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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)

(1) PLACING OF EXISTING SHARES
(2) TOP-UP SUBSCRIPTION OF NEW SHARES
UNDER GENERAL MANDATE
AND
(3) RESUMPTION OF TRADING

Placing Agent

SUNWAH KINGSWAY
新華滙富

Kingsway Financial Services Group Limited

On 19 May 2015 (after trading hours), (i) the Vendor and the Placing Agent entered into the Placing Agreement pursuant to which the Placing Agent agreed to act as agent for the Vendor to place, on a best effort basis, and the Vendor agreed to sell, an aggregate of up to 443,000,000 Placing Shares to not less than six Placees at the Placing Price of HK\$0.148 per Placing Share; and (ii) the Vendor and the Company entered into the Subscription Agreement pursuant to which the Vendor conditionally agreed to subscribe for up to 443,000,000 Subscription Shares at the Subscription Price of HK\$0.148 per Subscription Share.

The maximum of 443,000,000 Placing Shares represent (i) approximately 19.98% of the existing issued share capital of the Company of 2,217,035,049 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription is conditional upon (i) completion of the Placing having occurred pursuant to the terms of the Placing Agreement; (ii) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares (and such permission and listing not subsequently being

revoked prior to the delivery of definitive share certificates representing the Subscription Shares); and (iii) if necessary, granting of approval by any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares.

The maximum gross proceeds from the Subscription will be HK\$65,564,000. The maximum net proceeds from the Subscription will amount to approximately HK\$63.3 million which is intended to be used for the Group's general working capital and future business development. The maximum net price raised per Subscription Share will be approximately HK\$0.143 per Share.

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Wednesday, 20 May 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Thursday, 21 May 2015.

THE PLACING AGREEMENT

Date

19 May 2015 (after trading hours)

Parties involved

The Vendor and the Placing Agent

The Vendor

As at the date of the Placing Agreement, the Vendor is interested in 446,629,880 Shares, representing approximately 20.15% of the existing issued share capital of the Company.

Placing

The Placing Agent agreed to act as agent to the Vendor to place, on a best effort basis, the Placing Shares at the Placing Price and will receive a placing commission of 3% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent. The placing commission was arrived at after arm's length negotiation between the Vendor and the Placing Agent.

Pursuant to the Placing Agreement, the Vendor agreed to place, through the Placing Agent, an aggregate of up to 443,000,000 Placing Shares to the Placees at the Placing Price of HK\$0.148 per Placing Share.

Placees

The Placing Agent agreed to place the Placing Shares to not less than six Placees who will be professional, institutional, individual and/or other investors independent of and not connected with or acting in concert with any of the connected persons of the Company or their respective associates or any parties acting in concert with any of them. It is not expected that any individual Placee will become a substantial shareholder of the Company immediately after the Placing. In the event any of the Placees becomes a substantial Shareholder after completion of the Placing, further announcement will be made by the Company.

Placing Shares

Assuming that there will be no change in the issued share capital of the Company between the date of this announcement and the completion of the Placing and Subscription, the maximum number of 443,000,000 Placing Shares under the Placing represent (i) approximately 19.98% of the existing issued share capital of the Company of 2,217,035,049 Shares as at the date of this announcement; and (ii) approximately 16.65% of the issued share capital of the Company as enlarged by the allotment and issue of the maximum of 443,000,000 Subscription Shares. The aggregate nominal value of the maximum of 443,000,000 Placing Shares under the Placing is HK\$2,215,000.

Rights of Placing Shares

The Placing Shares will be sold free from all liens, charges and encumbrances and together with the rights attaching to them, including the right to receive all dividends declared, made or paid on or after the Placing Completion Date.

Placing Price

The Placing Price of HK\$0.148 represents:

- (i) a discount of approximately 19.57% to the closing price of HK\$0.184 as quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 5.7% to the average closing price of approximately HK\$0.157 in the last 5 trading days prior to the date of the Placing Agreement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis among the Vendor, the Placing Agent and the Company. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and are in the interests of the Company and the Shareholders as a whole.

Placing commission

The Placing Agent will receive a placing commission of 3% of the aggregate Placing Price for the Placing Shares successfully placed by the Placing Agent. The placing commission is arrived at after arm's length negotiation among the Vendor, the Placing Agent and the Company.

Completion of the Placing

Completion of the Placing is unconditional but the Placing Agreement is subject to termination by the Placing Agent upon the occurrence of certain events as stated in the Placing Agreement prior to 9:00 a.m. on the Placing Completion Date which, in the reasonable opinion of the Placing Agent, has or may have an adverse effect on the business or financial conditions or prospects of the Company or the Group taken as a whole or the success of the Placing or the full placement of all of the Placing Shares or otherwise makes it inappropriate, inadvisable or inexpedient to proceed with the Placing on the terms and in the manner contemplated in the Placing Agreement. The Placing is expected to be completed on the Placing Completion Date.

THE SUBSCRIPTION AGREEMENT

Date

19 May 2015 (after trading hours)

Parties involved

The Company (as issuer) and the Vendor (as subscriber)

Subscription

The Vendor conditionally agreed to subscribe for up to 443,000,000 Subscription Shares at the Subscription Price of HK\$0.148 per Subscription Share.

Subscription Shares

The maximum of 443,000,000 Subscription Shares represent (i) approximately 19.98% of the existing issued share capital of the Company; and (ii) approximately 16.65% of the issued share capital of the Company as enlarged by the Subscription and the allotment and issue of the Subscription Shares as a result of the Subscription.

The actual number of Subscription Shares will be the same as the number of the Placing Shares successfully placed under the Placing. The aggregate nominal value of the maximum of 443,000,000 Subscription Shares under the Subscription is HK\$2,215,000.

Ranking of the Subscription Shares

The Subscription Shares will rank, when fully paid, pari passu in all respects with the Shares in issue or to be issued by the Company on or prior to the date of completion of the Subscription.

Subscription Price

The Subscription Price:

- (i) represents a discount of approximately 19.57% to the closing price of HK\$0.184 as quoted on the Stock Exchange on the date of the Subscription Agreement; and
- (ii) represents a discount of approximately 5.7% to the average closing price of approximately HK\$0.157 in the last 5 trading days prior to the date of the Subscription Agreement; and
- (iii) equals to the Placing Price.

The Subscription Price was arrived at after arm's length negotiations among the Vendor, the Company and the Placing Agent with reference to the prevailing market prices. The Directors consider that the Subscription Price and the terms and conditions of the Placing and the Subscription are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions of the Subscription

The Subscription is conditional upon:

- (i) completion of the Placing having occurred pursuant to the terms of the Placing Agreement;
- (ii) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares (and such permission and listing not subsequently being revoked prior to the delivery of definitive share certificates representing the Subscription Shares); and
- (iii) if necessary, granting of approval by any relevant regulatory authority in relation to the allotment and issue of the Subscription Shares.

In the event that the conditions of the Subscription are not fulfilled on or prior to 1 June 2015 or such later date as may be agreed between the Company and the Vendor, this Agreement shall terminate and neither of the Parties shall have any claim against the other for costs, damages, compensation or otherwise.

Completion of the Subscription

Completion of the Subscription, in any event, will take place on the first Business Day after the fulfillment of all the conditions of the Subscription.

Under Rule 20.90(4)(a) of the GEM Listing Rules, if the Subscription is to be completed after 2 June 2015 (being 14 days after the date of the Placing Agreement) it will constitute a connected transaction under the GEM Listing Rules. As the Subscription is expected to be completed on or before 2 June 2015, it is exempt from the connected transaction requirements in accordance with Rule 20.90(4)(a) of the GEM Listing Rules and is not subject to Shareholders' approval.

The Subscription Shares will be issued under the General Mandate granted to the Directors at the AGM, subject to the limit of 443,407,009 Shares (representing 20% of the aggregate share capital of the Company in issue on that date). The maximum of 443,000,000 Subscription Shares to be allotted and issued will utilise approximately 99.9% of the General Mandate. As at the date of this announcement, the Company has not utilised any of the General Mandate.

REASONS FOR THE PLACING AND SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider the Placing and subscription represents an opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base.

The maximum gross and net proceeds from the Subscription will be HK\$65,564,000 and approximately HK\$63.3 million, respectively. The Company intends to utilise the net proceeds from the Subscription for the Group's general working capital and future business development. The maximum net price raised per Subscription Share upon completion of the Subscription will be approximately HK\$0.143 per Share.

Completion of each of the Placing and the Subscription is subject to the terms of the Placing Agreement and the Subscription Agreement respectively. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities for the twelve months immediately prior to the date of this announcement.

EFFECTS ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the effect on the shareholding structure of the Company upon completion of the Placing and the Subscription are set out as below:

	As at the date of this announcement		Immediately after the Placing but before the Subscription (assuming all Placing Shares are placed)		Immediately after the Subscription (assuming all Placing Shares are placed and Subscription Shares are subscribed)	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
The Vendor and party acting in concert with him (<i>Note 1</i>)	446,629,880	20.15	3,629,880	0.16	446,629,880	16.79
Public	<u>1,770,405,169</u>	<u>79.85</u>	<u>2,213,405,169</u>	<u>99.84</u>	<u>2,213,405,169</u>	<u>83.21</u>
Total	<u>2,217,035,049</u>	<u>100.00</u>	<u>2,217,035,049</u>	<u>100.00</u>	<u>2,660,035,049</u>	<u>100.00</u>

Note:

1. The Vendor, Mr. Leung Ngai Man, an executive Director and the chairman of the Company, is interested in an aggregate of 446,629,880 Shares, of which 294,880 Shares are held by Speedy Well Investments Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Vendor, as at the date of this announcement.

GENERAL

Application will be made by the Company to the Listing Committee of the Stock Exchange for the grant of the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been halted from 9:00 a.m. on Wednesday, 20 May 2015 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:00 a.m. on Thursday, 21 May 2015.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the following words and expressions shall have the meaning ascribed to them below:

“AGM”	the annual general meeting of the Company held on 5 May 2014
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	any day on which the Stock Exchange is open for securities dealings
“Company”	China Netcom Technology Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued shares of which are listed on GEM
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Director(s)”	the director(s) of the Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM
“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of PRC
“Listing Committee”	the listing committee of the Stock Exchange
“Placee(s)”	the purchasers of the Placing Shares (who will be professional, institutional, individual and/or other investors independent of and not connected with or acting in concert with any of the connected persons of the Company or their respective associates or any parties acting in concert with any of them) to be procured by or on behalf of the Placing Agent pursuant to the Placing Agent’s obligations under the Placing Agreement

“Placing”	the placing of the Placing Shares on the terms and subject to the conditions set out in the Placing Agreement
“Placing Agent”	Kingsway Financial Services Group Limited, a licensed corporation to carry on business in Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities under the SFO
“Placing Agreement”	the placing agreement entered into between the Vendor and the Placing Agent dated 19 May 2015 (after trading hours) in relation to the Placing
“Placing Completion Date”	21 May 2015, or such other date agreed between the Vendor and the Placing Agent
“Placing Price”	HK\$0.148 per Placing Share
“Placing Shares”	up to 443,000,000 existing Shares, all beneficially owned by the Vendor as at the date of this announcement, to be placed pursuant to the Placing Agreement
“PRC”	the People’s Republic of China
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	the ordinary share(s) of HK\$0.005 in the share capital of the Company
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor at the Subscription Price pursuant to the Subscription Agreement
“Subscription Agreement”	the subscription agreement entered into between the Vendor and the Company dated 19 May 2015 (after trading hours) in relation to the Subscription
“Subscription Price”	HK\$0.148 per Subscription Share
“Subscription Shares”	up to 443,000,000 new Shares to be allotted and issued by the Company to the Vendor pursuant to the Subscription Agreement

“Vendor”	Mr. Leung Ngai Man, the chairman and an executive Director of the Company and the beneficial owner of 446,629,880 Shares as at the date of this announcement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Netcom Technology Holdings Limited
Leung Ngai Man
Chairman and Executive Director

Hong Kong, 20 May 2015

As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man and Ms. Wu Wei Hua; and the independent non-executive Directors are Mr. Cai Wei Lun, Mr. Qi Ji and Ms. Xuan Hong.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange 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.chinanetcomtech.com.