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NETEL TECHNOLOGY (HOLDINGS) LIMITED

金利通科技(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8256)

VOLUNTARY ANNOUNCEMENT IN RELATION TO I. MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY; AND II. CONTINUED SUSPENSION IN TRADING

This announcement is made by Netel Technology (Holdings) Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) on a voluntary basis to provide its shareholders and potential investors with updated information in relation to the latest business development of the Group.

MEMORANDUM OF UNDERSTANDING IN RESPECT OF POSSIBLE ACQUISITION OF EQUITY INTEREST IN THE TARGET COMPANY

On 2 January 2020, the Company has entered into a non-legally-binding memorandum of understanding (the “**MOU**”) with a provider of intelligent information system integration solution (the “**Target Company**”) based in Shanghai of the People’s Republic of China (the “**PRC**”). Pursuant to the MOU, the Company would acquire 51% equity interest of the Target Company (the “**Possible Acquisition**”), subject to the entering into of a formal agreement between the Company and the Target Company and/or its beneficial owners in this regard and the terms and conditions thereof.

Principal terms of the MOU are as follows:

Date: 2 January 2020

Parties: (i) the Company; and
(ii) the Target Company

To the best knowledge and belief of the directors of the Company (the “**Directors**”), the Target Company and its beneficial owners are third parties independent from the Group.

Content of understanding: Pursuant to the MOU, the Company would acquire 51% equity interest of the Target Company, subject to the entering into of a formal agreement between the Company and the Target Company and/or its beneficial owners in this regard and the terms and conditions thereof.

It is currently contemplated that the Company will conduct due diligence into the business and financial conditions of the Target Company, including but not limited to obtaining independent opinion from other professional parties in this regard. The Company currently estimates that it can complete such due diligence process in approximately two months.

It is also contemplated that after completion of the Possible Acquisition, if materialised, the Company will be entitled to appoint two persons into the board of directors of the Target Company who will involve in the operation and decision making of the Target Company.

Save as disclosed above, no other terms and conditions of the Possible Acquisition have been contemplated as at the date of this announcement.

Non-legally-binding nature of the MOU

The MOU does not constitute a legally-binding commitment of the Parties.

Reasons of entering into the MOU

The Directors have reviewed the business and financial performance of the Target Company and considered that the Possible Acquisition could bring significant synergy and strategical value to the Company.

In particular, according to the current understanding of the Directors, the Target Company principally engages in, among others, providing one-stop business suite which generally includes data collection and acquisition, intelligent system integration, customised data report and data flow analysis. The Directors consider that such aspect of the Target Company's business aligns with the business of big data system of the Group, and can enhance the scope of services the Group can provide, so as to increase the competitiveness of the Group and the value of its services.

On the other hand, according to the information provided by the Target Company, the Directors understand that the customers of the Target Company include those overseas enterprises who have been listed on the Fortune 500, an annual ranking of the top 500 corporations worldwide as measured by revenue. The Directors believe that by carrying out the Possible Acquisition, the Group's client base can be broadened which provide the Group with more business opportunities and channels to expand its business overseas.

The Directors also believe that the Possible Acquisition could observably strengthen the Company's operational and financial performance as the Directors understand that the Target Company has been profit making in recent years and the financial statements of the Target Company would be consolidated into the Group's consolidated financial statements upon completion of the Possible Acquisition, if materialised.

Shareholders and potential investors of the Company should note that the MOU only sets out the intention of the parties thereto in relation to the Possible Acquisition, and is subject to execution of a formal agreement in this respect. The board of Directors wishes to emphasise that no binding agreement in relation to the Possible Acquisition has been entered into by the Company as at the date of this announcement. The Possible Acquisition, if materialised, may constitute a notifiable transaction for the Company under the GEM Listing Rules. Further announcement(s) will be made by the Company in respect of the Possible Acquisition as and when appropriate in compliance with the GEM Listing Rules.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") has been suspended since 9:00 a.m. on 8 August 2018 and will remain suspended until further notice. The Company will keep its shareholders and the public informed of the latest developments by making further announcement(s) as and when appropriate.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.

For and on behalf of the board of Directors
Netel Technology (Holdings) Limited
James Ang
Chairman

Hong Kong, 7 January, 2020

As at the date of this announcement, the Board comprises four executive Directors, Mr. James Ang, Mr. Wei Ren, Ms. Yau Pui Chi, Maria and Dr. Zhong Shi, and three independent nonexecutive Directors, Mr. Chiang Kin Kon, Mr. Wong Kwok Fai and Mr. Chau Siu Keung.

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 GEM of The Stock Exchange of Hong Kong Limited 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 Announcement” page of the GEM website for at least 7 days from its date of publication and on the website of the Company at www.neteltech.com.hk.