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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

Joint Placing Agents



軟庫金匯金融服務有限公司
SBI E2-Capital Financial Services Limited



大有融資有限公司
MESSIS CAPITAL LIMITED

On 3 January 2014 (after trading hours), the Subscriber, the Company and the Joint Placing Agents entered into the Placing and Subscription Agreement pursuant to which (i) the Joint Placing Agents have agreed to act as agents for the Subscriber to place, on a best effort basis, and the Subscriber has agreed to sell, a total of up to 360,000,000 Placing Shares to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of and not acting in concert (as defined under the Takeovers Code) with the Subscriber, the Company and their respective associates and connected persons, at the Placing Price of HK\$0.320 per Placing Share; and (ii) the Subscriber has conditionally agreed to subscribe for up to 360,000,000 new Subscription Shares at the Subscription Price of HK\$0.320 per Subscription Share.

The Placing Shares represent (i) approximately 19.415% of the existing issued share capital of the Company of 1,854,235,049 Shares as at the date of this announcement; and (ii) approximately 16.258% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

The Subscription is conditional upon (i) the Listing Committee granting the listing of, and permission to deal in, the Subscription Shares; and (ii) completion of the Placing.

The gross proceeds from the Subscription will be up to a maximum of approximately HK\$115.2 million. The maximum net proceeds from the Subscription will amount to approximately HK\$112.3 million which is intended to be used for general working capital of the Group. The net price raised per Subscription Share will be approximately HK\$0.312 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 Monday, 6 January 2014 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 Tuesday, 7 January 2014.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date

3 January 2014 (after trading hours)

Parties involved

The Company, the Subscriber and the Joint Placing Agents

The Subscriber

As at the date of the Placing and Subscription Agreement, the Subscriber and party acting in concert with him held 536,629,880 Shares, representing approximately 28.941% of the existing issued share capital of the Company.

Placing and Subscription

The Joint Placing Agents have agreed to act as agents to the Subscriber to place, on a best effort basis, the Placing Shares at the Placing Price and will receive a placing commission of 2.5% of the amount equal to the Placing Price multiplied by the number of the Placing Shares. The placing commission was arrived at after arm's length negotiation between the Company, the Subscriber and the Joint Placing Agents.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, each of the Placees and its ultimate beneficial owner is independent of and not connected with the Subscriber, the Company and their respective associates and connected persons, and are not acting in concert with the Subscriber (or parties acting in concert with it) or associates.

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to place, through the Joint Placing Agents, a total of up to 360,000,000 Placing Shares to the Placees at a price of HK\$0.320 per Placing Share and the Subscriber will subscribe for the Subscription Shares at a price of HK\$0.320 per Subscription Share.

Details of the Placing and the Subscription are set out below.

1. *Placing*

Placee(s)

The Joint Placing Agents agreed to place the Placing Shares to not fewer than six Placees who and whose ultimate beneficial owners are third parties independent of and are not connected with the Company and its connected persons. 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 360,000,000 Placing Shares under the Placing represent (i) approximately 19.415% of the existing issued share capital of the Company of 1,854,235,049 Shares as at the date of this announcement; and (ii) approximately 16.258% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription. The aggregate nominal value of the Placing Shares under the Placing is HK\$1,800,000.

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\$0.320 represents:

- (i) a discount of approximately 16.883% to the closing price of HK\$0.385 as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.846% to the average closing price of approximately HK\$0.363 in the last 5 trading days prior to the date of the Placing and Subscription 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 Subscriber, the Company and the Joint Placing Agents. 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 and Expenses

The Company will be responsible for the placing commission of 2.5% of the aggregate Placing Price of the Placing Shares, all Hong Kong stamp duty, brokerage, trading fee, transaction levy chargeable to the Subscriber in relation to the Placing, any and all fees payable to the Stock Exchange and SFC, and all charges, fees and expenses of the Company's branch share registrar in Hong Kong.

Termination

The Joint Placing Agents may, in their reasonable opinion, after consultation with the Company, terminate the Placing and Subscription Agreement without liability to the Subscriber and/or the Company by notice in writing to the Company at any time up to 8:00 a.m. on the Placing Completion Date if:

- (1) there is any significant change in national, international, financial, exchange control, political, economic conditions in Hong Kong which in the reasonable opinion of the Joint Placing Agents would be materially adverse in the consummation of the Placing; or
- (2) there is any material breach of the warranties, representations and undertakings given by the Company and/or the Subscriber in the Placing and Subscription Agreement and such breach is considered by the Joint Placing Agents on reasonable grounds to be material in the context of the Placing; or
- (3) there is any material change (whether or not forming part of a series of changes) in market conditions which in the reasonable opinion of the Joint Placing Agents would materially and prejudicially affect the Placing or makes it inadvisable or inexpedient for the Placing to proceed; or
- (4) any statement contained in this announcement has become or been discovered to be untrue, incorrect or misleading in any material respect which in the opinion of the Joint Placing Agents would be materially adverse in the consummation of the Placing.

Completion of the Placing

The Placing is expected to be completed on the Placing Completion Date.

2. *Subscription*

Subscription Shares

The Subscriber has conditionally agreed to subscribe for a total of up to 360,000,000 Subscription Shares, representing, in aggregate, (i) approximately 19.415% of the existing issued share capital of the Company; and (ii) approximately 16.258% of the issued share capital of the Company as enlarged by the allotment and issue of the Subscription Shares as a result of the Subscription.

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 represents:

- (i) a discount of approximately 16.883% to the closing price of HK\$0.385 as quoted on the Stock Exchange on the date of the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.846% to the average closing price of approximately HK\$0.363 in the last 5 trading days prior to the date of the Placing and Subscription Agreement; and
- (iii) equivalent to the Placing Price.

The Subscription Price was arrived at after arm's length negotiations among the Subscriber, the Company and the Joint Placing Agents with reference to the prevailing market prices. The Directors consider that the Subscription Price and the terms and conditions of the Placing and Subscription Agreement 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:

1. the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such permission and listing not subsequently being revoked prior to the allotment and issue of the Subscription Shares); and
2. the completion of the Placing in accordance with the terms of the Placing and Subscription Agreement.

In the event that the conditions of the Subscription are not fulfilled in full by the date stipulated, neither the Company nor the Subscriber shall have any obligations and liabilities under the Subscription.

Completion of the Subscription

Completion of the Subscription, in any event, will take place on the Business Day next following the fulfillment of all the conditions of the Subscription have been satisfied.

Under Rule 20.31(3)(d) of the GEM Listing Rules, if the Subscription is to be completed after 17 January 2014 (being 14 days after the date of the Placing and Subscription Agreement), it will constitute a connected transaction under the GEM Listing Rules. As the Subscription is expected to be completed on or before 17 January 2014, it is exempt from the connected transaction requirements in accordance with Rule 14A.31(3)(d) of the 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 370,847,009 Shares (representing 20% of the aggregate share capital of the Company in issue on the date of the AGM). The maximum of 360,000,000 Subscription Shares to be allotted and issued will utilise approximately 97.075% 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 THE SUBSCRIPTION AND USE OF PROCEEDS

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

The aggregate gross and net proceeds from the Subscription will be up to a maximum of approximately HK\$115.2 million and HK\$112.3 million, respectively. The Company intends to utilise the net proceeds from the Subscription for general working capital of the Group. The net proceeds raised per Share upon completion of the Subscription will be approximately HK\$0.312 per Share.

Completion of the Placing and the Subscription is subject to the satisfaction of the conditions precedent in the Placing and Subscription Agreement. As the Placing and the Subscription may or may not proceed, Shareholders and potential investors 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		Immediately after the Subscription	
	<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 Subscriber and party acting in concert with him (<i>Note 1</i>)	536,629,880	28.941	176,629,880	9.526	536,629,880	24.236
Mr. Ng Kwok Chu, Winfield (<i>Note 2</i>)	94,500	0.005	94,500	0.005	94,500	0.004
Public	<u>1,317,510,669</u>	<u>71.054</u>	<u>1,677,510,669</u>	<u>90.469</u>	<u>1,677,510,669</u>	<u>75.760</u>
Total	<u>1,854,235,049</u>	<u>100.000</u>	<u>1,854,235,049</u>	<u>100.000</u>	<u>2,214,235,049</u>	<u>100.000</u>

Notes:

1. The Subscriber, Mr. Leung Ngai Man, an executive Director and the chairman of the Company, held an aggregate of 536,629,880 Shares, of which 294,880 Shares were held by Speedy Well Investments Limited, a company incorporated in the British Virgin Islands and wholly and beneficially owned by the Subscriber, as at the date of this announcement.
2. Mr. Ng Kwok Chu, Winfield is an executive Director.

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 Monday, 6 January 2014 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 Tuesday, 7 January 2014.

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 28 June 2013
“associates”	has the meaning ascribed thereto in the GEM Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are open for business throughout their normal business hours
“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
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons (has the meaning ascribed to it in the GEM Listing Rules)

“Joint Placing Agents”	SBI E2-Capital Financial Services Limited, a licensed corporation to carry on business in type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) under the SFO and Messis Capital Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 6 (advising on corporate finance) under the SFO
“Listing Committee”	the listing committee of the Stock Exchange
“Placee(s)”	any individual(s), institutional or other professional investor(s) or any of their respective subsidiaries or associates (including the Joint Placing Agents themselves) procured by the Joint Placing Agents to purchase any of the Placing Shares pursuant to the Joint Placing Agents’ obligations under the a Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares on the terms and subject to the conditions set out in the Placing and Subscription Agreement
“Placing and Subscription Agreement”	the conditional agreement entered into among the Subscriber, the Company and the Joint Placing Agents dated 3 January 2014 (after trading hours) in relation to the Placing and the Subscription
“Placing Completion Date”	7 January 2014, or such other date agreed between the Subscriber and the Joint Placing Agents
“Placing Price”	HK\$0.320 per Placing Share
“Placing Shares”	a total of up to 360,000,000 existing Shares, all beneficially owned by the Subscriber as at the date of this announcement, to be placed pursuant to the Placing and Subscription Agreement
“PRC”	The People’s Republic of China
“SFC”	the Securities and Futures Commission
“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
“Subscriber”	Mr. Leung Ngai Man, the chairman and an executive Director, who together with party acting in concert with him held 536,629,880 Shares as at the date of this announcement
“Subscription”	the subscription of the Subscription Shares by the Subscriber at the Subscription Price pursuant to the Placing and Subscription Agreement
“Subscription Shares”	a total of up to 360,000,000 new Shares to be allotted and issued by the Company to the Subscriber pursuant to the Placing and Subscription Agreement
“Takeovers Code”	Hong Kong Code on Takeovers and Mergers
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By order of the Board
China Netcom Technology Holdings Limited
Ng Kwok Chu, Winfield
Executive Director

Hong Kong, 6 January 2014

As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man, Mr. Ng Kwok Chu, Winfield 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.

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.