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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
(1) SUPPORT FROM VARIOUS SHAREHOLDERS AND INVESTORS;
(2) STRATEGIC COOPERATION AGREEMENT IN RELATION TO
THE PROVISION OF LOAN FACILITY;
(3) STRATEGIC COOPERATION AGREEMENT WITH A LABOUR
DISPATCH COMPANY IN CHINA;
(4) BUSINESS AND OTHER UPDATES
AND
CONTINUED SUSPENSION OF 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 the information of the latest business development of the Group.

SUPPORT FROM VARIOUS SHAREHOLDERS AND INVESTORS

Apart from the ongoing support from one of the overseas investors, the Cojuanco family based in the Philippines (the “**Overseas Investor**”), whom has been the Company’s shareholder since its listing in 2002, the Company continuously received supports from several shareholders who are entrepreneurs in Shenzhen (the “**SZ Entrepreneurs**”). The Company received three written letters (the “**Letters**”) from the SZ Entrepreneurs which were directed to the Stock Exchange on 9 and 12 October 2020, respectively. To the best knowledge, information and belief of the Directors, one of the SZ Entrepreneurs is the deputy chairman of a listed company in Shenzhen which is principally engaged in the business specialising in pharmaceutical products, while the other two are principally engaged in the business related to chemical products and electronic products.

According to the Letters, the SZ Entrepreneurs have been investing in the Company since 2015, and each of the SZ Entrepreneurs has invested in the Company with an amount close to eight digit Hong Kong Dollars. Taking into account that the Company is perceived to be a very few local enterprise in Hong Kong which is dedicated to the development of softwares and big data system, the SZ Entrepreneurs have been optimistic for the development of the Company in the long run. The SZ Entrepreneurs believe that the Company's big data system greatly helps companies in the People Republic of China (the "PRC") through connecting them to the overseas buyers, and they will continuously refer and promote the Company's businesses.

As written in the Letters, the SZ Entrepreneurs remain doubtful on the Listing Division's decision to suspend the trading of the Company's shares and delist the Company, primarily given (i) the support from the PRC government in granting the Human Resources Service license (the "License") from the Ministry of Human Resources and Social Security of the PRC in February 2018, and the encouraging development of China Salary Index and the Company's big data system, which all facilitate the exports for enterprises in the PRC and in turn is believed to stimulate the business activities domestically; and (ii) the Company has been listing for around 18 years which is dedicated for its business development and (iii) the business of the Company, in particular the Company's big data system, is in complementary to the principal businesses of the SZ Entrepreneurs.

As written in the Letters, it is the wishes of the SZ Entrepreneurs to assist the Company to explore its big data system in the PRC market. After knowing the Company has been purchasing epidemic-related product in the PRC and making use of its 散工王 Facebook page (a big data platform which includes around 120,000 members) to distribute and migrate the epidemic-related products to hygienic products such as adult diapers, on 9 October 2020, one of the SZ Entrepreneurs entered into a strategic cooperation agreement with the Company in relation to the provision of loan facility, which is detailed in the below paragraph in this announcement. The SZ Entrepreneurs also stated in the Letters that delisting the Company generally violates the development trend of the new economy globally.

The Company is grateful for the abovementioned support from the Overseas Investor and the SZ Entrepreneurs, in view of the current challenging operating environment and the recognition of its continuous effort over the years in developing the big data system.

STRATEGIC COOPERATION AGREEMENT IN RELATION TO THE PROVISION OF LOAN FACILITY

On 9 October 2020, the Company and one of the SZ Entrepreneurs, Mr. J. Y. Tung, ("SZ Entrepreneur A"), entered into a strategic cooperation agreement for a term of one year.

Pursuant to the strategic cooperation agreement, SZ Entrepreneur A will provide a loan facility to the Company for the purpose of purchase of goods in respect of its prospecting of epidemic-related products. The maximum limit of such loan facility is RMB20 million with interest rate at 7% per annum.

On the other hand, through the cooperation, SZ Entrepreneur A strives to leverage on the strength of the Company in order to promote the exports of its chemical products, primarily by means of the Company's 散工王 Facebook page and sending massive email to the Company's cooperate or individual's accounts in its big data system. Besides, given the market presence of the SZ Entrepreneur A in the PRC, both parties will join hands to facilitate the promotion of the Company's big data platform and China Salary Index, which the Company has built up the relevant data for numerous years, to the main cities in the PRC.

The Company is of the view that, given the ongoing outbreak of novel coronavirus, the cooperation with SZ Entrepreneur A will equip the Company with more financial resources to purchase epidemic-related products in order to allow the subsequent distribution of product through the Company's big data platform, such as 散工王 Facebook page and Gbmarts, an online platform for distribution of goods covering necessity goods and other branded products. In the recent months, the Company has also received enquiries from the PRC manufacturers or suppliers in relation to the distribution of certain necessity and hygienic products, such as adult diapers, through the Company's big data platform. Accordingly, after conducting the necessary due diligence of SZ Entrepreneur A, the Company is of the view that it is imperative to secure the loan facility particularly taking into account the growing demand of necessity product and epidemic-related product, as well as the current suspension of trading in the Company's shares on GEM of the Stock Exchange.

Based on the foregoing, the Company believes that the cooperation will not only facilitate the business growth of the Group, but also helps promote the Company's big data system in the PRC.

STRATEGIC COOPERATION AGREEMENT WITH A LABOUR DISPATCH COMPANY IN CHINA

On 13 October 2020, 金飯碗人力資源服務(深圳)有限公司, a wholly-owned subsidiary of the Company, entered into a strategic cooperation agreement with 深圳市尚德人力資源有限公司 (the "Co-Party") in relation to establishing a long-term strategic partnership to foster the development of a number of businesses, namely, promotion of China Salary Index, cross-border head hunting, labour dispatch and the related training and consultancy services in the PRC, with the professional business teams, platforms and market advantages established by both parties.

Pursuant to the strategic cooperation agreement, the Co-Party will utilise the Company's big data system, China Salary Index and cross-border head hunting services to further outreach to enterprises in the PRC which would require the labour dispatch services. On the other hand, the Company can also benefit from the expansion of such labour dispatch services, which effectively enrich the Group's existing recruitment business. It is the Co-Party's target to generate sales of RMB30 million based on its estimation in the following year. Upon reaching such sales level, the Company will be entitled to share RMB10 million. Details of fees to be charged to the Co-Party for its utilisation of the Company's big data system is under finalisation stage.

The Co-Party is a Shenzhen based company who is principally engaged in the provision of labour dispatch and the related training and consultancy services. To the best of the knowledge, information and belief of the Directors, the Co-Party has over 300 customers, covering several top tier information technology and telecommunication companies in the PRC.

The Company was invited by the human resources authority of Shenzhen government to register office in Qianhai district of Shenzhen in 2015. Being the first foreign enterprise which obtained the License, the Company has been granted the rights to collect salary-related data of different industry sectors in the PRC. Over the years, the Company has dedicated its effort in cultivating its human resources softwares, including the China Salary Index, and developing the cross-border head hunting business.

The entering into of the strategic cooperation framework agreement will facilitate the Company in expanding its business scope and scale, and create new opportunities for the Company to achieve cross-regional development.

BUSINESS AND OTHER UPDATES

Business updates

Despite the ongoing outbreak of novel coronavirus, the Company has been in the course of negotiation with several property agency companies in the PRC with a view to re-activate its prospecting business of real estate show flat tour in the PRC after the travel restriction is relaxed. Before the outbreak of novel coronavirus, the Company cooperated with various PRC real estate developers particularly in the Greater-Bay area to arrange show flat tour through the usage of its big data system. The results was encouraging which the Company has successfully managed to generate revenue in 2018 and 2019.

As at the date of this announcement, the Company has reached cooperation with property agency companies in several cities in the PRC, such as Zhongshan, Zhuhai, Shanghai and Anhui. The Company is of the view that the reactivation of prospecting business of show flat tour will not only increase the commission income of the Group, but will also attract enterprises to place advertisements on the Company's big data platform, which will in turn bring in additional income to the Company.

Other updates

The recent visit of State chairman Mr. Xi Jing Ping to Shenzhen calls for a more open market in Shenzhen, one of which is to open the market for the Filipino domestic helpers to Shenzhen. It is expected that such market will soon be opened. In 2017, the Company already entered into an agreement with the provincial government of Batangas, the Philippines, in relation to the supply of Filipino domestic helpers to the PRC. The relevant announcement was published on 28 August 2017.

The Company is of the view that the opening up of the market for Filipino domestic helpers will bring into ample opportunity to the recruitment and prospecting business of the Group, since the Company has more than 20 local dealers who are dealing with local domestic helpers that is anticipated to work together.

CONTINUED SUSPENSION OF TRADING IN THE SHARES

Trading in the Shares on GEM of the Stock Exchange has been suspended since 9:00 a.m. on 8 August 2018 and will remain suspended until further notice.

Shareholders and potential investors of the Company should exercise caution when dealing in the shares of the Company.

By order of the Board of
Netel Technology (Holdings) Limited
James Ang
Chairman

Hong Kong, 15 October 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 non-executive 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 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 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.