be acquired by CGW under the H Share Offer as CGW will be merged into CEC at the same time when GWT is merged into CEC.

GWT H Shareholders are reminded that, pursuant to Article 174 of GWT's Articles, any Dissenting GWT H Shareholder, who has voted against the Merger Agreement, will have the right to request GWT or other GWT Shareholders who have voted for the Merger Agreement to acquire their delisted H Shares at a "fair price". Under such circumstance, CEC shall, at the request of GWT or such GWT Shareholders, assume all obligations which GWT or such GWT Shareholders who have received such a request may have towards the Dissenting GWT H Shareholder(s).

SHAREHOLDING IN GWT

As at the date of this announcement, CGW owned the entirety of 743,870,000 Domestic Shares, representing approximately 62.11% of the issued share capital of GWT and GWT H Shareholders were interested in 453,872,000 H Shares, representing approximately 37.89% of the issued share capital of GWT. As at the date of this announcement, there were no outstanding options, warrants or convertible securities issued by GWT.

DESPATCH OF THE COMPOSITE DOCUMENT

The Composite Document for the H Share Offer containing, inter alia, further details of (a) the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the Merger Agreement; (e) the recommendation from the Independent Board Committee with respect to the H Share Offer, the Delisting, the Merger Agreement and the GWT Merger contemplated thereunder; (f) the advice of the Independent Financial Adviser to the Independent Board Committee; (g) a notice of the H Share Class Meeting to approve the Delisting, the Merger Agreement and the GWT Merger contemplated thereunder; and (h) a notice of the Extraordinary General Meeting to approve the Merger Agreement and the GWT Merger contemplated thereunder will be despatched to the GWT H Shareholders within 21 days from the date of this announcement or such later date to which the Executive may consent.

VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, GWT will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The GWT Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

SUSPENSION AND RESUMPTION OF TRADING IN THE H SHARES

At the request of GWT, trading in the H Shares on the Stock Exchange was suspended from 9:00 a.m. on 25 September 2013 pending the issue of this announcement. Application has been made by GWT to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 17 December 2013.

WARNING

The H Share Offer is conditional upon the satisfaction of the Conditions and the effectiveness of the Merger Agreement is conditional upon the satisfaction of the Mergers Conditions as described in this announcement. GWT Shareholders and/or potential investors should therefore exercise caution when dealing in the GWT Shares.

A. INTRODUCTION

On 16 December 2013, the CEC Board, the CGW Board and the GWT Board jointly announced that ABCI, on behalf of CEC and CGW (a wholly-owned subsidiary of CEC), will make a voluntary conditional offer to acquire all of the issued H Shares in the issued share capital of GWT (other than those already held by CEC, CGW and parties acting in concert with any of them) in accordance with the Takeovers Code.

The H Share Offer is subject to the fulfilment or waiver, as applicable, of a number of Conditions as set out in this announcement, including the approval of the voluntary withdrawal of the listing of the H Shares on the Stock Exchange by the Independent GWT H Shareholders at the H Share Class Meeting.

The CEC Board, the CGW Board and the GWT Board further announced that on 16 December 2013, CEC and CGW entered into the Merger Agreement with GWT. If the Merger Agreement is implemented and completed, each of GWT and CGW will be merged and absorbed by CEC in accordance with the PRC Company Law and other applicable PRC Laws.

The effectiveness of the Merger Agreement is subject to a number of Mergers Conditions as set out in this announcement including the completion of the H Share Offer and the voluntary withdrawal of the listing of the H Shares on the Stock Exchange.

CEC and CGW consider that the H Share Offer and the Mergers will be beneficial for CEC and its subsidiaries to streamline their structure, enhance management effectiveness, and promote the development of CEC and its subsidiaries.

B. THE H SHARE OFFER

1. Consideration for the H Share Offer

The H Share Offer will be made on the following basis:

For each H Share HK\$3.20 in cash

After prudential consideration, the consideration was determined by reference to the market trading price of the H Shares during a relatively long time interval, hence, CEC and CGW will not increase the consideration for the H Share Offer as set out above.

2. Comparisons of value

The cash offer price offered under the H Share Offer represents:

- (a) a premium of approximately 42.9% over the closing price of HK\$2.24 per H Share, as quoted on the Stock Exchange on 24 September 2013 (being the last trading day prior to the suspension of trading in the H Shares pending the issue of this announcement);

- (b) a premium of approximately 58.4% over the average closing price of approximately HK\$2.02 per H Share, based on the daily closing prices as quoted on the Stock Exchange over the 5 consecutive trading days up to and including 24 September 2013;
- (c) a premium of approximately 63.3% over the average closing price of approximately HK\$1.96 per H Share, based on the daily closing prices as quoted on the Stock Exchange over the 10 consecutive trading days up to and including 24 September 2013;
- (d) a premium of approximately 74.9% over the average closing price of approximately HK\$1.83 per H Share, based on the daily closing prices as quoted on the Stock Exchange over the 30 consecutive trading days up to and including 24 September 2013;
- (e) a premium of approximately 92.8% over the average closing price of approximately HK\$1.66 per H Share, based on the daily closing prices as quoted on the Stock Exchange over the 60 consecutive trading days up to and including 24 September 2013; and
- (f) a premium of approximately 100% over the average closing price of approximately HK\$1.60 per H Share, based on the daily closing prices as quoted on the Stock Exchange over the 180 consecutive trading days up to and including 24 September 2013.

3. Highest and lowest prices

During the six-month period preceding 24 September 2013 (being the last trading day prior to the suspension of trading in the H Shares pending the issue of this announcement), the highest closing price of the H Shares as quoted on the Stock Exchange was HK\$2.24 on 24 September 2013, and the lowest closing price of the H Shares as quoted on the Stock Exchange was HK\$1.35 on 5 April 2013.

4. Consideration

Based on the offer price of HK\$3.20 per H Share and 453,872,000 H Shares in issue (representing the H Shares not already held by CEC, CGW and parties acting in concert with any of them) as at the date of this announcement, the maximum value of the H Share Offer (assuming the H Share Offer is accepted in full and there is no change in the share capital of GWT) is approximately HK\$1,452.4 million. The consideration will be paid in cash.

5. Settlement of consideration

Settlement of consideration in respect of acceptances of the H Share Offer will be made as soon as possible but in any event within 7 Business Days of the date of receipt of a complete and valid acceptance in respect of the H Share Offer or of the Unconditional Date, whichever is later.

6. Confirmation of financial resources in respect of the H Share Offer

CEC and CGW have agreed between themselves that if the acceptance level of the H Share Offer is higher than 60.4% of the H Shares in issue, CGW will acquire the H Shares tendered under the H Share Offer up to 274,211,000 H Shares (approximately equivalent to 60.4% of the H Shares in issue) and thereafter CEC will acquire all the remaining H Shares (being approximately 39.6% of the H Shares in issue) tendered under the H Share Offer.

CEC and CGW will finance such cash consideration for the H Share Offer by using the internal financial resources of CEC. CEC, being the sole shareholder of CGW, will provide financial assistance to CGW to meet its financial commitment under the H Share Offer. CEC and CGW are parties acting in concert in respect of the H Share Offer.

ABCI, being the financial adviser to CEC and CGW in respect of the H Share Offer, is satisfied that sufficient financial resources are available to CEC and CGW to satisfy full acceptance of the H Share Offer.

7. Conditions of the H Share Offer

The H Share Offer is subject to the fulfilment or waiver, as applicable, of the following conditions:

- (a) the passing of resolutions by way of poll approving the voluntary withdrawal of the listing of the H Shares from the Stock Exchange at the H Share Class Meeting to be convened for this purpose by the Independent GWT H Shareholders, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent GWT H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast against the resolutions is not more than 10% of the votes attaching to all of the H Shares held by the Independent GWT H Shareholders;
- (b) minimum valid acceptances of the H Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on the Closing Date (or such later time or date as CEC and CGW may, subject to the Takeovers Code, decide) such that, following acquisition of such H Shares, CEC together with CGW would hold not less than 60.4% of the H Shares in issue, and as a result CEC, CGW and parties acting concert with any of them holding not less than 85% of the issued share capital of GWT;
- (c) the approvals of SASAC and the Beijing local counterpart of SAFE in relation to the H Share Offer having been obtained and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC;

- (d) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the H Share Offer void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the H Share Offer (other than such orders or decisions as would not have a material adverse effect on the legal ability of CEC and/or CGW to proceed with or consummate the H Share Offer);
- (e) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any of the Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the H Share Offer or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the H Share Offer becomes unconditional; and
- (f) the obtaining of approval of the Merger Agreement and the GWT Merger contemplated thereunder by the requisite votes of shareholders in the H Share Class Meeting and the Extraordinary General Meeting as described under the section headed “D. Merger By Absorption of CGW and GWT By CEC – 4. Mergers Conditions”.

CEC and CGW confirmed that the approvals under Condition (c) have been obtained as at the date of this announcement.

CEC and CGW reserve the right to waive the Condition (e) above in whole or in part. GWT does not have the right to waive any of the Conditions.

CEC and CGW will not invoke any Condition, other than the Conditions referred to in (b) above, so as to cause the H Share Offer to lapse unless the circumstances which give rise to the right to invoke the Condition are of material significance to CEC and CGW in the context of the H Share Offer.

GWT Shareholders are reminded that the H Share Offer is conditional on CGW having received, by the Closing Date, valid acceptances in respect of such number of H Shares which will result in CEC together with CGW holding not less than 60.4% of the H Shares as at the Closing Date, and consequently CEC, CGW and parties acting concert with any of them will hold not less than 85% of the issued share capital of GWT. GWT Shareholders should note that if such acceptance threshold is not achieved by the Closing Date, the H Share Offer will lapse and all share certificates in respect of the H Shares which were tendered for acceptance previously will be returned to the respective GWT H Shareholders as soon as possible but in any event within 10 days thereof.

In addition to the Conditions set out above, the H Share Offer is made on the basis that acceptance of the H Share Offer by any person will constitute a warranty by such person or persons to CEC and CGW that the H Shares acquired under the H Share Offer are sold by such person or persons free from all third party rights, liens, charges, equities, adverse interests and encumbrances whatsoever and together with all rights attaching thereto as at the date of this announcement or subsequently becoming attached to them, and including the right to receive all dividends (whether final or interim) and other distributions, if any, declared, made or paid on or after the date of this announcement.

The H Share Offer will be made in compliance with the Takeovers Code, which is administered by the Executive.

As of the date of this announcement, none of CEC, CGW or parties acting in concert with any of them has received any irrevocable voting commitment in respect of the H Share Class Meeting and/or any irrevocable commitment to tender into the H Share Offer from any Independent GWT H Shareholder.

8. Further terms and general matters relating to the H Share Offer

H Shares

Under the terms of the H Share Offer, the H Shares will be acquired with all rights attached thereto as at the date of this announcement or which subsequently become attached thereto, including the right to receive in full all dividends and other distributions, if any, declared, made or paid, on or after the date of this announcement, and free from all rights of pre-emption, options, liens, claims, equities, charges, encumbrances and third party rights.

Hong Kong stamp duty

Seller's ad valorem stamp duty for the H Shares registered with the H Shares registrar arising in connection with acceptance of the H Share Offer will be payable by each GWT H Shareholder at the rate of HK\$1.00 for every HK\$1,000 or part thereof of the consideration payable by CEC and CGW (as the case may be) for such person's H Shares and will be deducted from the cash amount due to such GWT H Shareholder under the H Share Offer. Each of CEC and CGW will pay the buyer's ad valorem stamp duty on its own behalf.

Completion of the H Share Offer

If the Conditions are not satisfied (or not waived where applicable) on or before the Unconditional Date, the H Share Offer will lapse.

CEC and CGW will issue an announcement in relation to the revision, extension or lapse of the H Share Offer or the fulfilment (or, if permissible, waiver) of the Conditions in accordance with the Takeovers Code and the Listing Rules. The latest time on which CEC and CGW can declare the H Share Offer unconditional as to acceptance is 7:00 p.m. on the 60th day after the posting of the Composite Document (or such later date to which the Executive may consent).

C. INTENTION IN RELATION TO GWT

1. Voluntary Withdrawal of Listing of the H Shares

Upon the H Share Offer becoming unconditional, GWT will make an application for the voluntary withdrawal of the listing of the H Shares on the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules.

Accordingly, Independent GWT H Shareholders are reminded that if they do not accept the H Share Offer and the H Share Offer subsequently becomes unconditional in all respects and the H Shares are delisted from the Stock Exchange, this will result in the Independent GWT H Shareholders holding securities that are not listed on the Stock Exchange or any other exchange. In addition, GWT may not continue to be subject to the Takeovers Code after the completion of the H Share Offer.

Once all of the Conditions have been either satisfied or, waived (if applicable) by CEC and CGW, the H Share Offer will be declared unconditional and the H Share Offer will be extended for a subsequent period of at least 28 calendar days.

2. Merger by Absorption of CGW and GWT

Subject to the completion of the H Share Offer, the Delisting and the fulfilment of other Mergers Conditions, the Merger Agreement will be implemented and completed, pursuant to which, each of GWT and CGW will be merged and absorbed by CEC in accordance with the PRC Company Law and other applicable PRC Laws. GWT and CGW will be de-registered in accordance with the PRC Company Law or the Administrative Regulations of the PRC Governing the Registration of Legal Enterprises (as the case may be) and relevant legal provisions; and each of GWT and CGW will cease to exist as a separate legal entity, which will be merged into CEC. As a result of the Mergers, the assets and liabilities (together with the rights and obligations attached to such assets) will be assumed by CEC as the surviving corporation, and the employees of both GWT and CGW will be co-ordinated and arranged by CEC. The further details of the Merge Agreement can be referred to in the section headed “D. Merger by Absorption of CGW and GWT by CEC” below.

D. MERGER BY ABSORPTION OF CGW AND GWT BY CEC

1. Merger Agreement

On 16 December 2013, CEC and CGW entered into the Merger Agreement with GWT, pursuant to which, each of GWT and CGW will be merged and absorbed by CEC in accordance with the PRC Company Law and other applicable PRC Laws. The Mergers will be implemented and completed by going through the following major processes after the completion of the H Share Offer and the Delisting, namely (i) CEC will pay a Merger Price of HK\$3.20 per delisted H Shares (other than those which may be acquired by CEC and CGW under the H Share Offer) in cash to the then existing GWT H Shareholders as at the effective date of the Merger Agreement; and (ii) CGW and GWT will be de-registered in accordance with the PRC Company Law or the Administrative Regulations of the PRC Governing the Registration of Legal Enterprises (as the case may be) and relevant legal provisions.

Consequently, each of GWT and CGW will cease to exist as a separate legal entity, which will be merged into CEC. As a result of the Mergers, the assets and liabilities (together with the rights and obligations attached to such assets) will be assumed by CEC as the surviving corporation, and the employees of both GWT and CGW will be co-ordinated and arranged by CEC.

2. Compulsory Deregistration and Right of the Dissenting GWT H Shareholders

Pursuant to the Merger Agreement, no consideration will be paid by CEC to CGW as to the entire Domestic Shares and the H Shares which may be acquired by CGW under the H Share Offer as CGW will be merged into CEC at the same time when GWT is merged into CEC. The payment to the GWT H Shareholders will be made as soon as possible but in any event within 7 Business Days after the Merger Agreement has become effective. After payment had been made to the GWT H Shareholders, the relevant rights attaching to such delisted H Shares shall be deemed as cancelled.

The effectiveness of the Merger Agreement is conditional upon the fulfilment of a number of Mergers Conditions as set out below. Pursuant to the PRC Laws, when the Merger Agreement becomes effective, it will be legally binding on CEC, CGW and GWT. Upon the completion of transactions under the Merger Agreement, CEC will have the right under the PRC Laws and the Articles of GWT to compulsorily deregister the then existing delisted H Shares.

GWT H Shareholders are reminded that, pursuant to Article 174 of GWT's Articles, any Dissenting GWT H Shareholder, who has voted against the Merger Agreement, will have the right to request GWT or other GWT Shareholders who have voted for the Merger Agreement to acquire their delisted H Shares at a "fair price". Under such circumstance, CEC shall, at the request of GWT or such GWT Shareholders, assume all obligations which GWT or such GWT Shareholders who have received such a request may have towards the Dissenting GWT H Shareholder(s).

3. Notification to Creditors

Under the Merger Agreement, CGW and GWT agreed that once they have obtained internal approvals, they will notify their respective creditors of the Mergers by way of notifications and announcements pursuant to the PRC legal requirements. If any creditor requests repayment of the indebtedness or requests for any guarantee in relation to such indebtedness, such request will have to be made within a statutory period. Each of CGW and GWT shall, upon request of its creditors, pay off its indebtedness or provide a satisfactory guarantee to its creditors for such indebtedness. Upon the expiry of the relevant period specified in the above announcements, such creditor's right to claim against CEC or CGW or GWT (as the case may be) with respect to such transactions contemplated under the Merger Agreement shall lapse under the PRC Laws.

4. Mergers Conditions

The Merger Agreement will become effective conditional upon the fulfilment of the following Mergers Conditions:

- (a) the approval of the Merger Agreement and the GWT Merger contemplated thereunder by not less than two-thirds of the GWT Shareholders at the Extraordinary General Meeting having been obtained pursuant to the Articles of GWT;
- (b) the passing of resolutions by way of poll approving the Merger Agreement and the GWT Merger contemplated thereunder at the H Share Class Meeting to be convened for this purpose by the Independent GWT H Shareholders, provided that:
 - (i) approval is given by at least 75% of the votes attaching to the H Shares held by the Independent GWT H Shareholders that are cast either in person or by proxy; and
 - (ii) the number of votes cast against the resolutions is no more than 10% of the votes attaching to all H Shares held by the Independent GWT H Shareholders;
- (c) a waiver application having been submitted to CSRC for the exemption of making any mandatory offer in relation to the change of controlling shareholder of the A-Share Listed Subsidiaries as a result of the Mergers, and such waiver having been granted by CSRC (pursuant to the Administrative Measures on Acquisitions of Listed Companies of the PRC, CEC shall submit the waiver application to CSRC within three days after the execution of the Merger Agreement);

- (d) the approval of the Beijing local counterpart of SAFE in relation to the Merger Agreement having been obtained and remaining in full force and effect pursuant to the provisions of relevant laws and regulations in the PRC; and
- (e) the completion of the H Share Offer, and GWT has submitted the Delisting application to the Stock Exchange and such Delisting has become effective pursuant to the Listing Rules.

Upon the fulfillment of such conditions, the Merger Agreement will become effective and the parties thereof will be bound by the Merger Agreement and are obligated to perform obligations under the Merger Agreement.

As to the Mergers Condition (c) above, CEC expects that CSRC will determine whether to grant the waiver or not within 20 working days from the date of acceptance of all required application documents.

The approvals under the Mergers Condition (d) has been obtained as at the date of this announcement. The other Mergers Conditions shall be fulfilled on or before 30 June 2014 (or such other date as CEC, CGW and GWT may agree), otherwise the Merger Agreement will become lapsed.

The transactions under the Merger Agreement will be completed after the following conditions are fulfilled:

- (a) the completion of the Delisting;
- (b) the completion of registrations with the relevant bureau of administration for industry and commerce with respect to H Share Offer;
- (c) the completion of deregistration procedures by CGW and GWT with the relevant bureau of administration for industrial and commerce as required under the laws, regulations and provisions stipulated by the PRC authorities; and
- (d) there shall be no law, decree or order promulgated by any governmental authorities and there shall be no judgment, verdict or ruling of any courts prohibits, restricts or cancels the Mergers.

Upon the fulfillment of such conditions, the Mergers will be completed.

5. Confirmation of financial resources in respect of the GWT Merger

CEC will finance the total consideration of the GWT Merger by using its internal financial resources.

ABCI, being the financial adviser to CEC in respect of the GWT Merger, is satisfied that sufficient financial resources are available to CEC to satisfy the payment of the total consideration of the GWT Merger.

E. INFORMATION AND PRINCIPAL BUSINESS OF GWT

GWT was incorporated as a joint stock limited company in accordance with the PRC Company Law on 20 March 1998. GWT became listed on the Main Board of the Stock Exchange on 5 August 1999. GWT is an investment holding company and the GWT Group is principally engaged in the development, manufacture, sale and research of personal computers and information terminal products, storage products, power supply products, monitoring terminals, liquid crystal display television products and electronics manufacturing services business.

Shareholding in GWT

As at the date of this announcement, GWT has 1,197,742,000 GWT Shares in issue, with 743,870,000 Domestic Shares and 453,872,000 H Shares. CGW owned the entirety of 743,870,000 Domestic Shares, representing approximately 62.11% of the issued share capital of GWT, and GWT H Shareholders were interested in 453,872,000 H Shares, representing approximately 37.89% of the issued share capital of GWT. The rights of the holders of Domestic Shares and H Shares rank pari passu to each other, including voting rights and the right to receive dividend payment, except that payment of dividend will be made in RMB to the holders of the Domestic Shares and in Hong Kong dollars to GWT H Shareholders. As at the date of this announcement, there were no outstanding options, warrants or convertible securities issued by GWT.

The table below sets out the shareholding structure of GWT as at the date of this announcement and immediately after completion of the H Share Offer (assuming the H Share Offer is fully accepted by GWT H Shareholders):

	As at the date of this announcement			Immediately after completion of the H Share Offer (assuming the H Share Offer is fully accepted by GWT H Shareholders)		
	Number of Domestic Shares	Number of H Shares	Percentage over the entire issued share capital of GWT (%)	Number of Domestic Shares	Number of H Shares	Percentage over the entire issued share capital of GWT (%)
CEC	-	-	-	-	179,661,000	15.00
CGW	743,870,000	-	62.11	743,870,000	274,211,000	85.00
Total number of GWT Shares held by CEC, CGW and parties acting in concert with any of them	743,870,000	-	62.11	743,870,000	453,872,000	100.00
Independent GWT H Shareholders	-	453,872,000	37.89	-	-	-
Total number of GWT Shares	743,870,000	453,872,000	100.00	743,870,000	453,872,000	100.00

F. INFORMATION AND PRINCIPAL BUSINESS OF CEC

CEC is a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council, it is a leading national electronics and information technology enterprise administered by the PRC government. CEC is principally engaged in the communications, consumer electronic products, semiconductor and software industries in the PRC.

G. INFORMATION AND PRINCIPAL BUSINESS OF CGW

CGW is state-owned enterprise established in 1986 in accordance with the PRC Laws and was consolidated into CEC in 2005. It is a wholly-owned subsidiary of CEC. CGW is an investment company holding the entire 743,870,000 Domestic Shares.

H. REASONS FOR THE H SHARE OFFER, THE DELISTING AND THE MERGERS

CEC and CGW confirm that the reasons for proposing the H Share Offer, the Delisting and the Mergers are as follows:

- (a) GWT and CGW are merely investment holding companies which do not have material business operation and their major assets are the equity interests in two A-Share Listed Subsidiaries. The H Share Offer and the Delisting of GWT, if successful, will reduce the costs through the simplification of the structure and dispensation of costs associated with compliance and maintaining the listing status of GWT. The mergers of GWT and CGW by CEC, if successful, can fully integrate the underlying assets and liabilities of GWT by CEC, which will allow CEC to have the direct management on the assets and liabilities of GWT; and
- (b) the thin trading liquidity and persistently weak price performance of the H Shares limit GWT's ability to raise funds in the equity capital markets and the costs and management resources associated with the maintenance of the listing status of GWT are not warranted.

I. MEETINGS AND DESPATCH OF THE COMPOSITE DOCUMENT

The H Share Class Meeting will be convened for the purpose of passing resolutions by way of poll to approve the voluntary withdrawal of the listing of the H Shares from the Stock Exchange by the Independent GWT H Shareholders, and such approval must be given by at least 75% of the votes attaching to the H Shares held by the Independent GWT H Shareholders that are cast either in person or by proxy; and the number of votes cast against the resolution is not more than 10% of the votes attaching to all of the H Shares held by the Independent GWT H Shareholders.

In addition, pursuant to the Articles of GWT, the Extraordinary General Meeting will be convened for the purpose of passing resolutions by way of poll to approve the Merger Agreement, and such approval must be given by not less than two-thirds of the GWT Shareholders at the Extraordinary General Meeting.

Furthermore, the GWT Merger is akin to a scheme of arrangement, such that Rule 2.10 of the Takeovers Code is deemed to be applicable, pursuant to which, approval of the Merger Agreement and the GWT Merger contemplated thereunder must be given by at least 75% of the votes attaching to H Shares held by the Independent GWT H Shareholders that are cast either in person or by proxy in the H Share Class Meeting, and the number of votes cast against the resolutions in relation to the Merger Agreement and the GWT Merger contemplated thereunder shall be no more than 10% of the votes attaching to all H Shares held by the Independent GWT H Shareholders in the H Share Class Meeting.

Notices of the H Share Class Meeting and the Extraordinary General Meeting will be sent to the GWT H Shareholders together with the Composite Document.

The Composite Document for the H Share Offer containing, inter alia, further details of (a) the H Share Offer; (b) the expected timetable relating to the H Share Offer; (c) the Delisting; (d) the Merger Agreement; (e) the recommendation from the Independent Board Committee with respect to the H Share Offer, the Delisting, the Merger Agreement and the GWT Merger contemplated thereunder; (f) the advice of the Independent Financial Adviser to the Independent Board Committee; (g) a notice of the H Share Class Meeting to approve the Delisting, the Merger Agreement and the GWT Merger contemplated thereunder; and (h) a notice of the Extraordinary General Meeting to approve the Merger Agreement and the GWT Merger contemplated thereunder will be despatched to the GWT H Shareholders within 21 days from the date of this announcement or such later date to which the Executive may consent.

J. OVERSEAS GWT SHAREHOLDERS

The H Share Offer is intended to be made available to all GWT H Shareholders, including those who are resident outside Hong Kong, to the extent practicable. Overseas GWT H Shareholders will be entitled to receive the Composite Document and the notices of the H Share Class Meeting and the Extraordinary General Meeting, as well as to attend and vote at the H Share Class Meeting and the Extraordinary General Meeting. The making of the H Share Offer to the Overseas GWT H Shareholders may be subject to the laws of the relevant jurisdictions. Overseas GWT H Shareholders should observe any applicable legal or regulatory requirements. It is the responsibility of the Overseas GWT H Shareholders wishing to accept the H Share Offer to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

K. VOLUNTARY WITHDRAWAL OF LISTING OF THE H SHARES

Upon the H Share Offer becoming unconditional, GWT will make an application for the listing of the H Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.12 and Rule 6.15 of the Listing Rules. The GWT Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the H Shares and on which the voluntary withdrawal of the listing of the H Shares on the Stock Exchange will become effective.

L. FINANCIAL ADVISERS, INDEPENDENT FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND GENERAL INFORMATION

CEC and CGW have appointed ABCI as their financial adviser in connection with the H Share Offer and GWT Merger. The Independent Board Committee comprising all of the independent non-executive directors of GWT, being Yao Xiacong, James Kong Tin Wong and Zeng Zhijie, has been formed to make a recommendation to the Independent GWT H Shareholders (a) as to whether the H Share Offer is, or is not, fair and reasonable; (b) as to whether the Merger Agreement and GWT Merger contemplated thereunder are, or are not, fair and reasonable; and (c) as to acceptance or voting in relation to the H Share Offer, the Delisting and the Merger Agreement. The Independent Board Committee has appointed the Independent Financial Adviser to advise the Independent Board Committee in connection with the H Share Offer, the Delisting and the Merger Agreement.

M. GENERAL

There have been no dealings in the H Shares by CEC, CGW and parties who are acting in concert with any of them, during the 6 months prior to the date of the commencement of the offer period of the H Share Offer, being 20 November 2013. Save for the 743,870,000 Domestic Shares owned by CGW, neither CEC, CGW nor any parties acting in concert with any of them have any holdings in the GWT Shares.

There are no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in GWT which CEC or CGW or any person acting in concert with any of them has borrowed or lent.

There is no agreement or arrangement to which CEC or CGW and any person acting in concert with any of them is a party which relates to the circumstances in which it may or may not invoke or seek to invoke a precondition or a condition to H Share Offer and the GWT Merger.

Save for the proposal made by ABCI on behalf of CEC and CGW in relation to the acquisition of all of the issued H Shares (other than those already owned by CEC, CGW and parties acting in concert with any of them) and the Merger Agreement and the GWT Merger contemplated thereunder, there is no arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code between any person and CEC or CGW or any person acting in concert with any of them in relation to shares of CEC or CGW or GWT which might be material to the H Share Offer and the GWT Merger.

N. RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES

In accordance with Rule 3.8 of the Takeovers Code, associates (including persons holding 5% or more of a class of relevant securities of GWT) of CEC, CGW and GWT are hereby reminded to disclose their dealings in any shares in CEC, CGW and GWT pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibilities of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.

This dispensation does not alter the obligations of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

O. SUSPENSION AND RESUMPTION OF TRADING OF H SHARES

At the request of GWT, trading in the H Shares on the Stock Exchange was suspended from 9:00 a.m. on 25 September 2013 pending the issue of this announcement. Application has been made by GWT to the Stock Exchange for the resumption of trading in the H Shares with effect from 9:00 a.m. on 17 December 2013.

WARNING

The H Share Offer is conditional upon the satisfaction of the Conditions and the effectiveness of the Merger Agreement is conditional upon the satisfaction of the Mergers Conditions as described in this announcement. GWT Shareholders and/or potential investors should therefore exercise caution when dealing in the GWT Shares.

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

“ABCI”	ABCI Capital Limited, a licensed corporation licensed to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“acting in concert”	has the meaning given to it in the Takeovers Code, and “parties acting in concert” shall be construed accordingly
“Articles”	the existing articles of association of a company
“A-Share Listed Subsidiaries”	China Great Wall Computer Shenzhen Co., Ltd. (中國長城計算機深圳股份有限公司), which is owned by GWT directly as to 53.92% and indirectly as to 2.7%; and Shenzhen Kaifa Technology Co., Ltd (深圳長城開發科技股份有限公司), which is directly owned by GWT as to 44.51%
“associates”	has the meaning given to it in the Takeovers Code
“Authorisations”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for GWT to carry on its business
“Business Day”	a day on which the Stock Exchange is open for the transaction of business
“CEC”	中國電子信息產業集團有限公司 (China Electronics Corporation), a state-owned enterprise established in 1989 under the PRC Laws with approval from the PRC State Council
“CEC Board”	the board of directors of CEC
“CGW”	中電長城計算機集團公司 (*China Great Wall Computer Group Company), formerly known as 中國長城計算機集團公司 (*China Great Wall Computer Group Company), a state-owned enterprise established in 1986 in accordance with the PRC Laws and a wholly owned subsidiary of CEC

“CGW Board”	the board of directors of CGW
“Closing Date”	the date to be stated in the Composite Document as the first closing date of the H Share Offer or any subsequent closing date as may be announced by CEC and CGW and in compliance with the Takeovers Code
“Composite Document”	the composite document to be issued jointly by CEC, CGW and GWT to the GWT Shareholders in accordance with the Takeovers Code and the Listing Rules
“Conditions”	the conditions of the H Share Offer, as set out under the section headed “Conditions of the H Share Offer” of this announcement and “Condition” means any of them
“CSRC”	China Securities Regulatory Commission
“Delisting”	the voluntary withdrawal of the listing of the H Shares on the Stock Exchange
“Dissenting GWT H Shareholder(s)”	any GWT H Shareholder, who has voted against the Merger Agreement at the H Share Class Meeting and requested GWT and/or other GWT Shareholders who have voted for the Merger Agreement to purchase their delisted H Shares pursuant to Article 174 of GWT’s Articles
“Domestic Share(s)”	ordinary unlisted domestic shares with a nominal value of RMB 1.00 each in the issued share capital of GWT
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Extraordinary General Meeting”	the extraordinary general meeting of the GWT Shareholders proposed to be convened and held in respect of the approval of the Merger Agreement and the GWT Merger as contemplated thereunder

“GWT”	Great Wall Technology Company Limited (長城科技股份有限公司), a joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Main Board of the Stock Exchange
“GWT Board”	the board of directors of GWT
“GWT Group”	GWT and its subsidiaries
“GWT H Shareholder(s)”	registered holder(s) of H Shares; and, after Delisting, the registered holder(s) of the delisted H Shares (as the case may be)
“GWT Merger”	the proposed merger by absorption of GWT by CEC pursuant to the PRC Company Laws and other applicable PRC Laws as contemplated under the Merger Agreement
“GWT Shareholders”	the GWT H Shareholders and CGW
“GWT Shares”	Domestic Shares, H Shares and such delisted H Shares in the issued share capital of GWT after the Delisting becomes effective (as the case may be)
“HK\$” or “Hong Kong dollars”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“H Share(s)”	ordinary share(s) with a nominal value of RMB1.00 each in the issued share capital of GWT which are listed on the Main Board of the Stock Exchange
“H Share Class Meeting”	the extraordinary general meeting of the GWT H Shareholders to be convened, and any adjournment thereof for the purpose of approving the Delisting and the Merger Agreement and the GWT Merger contemplated thereunder
“H Share Offer”	the voluntary conditional offer to be made by ABCI on behalf of CEC and CGW to acquire all of the H Shares (other than those already owned by CEC, CGW and parties acting in concert with any of them)

“Independent Board Committee”	the independent committee of the GWT Board comprising all of the independent non-executive directors of GWT, being Yao Xiaocong, James Kong Tin Wong and Zeng Zhijie, which is formed to advise Independent GWT H Shareholders in relation to the H Share Offer, the Delisting and the Merger Agreement and the GWT Merger contemplated thereunder
“Independent Financial Adviser”	Somerley Limited, the independent financial adviser to the Independent Board Committee to be retained by GWT in connection with the H Share Offer pursuant to Rule 2.1 of the Takeovers Code, the Delisting and the Merger Agreement and the GWT Merger contemplated thereunder, which is a corporation licensed to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Cap. 571 Laws of Hong Kong)
“Independent GWT H Shareholders”	the GWT H Shareholders, other than CEC, CGW and parties acting in concert with any of them
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
“Merger Agreement”	the agreement entered into amongst CEC, CGW and GWT on 16 December 2013 in relation to the Mergers
“Mergers”	the proposed mergers by absorption of CGW and GWT by CEC pursuant to the PRC Company Law and other applicable PRC Laws as contemplated under the Merger Agreement
“Mergers Conditions”	the conditions in the Merger Agreement as set out in the section headed “Mergers Conditions” in this announcement, subject to which the Mergers will become effective
“Merger Price”	the Merger Price of HK\$3.20 per each delisted H Shares (other than those which may be acquired by CEC and CGW under the H Share Offer) payable in cash by CEC to the then existing GWT H Shareholders as at the effective date of the Merger Agreement

“Overseas GWT H Shareholders”	GWT H Shareholders who are not residents in Hong Kong
“PRC”	the People’s Republic of China, excluding for the purposes of this announcement, Hong Kong, Macau and Taiwan
“PRC Company Law”	the Company Law of the PRC as amended, supplemented or otherwise modified from time to time
“PRC Laws”	any and all laws, regulations, statutes, rules, decrees, notices, and supreme court’s judicial interpretations as may be in force and publicly available in the PRC from time to time
“Relevant Authorities”	applicable governments or governmental bodies, statutory or regulatory bodies, courts or institutions including but not limited to the SFC and the Stock Exchange
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	State Administration of Foreign Exchange
“SASAC”	Stated-owned Assets Supervision and Administration Commission of the State Council of the PRC or its competent local counterparts
“SFC”	the Securities and Futures Commission of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Code on Takeovers and Mergers published by the SFC
“Unconditional Date”	the date on which the H Share Offer becomes or is declared unconditional in all respects, which being the date of the H Share Class Meeting and the Extraordinary General Meeting

* *for identification purpose only*

On behalf of the board of
China Electronics
Corporation

Rui Xiaowu
Chairman

On behalf of the board of
China Great Wall
Computer Group Company

Liu Liehong
Chairman

On behalf of the board of
Great Wall Technology
Company Limited

Liu Liehong
Chairman

Beijing, PRC, 16 December 2013

The directors of CEC jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to GWT and/or the GWT Board) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by GWT and/or the GWT Board) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date hereof, the CEC Board comprises: Rui Xiaowu, Liu Liehong and Lang Jia as directors, Wang Zuran, Song Ning, Chen Shengde, Chen Jie and Zhang Xiaotie as outside directors and Xu Haihe as the employee representative director.

The directors of CGW jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to GWT and/or the GWT Board) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by GWT and/or the GWT Board) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date hereof, the CGW Board comprises: Liu Liehong, Li Xiaochun, Wu Qun, Jia Haiying, Chen Xiaojun, Kong Xueping and He Shaokun as directors.

The directors of GWT jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to CEC, CGW, the CEC Board and/or the CGW Board) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by CEC, CGW, the CEC Board and/or the CGW Board) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

As at the date hereof, the GWT Board comprises: Liu Liehong, Tam Man Chi, Yang Jun, Du Heping, Fu Qiang and Xu Haihe as executive directors, and Yao Xiaocong, James Kong Tin Wong and Zeng Zhijie as independent non-executive directors.