

香港特別行政區政府  
 財經事務及庫務局  
 財經事務科  
 香港夏慤道十八號  
 海富中心第一座十八樓



FINANCIAL SERVICES BRANCH  
 FINANCIAL SERVICES AND  
 THE TREASURY BUREAU  
 GOVERNMENT OF THE HONG KONG  
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**CB(1)1791/11-12(01)**

4 May 2012

Ms Anita Sit  
 Clerk to Panel on Financial Affairs  
 Legislative Council Secretariat  
 Legislative Council Complex  
 1 Legislative Council Road  
 Central  
 Hong Kong

Dear Ms Sit,

**Panel on Financial Affairs**

**Submission from a member of the public regarding the change of the structure of the shares of China Netcom Technology Holdings Limited**

Thank you for your letter of 16 April 2012. The Administration has followed up with the Securities and Futures Commission ("SFC") on the issue raised in the captioned submission. SFC has looked into the matter in conjunction with the Stock Exchange of Hong Kong Limited.

According to SFC, pursuant to the circular issued by China Netcom Technology Holdings Limited ("the Company") on 8 February 2012, the Company proposed to consolidate every 5 existing shares into 1 consolidated share, and change the board lot size from 15,000 existing shares to 5,000 consolidated shares. As a result, the change in board lot size may create shareholders holding odd lots in shares. For instance, a shareholder holding 15,000 existing shares will hold 3,000 consolidated shares which is smaller than the new board lot size of 5,000 consolidated shares. Under the proposal of the Company, all odd lots of consolidated shares, if any, would be issued to the shareholders and will not be confiscated.

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If the number of existing shares held by a shareholder is not in multiple of 5, the share consolidation may create fractional consolidated shares (a fractional share is a share of equity of less than one full consolidated share). For instance, a shareholder holding 5,004 existing shares will hold 1,000 consolidated shares and 4 existing shares (as every 5 existing shares will be consolidated into 1 consolidated share, the 4 existing shares could not be consolidated into one full consolidated share). Under the proposal of the Company, fractional consolidated shares would be disregarded and sold for the benefit of the Company. Based on the closing price of the Company's existing shares at HK\$0.08 on the date of announcement of the share consolidation, the highest possible loss of a shareholder arising from any fractional consolidated share would be HK\$0.32 (i.e. HK\$ 0.08 X 4).

Accordingly, it is observed that odd lots of consolidated shares and fractional consolidated shares are handled in different ways.

Yours sincerely,



( Jerry Cheung )  
for Secretary for Financial Services  
and the Treasury

c.c. Securities and Futures Commission (Attn: Ms Christine KUNG)