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中彩網通控股有限公司
China Netcom Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)

DISCLOSEABLE TRANSACTION
FORMATION OF JOINT VENTURE COMPANY
AND
COMMENCEMENT OF AN ADDITIONAL PRINCIPAL BUSINESS
ACTIVITY

On 21 March 2018, Hangzhou Safen Information Technology Company Limited* (杭州仁分信息科技有限公司), an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with Mr. Liu Jiping (劉繼平先生) for the formation of the JV Company. The JV Company will be engaged in apartment leasing business.

As the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the entering into of the JV Agreement exceeds 5% but all of them are below 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the JV Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

FORMATION OF THE JV COMPANY

Background

On 21 March 2018, Hangzhou Safen, an indirect wholly-owned subsidiary of the Company, entered into the JV Agreement with Mr. Liu for the formation of the JV Company. The JV Company will be engaged in apartment leasing business. The JV Company will be owned by Hangzhou Safen and Mr. Liu as to 55% and 45%, respectively, upon its formation.

Set out below are the major terms of the JV Agreement.

The JV Agreement

Date : 21 March 2018
Parties : (i) Hangzhou Safen; and
(ii) Mr. Liu.

To the best knowledge, information and belief of the Directors, having made all reasonable enquiries, Mr. Liu is an Independent Third Party of the Company and its Connected Persons.

Ownership of the JV Company

Pursuant to the terms of the JV Agreement, Hangzhou Safen and Mr. Liu agreed to form the JV Company in accordance with the PRC laws. The JV Company will be owned by Hangzhou Safen and Mr. Liu as to 55% and 45%, respectively.

Both parties, as the shareholders of the JV Company, shall be entitled to rights of shareholders in proportion to their respective shareholdings in the JV Company. In the event of any transfer of shares of the JV Company by any shareholder, the other shareholders of the JV Company shall have a pre-emptive right to acquire such shares of the JV Company.

The JV Company will become a non-wholly owned subsidiary of the Company and therefore, the financial results and position of the JV Company will be consolidated into the Company's financial statements.

Business of the JV Company

The JV Company will be engaged in apartment leasing business, which includes the provision of property and asset management, entrusted management, building renovation, leasing, real estate agency and other related services for apartment owners.

Capital Contribution of the JV Company

Each of Hangzhou Safen and Mr. Liu agreed to make a capital contribution to the JV Company in the amount of RMB12,000,000 (equivalent to approximately HK\$14,849,831). Pursuant to the JV Agreement, Hangzhou Safen and Mr. Liu shall make their respective contribution to the JV Company in the following manner:

1. Hangzhou Safen shall contribute RMB6,600,000 (equivalent to approximately HK\$8,167,407) in cash by 30 September 2018; and
2. Mr. Liu shall contribute RMB600,000 (equivalent to approximately HK\$742,492) in cash by 30 September 2018, and shall contribute the remaining RMB4,800,000 (equivalent to approximately HK\$5,939,932) in cash by 31 December 2038.

Should either party fail to fulfil the contribution commitment as mentioned above, such party shall bear liability under the Company Law of the PRC.

Board composition of the JV Company

The board of directors of the JV Company shall consist three directors, two of them shall be appointed by Hangzhou Safen and one of them shall be appointed by Mr. Liu. Board resolutions of the JV Company shall be passed by a majority of directors, being more than one-half of the directors in number. Mr. Liu shall be the chairman of the board of directors of the JV Company. The Parties agreed that Mr. Liu shall be responsible for the operation of the JV Company; while the financial matters of the JV Company shall be managed by the person designated by Hangzhou Safen.

Information on the Group

Hangzhou Safen is an indirect wholly-owned subsidiary of the Company. The Group is principally engaged in (i) financial technology services business; (ii) smart wearable device business; (iii) lottery business; and (iv) sports training business.

Reasons for and benefits of the formation of the JV Company

The Group will start carrying out apartment leasing business through the formation of the JV Company. The JV Company will secure long-term agency rights from owners who hold multiple apartments for their leasing. The JV Company will capitalise on its capability of customer acquisition, to procure apartment leasing, and in return, it will charge owner and/or lessee a certain amount of fee. Apartment leasing industry in PRC has seen rapid development in recent years. The characteristic of having the young generation as target customers allows the Group to create healthy synergy in branding by integrating with the similar customer base of its own other businesses such as the Internet-based financial technology service business. The Company expects the business, upon commencement, would bring greater contribution to the Group's operating revenue and profitability, which is conducive to the continuous improvement of the Group's earnings position.

The Directors consider that the terms of the JV Agreement are on normal commercial terms, fair and reasonable, and in the interest of the Company's shareholders as a whole.

Implications under the GEM Listing Rules

As the applicable percentage ratio (as defined in the GEM Listing Rules) in respect of the entering into of the JV Agreement exceeds 5% but all of them are below 25%, pursuant to Chapter 19 of the GEM Listing Rules, the entering into of the JV Agreement constitutes a discloseable transaction of the Company, which is subject to the reporting and announcement requirements under Chapter 19 of the GEM Listing Rules.

COMMENCEMENT OF AN ADDITIONAL PRINCIPAL BUSINESS ACTIVITY

In order to broaden the revenue streams and generate better shareholders' return, the Board has resolved that the Company will commence apartment leasing business as one of the principal business activities of the Group. The Company will seek investment and development opportunities in the PRC property market to better utilise the existing resources of the Group, which in turn, would maximise shareholders' return, broaden revenue streams and improve the financial position of the Group.

Definitions

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

“Board”	the board of Directors of the Company
“Company”	China Netcom Technology Holdings Limited, a company incorporated in the Cayman Islands, the shares of which are listed on GEM
“Connected Person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors of the Company
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Hangzhou Safen”	Hangzhou Safen Information Technology Company Limited* (杭州仁分信息科技有限公司), a limited liability company incorporated in the PRC
“Group”	the Company and its subsidiaries
“HK\$”	the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	person(s) independent to the Group and Connected Person(s) of the Company
“JV”	joint venture
“JV Agreement”	the JV agreement dated 21 March 2018 and entered into between Hangzhou Safen and Mr. Liu for the formation of the JV Company
“JV Company”	the JV company to be established in accordance with the PRC laws and the terms of the JV Agreement as agreed by Hangzhou Safen and Mr. Liu
“Mr. Liu”	Mr. Liu Jiping (劉繼平先生)

“Parties”	parties of the JV Agreement, namely Hangzhou Safen and Mr. Liu, and a “party” shall mean any one of them
“PRC”	the People’s Republic of China
“RMB”	the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

By order of the Board
China Netcom Technology Holdings Limited
Sun Haitao
Chairman and Executive Director

* *for identification only*

Hong Kong, 21 March 2018

As at the date of this announcement, the executive Directors are Mr. Sun Haitao and Mr. Zhao Ke; and the independent non-executive Directors are Mr. Song Ke, Mr. Wu Bo and Mr. Michael Yu Tat Chi.

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

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.irasia.com/listco/hk/chinanetcom.