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CHINA U-TON HOLDINGS LIMITED

中國優通控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 8232)

DISCLOSEABLE TRANSACTION ACQUISITION OF A COMMUNICATION CONSTRUCTION OPERATION COMPANY

The Board is pleased to announce that on 15 May 2013 (after trading hours), Hebei Changtong Communication Engineering Co. Ltd. (河北昌通通信工程有限公司) (“Hebei Changtong”), which is a wholly-owned subsidiary of the Company, and the Vendor entered into the Agreement. According to the Agreement, Hebei Changtong agreed to acquire and the Vendor agreed to sell 51% of the registered capital of Chongqing Wuyang which is principally engaged in communication construction and sale of communication equipments.

The Board announces that Hebei Changtong, which is a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendor in relation to the acquisition of 51% of the registered capital of Chongqing Wuyang. As some of the applicable percentage ratios as defined in Chapter 19 of the GEM Listing Rules for the transaction under the Agreement exceed 5% but less than 25%, this transaction constitutes a discloseable transaction for the Company under Chapter 19 of the GEM Listing Rules.

THE PRINCIPLE TERMS

Date: 15 May 2013 (after trading hours)

Parties: (1) Purchaser: Hebei Changtong, a wholly-owned subsidiary of the Company

(2) Vendor: Mr. Liu Zhiyong (劉治勇)

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor is an Independent Third Party.

PURCHASE OF SHARE

Hebei Changtong agreed to acquire and the Vendor agreed to sell 51% of the registered capital of Chongqing Wuyang on 15 May 2013 (after trading hours).

INFORMATION OF CHONGQING WUYANG

Chongqing Wuyang is principally engaged in communication construction and sale of communication equipments. Chongqing Wuyang was awarded the Grade B Enterprise Qualification Certificate of Integrated Telecommunication and Information Network Systems by the Ministry of Industry and Information Technology of the PRC.

Set out below is a summary of the key financial data of Chongqing Wuyang based on the management accounts for the years ended 31 December 2011 and 31 December 2012 as provided by the Vendor which was prepared in accordance with the generally accepted accounting principles in China:

	For the year ended 31 December 2012	For the year ended 31 December 2011
	RMB'000	RMB'000
	<i>(unaudited)</i>	<i>(unaudited)</i>
Turnover	44,938	26,878
Profit before taxation	3,495	75
Profit after taxation	2,605	25

The net asset values of Chongqing Wuyang as at 31 December 2011 and 31 December 2012 were approximately RMB4,569,000 and RMB7,174,000.

CONSIDERATION

- (1) The consideration for the acquisition is RMB12,250,000. The consideration was determined after arm's length negotiation between the parties and with reference to the unaudited net asset value of Chongqing Wuyang as at 31 December 2012 which was amounted to RMB7,174,000 and the unaudited net profit of Chongqing Wuyang for the year ended 31 December 2012 which was amounted to RMB2,605,000. As at the date of the announcement, the registered capital of Chongqing Wuyang is RMB5,000,000.

- (2) The consideration will be settled by Hebei Changtong to the Vendor in cash by three instalments:
 - (a) Within 10 business days after the date of the Agreement: RMB4,000,000;
 - (b) Completion of the transfer of 51% of the registered capital of Chongqing Wuyang: RMB5,000,000; and
 - (c) After verification by auditor of the Company to prove that Chongqing Wuyang satisfies the profit guarantee amount for the year ending 31 December 2013: RMB3,250,000.
- (3) The Group intends to settle the consideration partially by using the proceeds from placing shares of the Company completed on 12 June 2012 (which was scheduled to be utilized in the second half of 2012 originally but unutilized with reference to on actual business progress as discussed in our 2012's annual report) and the remaining balance would be settled by internal resources.

VENDOR COMMITMENT

After the completion of the Agreement, the Vendor will continue to be responsible to work with the Group for managing the operation of Chongqing Wuyang and the period will be mutually agreed by both parties.

PROFIT GUARANTEE:

The Vendor agreed to commit the following profit guarantee:

- (1) The audited net profit of Chongqing Wuyang for the year ending 31 December 2013 (calculated on yearly basis according to the International Financial Reporting Standards ("IFRS")) would not be less than RMB10,000,000;
- (2) The compound growth rate of the audited net profit of Chongqing Wuyang for the year ending 31 December 2014 and 2015 (calculated on yearly basis according to the IFRS) would not be less than 20%;
- (3) If Chongqing Wuyang fails to achieve the above profit guarantee stated in (1) and (2), the Vendor undertakes to pay to the Group 51% of any profit guarantee shortfall from the portion of distributable profit of Chongqing Wuyang to be received by him; and
- (4) If his portion of distributable profit of Chongqing Wuyang is insufficient for 51% of the profit guarantee shortfall, the Vendor shall settle the 51% of profit guarantee shortfall by himself.

The Group agreed to pay 51% of the excess amount as a form of bonus to the Vendor if the audited net profit of Chongqing Wuyang for the year ending 31 December 2013 exceed RMB10,000,000.

The profit guarantee made by the Vendor does not represent the anticipated level of future profits of Chongqing Wuyang and is not profit forecast projections. Shareholders of the Company and investors should note that there is no assurance that the profit guarantee can be achieved.

COMPLETION

The completion of the Agreement is subject to, amongst other things, the satisfaction on the due diligence conducted by the Group on Chongqing Wuyang; and the completion of all necessary procedures regarding the transfer of 51% of the registered capital of Chongqing Wuyang to Hebei Changtong as required by relevant PRC governmental authorities.

Upon completion of the Agreement, Chongqing Wuyang will become an indirectly 51% owned subsidiary of the Company.

REASONS FOR ENTERING INTO THE AGREEMENT

The principal activities of the Group include deployment of optical fibers in the PRC and one of the business strategies is to explore geographical business opportunities through acquisition.

The Company believes that entering into the Agreement will enhance the Group's competitiveness in Chongqing and will promote the Group's micro-ducts and mini-cable system integration methods for optical fibers deployment projects in the PRC.

GENERAL INFORMATION

All the terms and conditions of the Agreement are negotiations between the parties at arms length. The Directors believe that the terms of the Agreement are fair and reasonable and in the interest of the shareholders of the Company as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Agreement”	the agreement dated 15 May 2013 (after trading hours) entered into between Hebei Changtong Communication Engineering Co. Ltd (河北昌通通信工程有限公司), a wholly-owned subsidiary of the Company, and the Vendor in relation to the acquisition of 51% of the registered capital of Chongqing Wuyang
“Board”	the Board of Directors of the Company
“Company”	China U-Ton Holdings Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on GEM of the Stock Exchange
“Directors”	the directors of the Company, including the independent non-executive directors
“GEM”	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
“Chongqing Wuyang”	Chongqing Wuyang Communication Technology Co. Ltd (重慶五洋通信技術有限公司) a limited liability company established on 21 November 2002 in accordance with the laws of the PRC
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	a person(s) or company(ies) which is/are independent of and not connected with any director, chief executive or substantial shareholder of our Company or its subsidiaries or any of their respective associates within the meaning of the GEM Listing Rules

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Mr. Liu Zhiyong (劉治勇), who beneficially held 76% and 25% registered capital of Chongqing Wuyang before and after the completion of the Agreement

By Order of the Board
China U-Ton Holdings Limited
Jiang Changqing
Chairman

Hong Kong, 15 May 2013

As at the date of this announcement, the executive directors of the Company are Mr. Jiang Changqing, Ms. Guo Aru and Mr. Li Qingli; the independent non-executive directors of the Company are Mr. Meng Fanlin, Mr. Wang Haiyu and Ms. Li Xiaohui.

This announcement, for which the directors of the Company 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 of the Company, 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.

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