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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) SECOND SIDE LETTER TO THE SUBSCRIPTION AGREEMENT; AND**  
**(2) ADDITIONAL INFORMATION AND CLARIFICATION**  
**TO THE COMPOSITE DOCUMENT**

Reference is made to the announcement jointly issued by China Netcom Technology Holdings Limited (the “**Company**”) and 51RENPIN.COM INC. dated 24 April 2017 in respect of, amongst others, the Subscription and the Special Deal (the “**Joint Announcement**”) and the composite document jointly issued by the Company and 51RENPIN.COM INC. dated 9 June 2017 (the “**Composite Document**”). Unless the context otherwise requires, capitalised terms defined in the Joint Announcement and the Composite Document shall have the same meanings when used herein.

**SECOND SIDE LETTER TO THE SUBSCRIPTION AGREEMENT**

As disclosed in the Joint Announcement and pursuant to the Subscription Agreement, the Offeror had conditionally agreed to subscribe for 1,445,000,000 Subscription Shares for a total consideration of HK\$72,250,000 being HK\$0.05 per Subscription Share. The net proceeds of approximately HK\$71.8 million from the Subscription will be used, inter alia, as to approximately HK\$40.0 million for the Redemption, which shall constitute a “special deal” under Rule 25 of the Takeovers Code and will be conditional upon obtaining the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code.

On 16 June 2017 (after trading hours), the Company and the Offeror entered into a second side letter (the “**2nd Side Letter**”) to amend certain terms in the Subscription Agreement. The principal amendments are as follows:

- the number of Subscription Shares to be subscribed for by the Offeror be reduced from 1,445,000,000 to 390,000,000;
- the subscription price per Subscription Share be increased from HK\$0.05 to HK\$0.082 per Subscription Share; and

- the Company shall no longer be obliged to undertake that part of the monies received in respect of the Subscription shall be used to repay the Convertible Bonds (in part or in full) in the event of its redemption.

As a result of the above amendments, the total consideration for the Subscription will be reduced to HK\$31,980,000 and the Company is no longer be required to effect the Redemption.

### **Principal terms of the Subscription Agreement**

Pursuant to the 2nd Side Letter, the principal terms of the Subscription Agreement shall be as follows:

**Date:** 12 April 2017 (as amended by the side letter dated 23 April 2017 and the 2nd Side Letter)

**Parties:** Issuer: The Company  
Subscriber: The Offeror

### **Subject matter**

The Company has conditionally agreed to allot and issue, and the Offeror has conditionally agreed to subscribe, in cash, for the 390,000,000 Subscription Shares for total consideration of HK\$31,980,000, being HK\$0.082 per Subscription Share.

The Subscription Shares represents approximately 9.20% of the total Shares in issue as at the date of this announcement and approximately 8.42% of the total Shares in issue as enlarged by the allotment and issue of the Subscription Shares.

The Subscription Shares shall rank pari passu in all respects with the Shares in issue as at the date of allotment and in particular will rank in full for all dividends and other distributions declared made or paid at any time after the date of allotment.

### **Subscription price**

Pursuant to the 2nd Side Letter, the subscription price of HK\$0.082 per Subscription Share represents:

- (i) a discount of approximately 40.6% to the closing price of the Shares of HK\$0.138 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 38.3% to the average of the closing prices of HK\$0.133 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a discount of approximately 33.3% to the average of the closing prices of approximately HK\$0.123 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and

- (iv) a premium of approximately HK\$0.0821 per Share over the audited consolidated net liability value attributable to owners of the Company of approximately HK\$0.0001 per Share as at 31 December 2016, the date to which the latest audited consolidated financial results of the Company were made up.

### **Conditions precedent to the Subscription Completion**

Pursuant to the 2nd Side Letter, the Subscription Completion shall be conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked approval for the listing of, and permission to deal in the Subscription Shares;
- (ii) the passing of the necessary resolution(s) at the EGM by the Independent Shareholders who are entitled to vote and not required to abstain from voting under the GEM Listing Rules to approve the Subscription Agreement and the transactions contemplated thereunder, including among others the Specific Mandate and the allotment and issue of the Subscription Shares;
- (iii) the compliance of (i) any other requirements under the GEM Listing Rules or otherwise of (ii) the Stock Exchange which requires compliance in relation to the Subscription and the allotment and issue of the Subscription Shares;
- (iv) there being no material breach of the representations and warranties of the Company under the terms of the Subscription Agreement; and
- (v) no material adverse change in relation to the business, financial or trading position of the Group as a whole having occurred.

The Company shall use its best endeavours to procure the fulfilment of the above conditions. The parties to the Subscription Agreement shall furnish such information, supply such documents, pay such fees, give such undertakings and do all such acts and things as may reasonably be required by the Stock Exchange in connection with the fulfilment of such conditions. The Offeror may at its discretion waive the conditions (iv) and (v) above. The other conditions set out above cannot be waived by either party to the Subscription Agreement.

If the conditions set out immediately above are not fulfilled (or, as the case may be, waived) on or before 30 September 2017 (or such later date as may be agreed between the Company and the Offeror), or the 30th day after fulfilling the condition set out in (ii) above, whichever is earlier, all rights, obligations and liabilities of the parties to the Subscription Agreement shall cease and determine and none of the parties thereto shall have any claim against the other in respect of the Subscription Agreement (save for any antecedent breaches thereof).

## **Reasons for the Subscription and use of proceeds**

As a result of the 2nd Side Letter, the gross proceeds of the Subscription will be approximately HK\$32.0 million. The net proceeds from the Subscription, after the deduction of the related professional fees and other related expenses, are estimated to be approximately HK\$31.5 million which will be entirely used for the Group's general working capital.

The Directors consider that the net proceeds for general working capital would be mainly applied as to (i) approximately HK\$14.0 million for staff costs which includes salaries and other benefits of staff and Directors; (ii) approximately HK\$2.5 million for rental expenses for office premises; (iii) approximately HK\$4.5 million for legal and professional fees including fees to auditors and consultants; (iv) approximately HK\$8.0 million for the business development of the Group's lottery business in the PRC; and (v) approximately HK\$2.5 million for other administrative and operating expenses which includes overseas travelling expenses, printing and other office expenses.

The net issue price per Subscription Share will be approximately HK\$0.0807. The nominal value of the Subscription Shares is HK\$1,950,000.

## **Financial effects of the Subscription to the Group**

As a result of the 2nd Side Letter, the gross proceeds of the Subscription will be approximately HK\$32.0 million. According to the Company's annual report for the year ended 31 December 2016, the Group had bank balances and cash of approximately HK\$23.8 million as at 31 December 2016. Upon Subscription Completion, the liquidity and cash position of the Group will be improved as the Subscription will facilitate the Company to raise gross proceeds of approximately HK\$32.0 million. Accordingly, the cash position, net current assets and current ratio of the Company are expected to be improved upon Subscription Completion.

## Shareholding structure of the Company

As a result of the 2nd Side Letter, the following table sets out the shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company immediately following the Subscription Completion (assuming that there is no other change in the issued share capital of the Company from the date of this announcement to the Subscription Completion):

	As at the date of this announcement		Immediately after the Subscription Completion	
	<i>Number of Shares</i>	<i>Approximate %</i>	<i>Number of Shares</i>	<i>Approximate %</i>
Mr. Leung and parties acting in concert with him	100,000,000	2.36	100,000,000	2.16
The Offeror and parties acting in concert with it				
<i>The Offeror</i>	1,444,963,213	34.08	1,834,963,213	39.64
<i>Tiantu (Note)</i>	<u>365,000,000</u>	<u>8.61</u>	<u>365,000,000</u>	<u>7.88</u>
<b>Sub-total</b>	1,809,963,213	42.69	2,199,963,213	47.52
Public Shareholders				
	<u>2,329,405,169</u>	<u>54.95</u>	<u>2,329,405,169</u>	<u>50.32</u>
Total	<u>4,239,368,382</u>	<u>100.00</u>	<u>4,629,368,382</u>	<u>100.00</u>

*Note:* Mr. Wang, being the lender under the Loan to the Offeror, is the ultimate controlling shareholder of Tiantu and given that Tiantu is a party under the Share Purchase Agreement, Tiantu is therefore considered to be a party acting in concert with the Offeror.

## Takeovers Code implications

Pursuant to the 2nd Side Letter, the Company is no longer be required to effect the Redemption. Accordingly, no “special deal” under Rule 25 of the Takeovers Code will be constituted under the Subscription Agreement (as amended by the side letter dated 23 April 2017 and the 2nd Side Letter) and the consent of the Executive under Note 5 to Rule 25 of the Takeovers Code and approval at the EGM by way of poll by the Independent Shareholders in relation to the Special Deal are no longer be required.

Save for the principal amendments as a result of the 2nd Side Letter and the ancillary changes as a result thereof, all other terms and conditions of the Subscription Agreement and the side letter dated 23 April 2017 to the Subscription Agreement shall remain subsisting and in full force and effect.

### **Confirmation from the Independent Financial Adviser**

The Independent Financial Adviser has reviewed and considered the amendment of terms of the Subscription Agreement as set out in this announcement, and has confirmed that its opinion and recommendation in respect of the Share Offer and the Option Offer as contained in the Composite Document remain unchanged.

### **ADDITIONAL INFORMATION AND CLARIFICATION TO THE COMPOSITE DOCUMENT**

The Board would like to provide additional information and clarification to the Shareholders and potential investors in relation to the Composite Document.

The Company would like to clarify that sub-paragraph (b) under the section headed “4. Disclosure of other interests and dealings in securities of the Company — Other Interests” on page III-4 of the Composite Document should read “save for the Letter of Undertaking, no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who is an associate of the Company by virtue of classes (1), (2), (3) and (4) of the definition of associate under the Takeovers Code in relation to the shareholdings in the Company”.

The Company would like to provide additional information to the sub-paragraph (c) under the section headed “4. Disclosure of other interests and dealings in securities of the Company — Dealing in securities” on page III-5 of the Composite Document that the identity of the class (3) associate of the Company who exercised 10,000,000 Share Options on 5 May 2017 is Ms. Wong Li Fong, a director of a subsidiary of the Company.

The Company would like to confirm that during the Relevant Period, save for the Convertible Preferred Share Purchase Agreement and the Share Purchase Agreement, the Directors did not have any dealings in any Shares, or other securities of the Company carrying voting rights or any convertible securities, warrants, options or derivatives in respect of the Shares or other securities of the Company carrying voting rights.

The Company would like to confirm that as at the Latest Practicable Date, save for the (i) 100,000,000 Shares which Mr. Leung will not accept the respective Share Offer; (ii) the Convertible Bonds which Mr. Leung will not accept any respective convertible bonds offer made, pursuant to the Letter of Undertaking and (iii) Ms. Wu Wei Hua, a Director, who has indicated that she will not accept the respective Option Offer, none of the Directors held any beneficial shareholdings in the Company which would otherwise entitle them to accept or reject the Offers.

The Company would also like to confirm that as at the Latest Practicable Date, save for the Letter of Undertaking, there was no agreement or arrangement between any Director and any other person which is conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers.

Save as stated above, all information set out in the Composite Document remains unchanged.

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

Hong Kong, 16 June 2017

*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 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.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement 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.*

*This announcement will remain on the “Latest Company Announcements” page of the GEM website at [www.hkgem.com](http://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](http://www.chinanetcomtech.com).*