

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)**

**CONNECTED TRANSACTION – DISPOSAL OF A SUBSIDIARY**

**Financial adviser**



**大有融資有限公司**  
**MESSIS CAPITAL LIMITED**

On 9 September 2011, the Purchaser and the Vendor (being a wholly-owned subsidiary of the Company) entered into the Disposal Agreement pursuant to which the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share and the Sale Debts, at the Purchase Price of HK\$7,965,241.

Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company and the Company will have no more shareholding in the Target Company. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the Group's financial statements after Completion.

The Purchaser is a connected person by virtue of him being an executive Director and a substantial Shareholder holding approximately 27.37% of the issued share capital of the Company as at the date of this announcement. As such, the Disposal constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules. As all of the applicable percentage ratios of the Disposal are less than 5%, the Disposal is only subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but is exempted from the independent Shareholders' approval requirement.

**CONNECTED TRANSACTION – THE DISPOSAL AGREEMENT**

**Date** : 9 September 2011

**Parties**

**Vendor** : E-silkroad.net Corporation, a wholly-owned subsidiary of the Company and an investment holding company

**Purchaser** : Mr. Leung Ngai Man, the Chairman of the Company and an executive Director

## **Assets to be disposed**

Pursuant to the Disposal Agreement, the Purchaser has conditionally agreed to acquire and the Vendor has conditionally agreed to dispose of the Sale Share (being the entire issued share capital of the Target Company) and the Sale Debts.

## **Consideration**

Pursuant to the terms of the Disposal Agreement, the Purchase Price of HK\$7,965,241 shall be paid in cash by the Purchaser within 10 days from the date of the Disposal Agreement. The Purchase Price was determined by the Vendor and the Purchaser on the basis of normal commercial terms and arm's length negotiations with reference to (i) the Sale Debts amounting to approximately HK\$8,000,000 as at the date of the Disposal Agreement; (ii) the unaudited net liabilities of the Disposal Group as at 31 July 2011 amounting to approximately HK\$8,200,000; and (iii) continuing loss accrued by the Disposal Group as stated in the below paragraph headed "Information on the Disposal Group".

The Directors (including the independent non-executive Directors) consider that the terms of the Disposal (including the basis of the Purchase Price), which are determined on an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## **Conditions precedent**

Completion of the Disposal shall be conditional upon all the following conditions being fulfilled:

- (i) all necessary approvals and consents in relation to the Sale Share and the Sale Debts having been obtained by the Disposal Group, the Vendor and the Purchaser;
- (ii) there does not exist any matter, fact or circumstance which constitutes, or may constitute a breach of the warranties provided by the Vendor or the terms of the Disposal Agreement; and
- (iii) the Purchaser being satisfied with the results of the due diligence review to be conducted on the assets, liabilities, operation and affairs aspects of the Disposal Group.

The Purchaser may at any time by notice in writing to the Vendor to waive the above conditions in whole or in part.

## **Completion**

Completion of the Disposal shall take place on the Completion Date.

Upon Completion, the Disposal Group will cease to be the subsidiaries of the Company and the Company will have no more shareholding in the Target Company. Accordingly, the financial results of the Disposal Group will no longer be consolidated into the Group's financial statements after Completion.

## **INFORMATION ON THE DISPOSAL GROUP**

The Target Company is a company incorporated in the British Virgin Islands and is wholly and beneficially owned by the Vendor. The principal asset of the Target Company is the 95% equity interests in the JV Company. The JV Company is principally engaged in the development and sales of computer software, internet installation and maintenance and the consultancy and training services regarding the computer application technologies.

According to the unaudited financial statements of the Target Company prepared under the Hong Kong Financial Reporting Standards, the unaudited net losses (before and after taxation and extraordinary items) of the Disposal Group for each of the two years ended 31 December 2010 were approximately HK\$123,000 and HK\$160,000 respectively while the unaudited net liabilities of the Disposal Group as at 31 December 2010 were approximately HK\$8,110,000.

## **REASONS FOR THE DISPOSAL**

The Group is principally engaged in the development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the PRC, and development and provision of operation software system sector of the PRC lottery market, trading of computer hardware and software, and exploration of gold mine in the PRC.

In view of no turnover recorded by the Disposal Group since the financial year ended 31 December 2010 and the continuing loss accrued by the Disposal Group, the Directors consider that the Disposal can facilitate the Group to increase the level of return on its investments and redeploy its resources to the PRC lottery market. As the Purchase Price was determined with reference to (i) the Sale Debts amounting to approximately HK\$8,000,000; (ii) the unaudited net liabilities of the Disposal Group as at 31 July 2011 amounting to approximately HK\$8,200,000; and (iii) continuing loss accrued by the Disposal Group, the Board (including the independent non-executive Directors) is of the view that the terms of the Disposal (including the basis of the Purchase Price), which are determined on an arm's length basis, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

For illustration purpose, the expected gain to be derived from the Disposal, subject to audit, would amount to approximately HK\$8,100,000, representing the net amount of the Purchase Price less the equity attributable to equity holders of the Target Company and the Sale Debts as at the date of the Disposal Agreement. The sales proceeds arising from the Disposal will be used as the general working capital of the Group.

## **IMPLICATION OF THE DISPOSAL UNDER THE GEM LISTING RULES**

The Purchaser is a connected person by virtue of him being an executive Director and a substantial Shareholder holding approximately 27.37% of the issued share capital of the Company as at the date of this announcement. As such, the Disposal constitutes a connected transaction for the Company under Rule 20.13 of the GEM Listing Rules. As all of the applicable percentage ratios of the Disposal

are less than 5%, the Disposal is only subject to the reporting and announcement requirements under Chapter 20 of the GEM Listing Rules but is exempted from the independent Shareholders' approval requirement. Mr. Leung is considered to have a material interest in the Disposal and has abstained from voting on the resolution passed at the Board meeting to approve the transaction contemplated under the Disposal Agreement.

## **DEFINITIONS**

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

“Board”	the board of Directors
“business day”	any day (other than a Saturday or Sunday or public holiday) on which licensed banks in Hong Kong are generally 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
“Completion”	completion of the Disposal in accordance with the terms and conditions of the Disposal Agreement
“Completion Date”	the date of Completion, being the date falling on the third business day after all the conditions of the Disposal Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Purchaser
“connected person(s)”	has the meaning ascribed thereto in the GEM Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share and the Sale Debts pursuant to the terms and conditions of the Disposal Agreement
“Disposal Agreement”	the agreement dated 9 September 2011 entered into between the Purchaser and the Vendor in respect of the Disposal
“Disposal Group”	the Target Company and the JV Company
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“JV Company”	Zhongshan Guangcai Future Software Company Limited* (中山市光彩未來軟件有限公司), a sino-foreign equity joint venture established in the PRC, which is owned as to 95% by the Target Company and 5% by an independent third party respectively
“PRC”	the People’s Republic of China, which for the purpose of this announcement excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Purchase Price”	HK\$7,965,241, being the total purchase price for the Sale Share and the purchase price for the Sale Debts payable for the Disposal by the Purchaser
“Purchaser” or “Mr. Leung”	Mr. Leung Ngai Man, the Chairman of the Company and an executive Director
“Sale Debts”	approximately HK\$8,000,000, being the loans outstanding as at the date of the Disposal Agreement made by or on behalf of the Vendor to the Target Company
“Sale Share”	one ordinary share having a nominal value of US\$1 in the issued share capital of the Target Company, representing the entire issued share capital of the Target Company
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Business Essence Technology Limited, a company incorporated in the British Virgin Islands and is wholly and beneficially owned by the Vendor
“Vendor”	E-silkroad.net Corporation, a company incorporated in the British Virgin Islands and is a wholly-owned subsidiary of the Company

\* For identification purpose only.

“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, 9 September 2011

*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 Dr. Leung Wai Cheung and Mr. Cai Wei Lun.*

*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](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).*