



2022

THIRD QUARTERLY REPORT

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)



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HIGHLIGHTS

- The unaudited consolidated revenue of the Group from continuing operations for the nine months ended 30 September 2022 was approximately HK\$16,241,000 (nine months ended 30 September 2021: approximately HK\$29,726,000), representing a decrease of approximately 45% as compared with that for the corresponding period in 2021.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$7,768,000 for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK\$14,474,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.17 cents for the nine months ended 30 September 2022 (nine months ended 30 September 2021: approximately HK0.31 cents).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Group for the nine months ended 30 September 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2022 (Unaudited)

	Note	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000 (Restated)
Revenue	2	4,954	16,511	16,241	29,726
Cost of sales and services		(4,854)	(18,228)	(13,637)	(27,453)
Gross profit/(loss)		100	(1,717)	2,604	2,273
Other income and gains, net		21	377	764	868
Administrative expenses		(4,623)	(4,252)	(14,839)	(13,048)
Finance costs	3	(9)	(13)	(108)	(65)
Loss before tax		(4,511)	(5,605)	(11,579)	(9,972)
Income tax charge	4	-	-	-	(103)
Loss for the period from continuing operations	5	(4,511)	(5,605)	(11,579)	(10,075)
(Loss)/profit for the period from discontinued operations	6	-	(28)	77	(6,767)
Loss for the period		(4,511)	(5,633)	(11,502)	(16,842)
Other comprehensive (expense)/income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
- Exchange differences on translating continuing foreign operations		(185)	(58)	(1,201)	580
- Exchange differences on translating discontinued foreign operations		-	-	-	364
- Fair value loss on financial asset at fair value through other comprehensive income		(245)	-	(215)	-
Other comprehensive (expense)/ income for the period		(430)	(58)	(1,416)	944
Total comprehensive expense for the period		(4,941)	(5,691)	(12,918)	(15,898)

Note	(Unaudited) Three months ended 30 September 2022 HK\$'000		(Unaudited) Nine months ended 30 September 2022 HK\$'000	
	2021 HK\$'000 (Restated)	2022 HK\$'000 (Restated)	2021 HK\$'000 (Restated)	2022 HK\$'000 (Restated)
(Loss)/profit attributable to:				
Owners of the Company				
– Continuing operations	(2,459)	(3,636)	(7,870)	(7,778)
– Discontinued operations	–	(17)	102	(6,696)
	<u>(2,459)</u>	<u>(3,653)</u>	<u>(7,768)</u>	<u>(14,474)</u>
Non-controlling interests				
– Continuing operations	(2,052)	(1,969)	(3,709)	(2,297)
– Discontinued operations	–	(11)	(25)	(71)
	<u>(2,052)</u>	<u>(1,980)</u>	<u>(3,734)</u>	<u>(2,368)</u>
	<u>(4,511)</u>	<u>(5,633)</u>	<u>(11,502)</u>	<u>(16,842)</u>
Total comprehensive (expense)/ income attributable to:				
Owners of the Company				
– Continuing operations	(3,060)	(3,689)	(9,435)	(7,240)
– Discontinued operations	–	(17)	102	(6,332)
	<u>(3,060)</u>	<u>(3,706)</u>	<u>(9,333)</u>	<u>(13,572)</u>
Non-controlling interests				
– Continuing operations	(1,881)	(1,974)	(3,560)	(2,255)
– Discontinued operations	–	(11)	(25)	(71)
	<u>(1,881)</u>	<u>(1,985)</u>	<u>(3,585)</u>	<u>(2,326)</u>
	<u>(4,941)</u>	<u>(5,691)</u>	<u>(12,918)</u>	<u>(15,898)</u>
Loss per share from continuing operations				
– Basic and diluted (HK cents per share)	7			
	<u>(0.05)</u>	<u>(0.08)</u>	<u>(0.17)</u>	<u>(0.17)</u>
Loss per share from continuing and discontinued operations				
– Basic and diluted (HK cents per share)	7			
	<u>(0.05)</u>	<u>(0.08)</u>	<u>(0.17)</u>	<u>(0.31)</u>

The accompanying notes are an integral part of this quarterly financial information.

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND IMPACT OF NEW HKFRSs AND HKASs

The unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the three months and nine months ended 30 September 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term include all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (“**Ints**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The unaudited consolidated statement of profit or loss and other comprehensive income also complies with the applicable disclosure requirements of the GEM Listing Rules. It has been prepared under historical cost basis except for certain financial instruments that are measured at fair value.

The unaudited consolidated statement of profit or loss and other comprehensive income for the three months and nine months ended 30 September 2022 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2021, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Ints).

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current and prior periods.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

The unaudited consolidated statement of profit or loss and other comprehensive income does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2021.

2 REVENUE

An analysis of the Group's revenue for the below-mentioned periods is as follows:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000 (Restated)
Revenue from contracts with customers within scope of HKFRS 15				
Continuing operations				
Provision of smart retail services	<u>4,954</u>	<u>16,511</u>	<u>16,241</u>	<u>29,726</u>
Discontinued operations				
Provision of sports training services	<u>-</u>	<u>572</u>	<u>66</u>	<u>1,301</u>

3 FINANCE COSTS

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000 (Restated)
Interest on loan from an intermediate holding company	-	-	52	-
Interest on lease liabilities	<u>9</u>	<u>13</u>	<u>56</u>	<u>65</u>
	<u>9</u>	<u>13</u>	<u>108</u>	<u>65</u>

4 INCOME TAX CHARGE

Income tax recognised in profit or loss

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000	2022 HK\$'000	2021 HK\$'000
PRC corporate income tax				
Current tax	—	—	—	103

No provision for Hong Kong profits tax had been made as the Group had no assessable profits arising in or derived from Hong Kong for both periods.

Under the prevailing tax law in the People's Republic of China (the "PRC"), the corporate income tax rate of the PRC subsidiaries is 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group did not have any significant unprovided deferred tax liabilities as at 30 September 2022 and 31 December 2021.

5 LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i> (Restated)
Loss for the period from continuing operations has been arrived at after (crediting)/charging:				
Bank interest income	(88)	(266)	(356)	(594)
Net foreign exchange (gains)/losses	(1,044)	(7)	(891)	18
Reversal of loss allowance of contract assets	–	(2)	–	(27)
Auditor's remuneration	260	230	780	690
Employee benefits expenses (excluding directors' emoluments)				
– Salaries, bonus and other benefits in kind	2,639	3,135	8,954	10,089
– Contributions to retirement benefits schemes	329	493	1,303	1,547
Directors' emoluments	262	326	916	1,043
Short-term leases expenses	28	36	84	82
Depreciation of property, plant and equipment	5	10	18	45
Depreciation of right-of-use assets	264	344	894	1,032
Recognition of loss allowance for trade and other receivables	1,321	–	1,088	–

6 (LOSS)/PROFIT FOR THE PERIOD FROM DISCONTINUED OPERATIONS

In 2021, the Group discontinued the apartment leasing business in the PRC. In April 2022, the Group created its sports training business in Hong Kong. The results of the discontinued operations for the three months and nine months ended 30 September 2022 and 2021 are presented below. The comparative figures in the unaudited consolidated statement of profit or loss and other comprehensive income have been restated to re-present the apartment leasing business and the sport training business as discontinued operations.

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000 (Restated)
Revenue	-	572	66	1,301
Cost of sales and services	-	(428)	(230)	(1,021)
Gross profit/(loss)	-	144	(164)	280
Other income and gains/(losses), net	-	16	340	(6,424)
Administrative expenses	-	(178)	(94)	(589)
Finance costs	-	(10)	(5)	(34)
(Loss)/profit before tax	-	(28)	77	(6,767)
Income tax charge	-	-	-	-
(Loss)/profit for the period from discontinued operations	-	(28)	77	(6,767)
Other comprehensive income				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating discontinued foreign operation	-	-	-	364
Other comprehensive income for the period	-	-	-	364
Total comprehensive (expense)/income arises from discontinued operations for the period	-	(28)	77	(6,403)

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022	2021	2022	2021
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
(Loss)/profit for the period from discontinued operations has been arrived at after (crediting)/charging:				
COVID-19 related rent concession	-	(16)	(50)	(33)
Employee benefits expenses (excluding Directors' emoluments)				
– Salaries and other benefits in kind	-	294	26	623
Depreciation of property, plant and equipment	-	-	2	1
Depreciation of right-of-use assets	-	157	209	471
Loss on deregistration of subsidiaries	-	-	-	6,615
Gain on disposal of a subsidiary	-	-	(140)	-
	_____	_____	_____	_____

7 LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 HK\$'000	2021 HK\$'000 (Restated)	2022 HK\$'000	2021 HK\$'000 (Restated)
(Loss)/earnings				
(Loss)/earnings for the period attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share				
- From continuing operations	(2,459)	(3,636)	(7,870)	(7,778)
- From discontinued operations	-	(17)	102	(6,696)
	<u>(2,459)</u>	<u>(3,653)</u>	<u>(7,768)</u>	<u>(14,474)</u>

Number of shares

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2022 '000	2021 '000	2022 '000	2021 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,686,048</u>	<u>4,686,048</u>	<u>4,686,048</u>	<u>4,686,048</u>

There was no difference between the basic and diluted loss per share during the three months and nine months ended 30 September 2022 as there were no dilutive potential shares outstanding for the periods.

8 RESERVES

For the nine months ended 30 September 2022

	Attributable to owners of the Company										Total (Unaudited) HK\$'000
	Share premium account (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
Balance at 1 January 2022	3,466,638	9,777	1	-	215	117,883	(49)	(3,579,214)	15,251	1,678	16,929
Loss for the period	-	-	-	-	-	-	-	(7,768)	(7,768)	(3,734)	(11,502)
Other comprehensive income/ (expense) for the period	-	-	-	-	(215)	(1,350)	-	-	(1,565)	149	(1,416)
Total comprehensive expense for the period	-	-	-	-	(215)	(1,350)	-	(7,768)	(9,333)	(3,585)	(12,918)
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	93	93
Balance at 30 September 2022	3,466,638	9,777	1	-	-	116,533	(49)	(3,586,982)	5,918	(1,814)	4,104

For the nine months ended 30 September 2021

	Attributable to owners of the Company										Total (Unaudited) HK\$'000
	Share premium account (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	
Balance at 1 January 2021	3,466,638	9,777	1	666	215	116,559	(49)	(3,560,683)	33,122	(1,738)	31,384
Loss for the period	-	-	-	-	-	-	-	(14,474)	(14,474)	(2,368)	(16,842)
Other comprehensive income for the period	-	-	-	-	-	902	-	-	902	42	944
Total comprehensive income/ (expense) for the period	-	-	-	-	-	902	-	(14,474)	(13,572)	(2,326)	(15,898)
Lapse of warrants	-	-	-	(666)	-	-	-	666	-	-	-
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	6,249	6,249
Balance at 30 September 2021	3,466,638	9,777	1	-	215	117,461	(49)	(3,574,493)	19,550	2,185	21,735

9 DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2022 (nine months ended 30 September 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Smart Retail Business

The Group's smart retail business is operated under its subsidiary, Hangzhou Zhongtuo Netcom Technology Limited ("**Zhongtuo Netcom**"), which positions itself as an integrated smart retail provider. Its main business is to provide new retail digital transformation solutions and new retail integrated software service platform to chain enterprises and merchants, and extended services such as cloud services (cloud storage and cloud computing), omni-channel payment services and SMS marketing services, etc. During the business development over the past two years or so, the demand for domestic cloud services and cross-border overseas business has been growing rapidly, the market extends from Mainland China to overseas, cloud services business is expected to become the focal point of development. The Group receives fixed income from the system development and the sales of software and hardware, and also receives agency fees that are based on customer's volume of usage such as transaction payment amount, cloud service usage and SMS traffic. For the nine months ended 30 September 2022, the Group's smart retail business generated revenue of approximately HK\$16,241,000 (nine months ended 30 September 2021: approximately HK\$29,726,000). The decrease in revenue generated in this quarter was mainly due to the worsening outbreak of the coronavirus disease 2019 ("**COVID-19**") during the period under review.

Financial Technology Services Business

Under the backdrop of stringent regulatory requirements in the PRC for Internet financial technology companies, uncertainties remained in the development of the Group's financial technology services business in the first nine months of 2022. For the nine months ended 30 September 2022, the Group's financial technology services business did not generate any revenue (nine months ended 30 September 2021: Nil). The Group is ceasing this business as the current unfavorable business environment persists.

Sports Training Business

The Group operated the Hui So Hung Table Tennis Sports Centre Limited ("**HSH Company**") to provide table tennis training services to students with different ages and levels in Hong Kong. For the nine months ended 30 September 2022, the sports training business of the Group recorded a revenue of approximately HK\$66,000 (nine months ended 30 September 2021: approximately HK\$1,301,000). In April 2022, the Group transferred 60% shareholdings indirectly held by the Company in HSH Company (an insignificant subsidiary) to Ms. Hui So Hung, who is the other shareholder of HSH Company (holding 40% shareholdings), at nil consideration (taking into account of net liabilities position of HSH Company), thereby exiting from the sports training business. A gain on disposal of the subsidiary of approximately HK\$140,000 was recognised by the Group in the first half of 2022.

Lottery Business

For the nine months ended 30 September 2022, the Group's lottery business did not generate any revenue (nine months ended 30 September 2021: Nil). The Group is closely monitoring the performance of the lottery business and is downsizing this business, as it continuously recorded an operating loss.

Financial Review

For the nine months ended 30 September 2022, the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK\$16,241,000 (nine months ended 30 September 2021: approximately HK\$29,726,000), representing a decrease of approximately 45% as compared with that of the corresponding period in 2021. The revenue of the Group was mainly derived from its smart retail business.

The Group's discontinued operations, being its sports training business and apartment leasing business, had incurred a net profit attributable to owners of the Company of approximately HK\$102,000 for the nine months ended 30 September 2022 (For the nine months ended 30 September 2021, the Group's discontinued operations, being its sports training business and apartment leasing business, had incurred a net loss attributable to owners of the Company of approximately HK\$6,696,000, which was mainly attributable to the loss recognised upon deregistration of a company engaged in the apartment leasing business).

For the nine months ended 30 September 2022, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$7,768,000 (nine months ended 30 September 2021: approximately HK\$14,474,000), representing a decrease of approximately 46% as compared with that of the corresponding period of 2021. The decrease was mainly attributable to the absence of one-off loss recognised upon deregistration of a company engaged in the discontinued apartment leasing business during the corresponding period in 2021.

The Group adopted centralised treasury policies in cash and financial management and focused on reducing the Group's overall interest expenses.

Capital structure

As at 30 September 2022, the capital structure of the Group was consisted of equity attributable to owners of the Company of approximately HK\$29,348,000 (31 December 2021: approximately HK\$38,681,000), comprising issued share capital and reserves. As at 30 September 2022, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 December 2021: 4,686,048,381 Shares).

Prospects

Against the backdrop of tightening industrial regulations and the impact of the COVID-19, the Group is ceasing its financial technology services business. Looking forward, the Group's business growth will continue to be propelled by its smart retail business. With the trend of more traditional enterprises and institutions migrating to the cloud, the business will focus on the development of cloud services. At the same time, the Group will closely monitor and may downsize or cease its loss-making lottery business in order to focus its resources on businesses with growth potential.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY OF ITS ASSOCIATED CORPORATION

As at 30 September 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**") (Cap. 571 of the Laws of Hong Kong)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings in securities by directors of listed issuers (the "**Required Standard of Dealings**") as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in shares of associated corporation

Name of Director	Name of associated corporation	Capacity and nature of interests	Number of shares	Approximate percentage of issued shares ⁽¹⁾
Mr. Sun Haitao ("Mr. Sun")	51 Credit Card Inc. ("51 Credit Card")	Founder of a discretionary trust who can influence how the trustee exercises his discretion ⁽²⁾	108,159,464	7.96%
		Others ⁽²⁾	50,355,000	3.71%
		Others ⁽²⁾	142,708,272	10.51%
			301,222,736	22.18%

Notes:

- (1) The calculations were based on the number of shares as a percentage of the total number of issued shares of 51 Credit Card (i.e. 1,358,320,188 shares) as at 30 September 2022.
- (2) Rising Sun Limited (the sole shareholder of which is Wukong Ltd., which is beneficially owned by a discretionary trust, Wukong Trust, founded by Mr. Sun), (i) beneficially holds 108,159,464 shares in 51 Credit Card among which 20,000,000 shares were charged in favour of Hangzhou Zhenniu Information Technology Co., Ltd.* ("**Hangzhou Zhenniu**") (an indirect wholly-owned subsidiary of 51 Credit Card), a non-qualified lender; (ii) acts as a general partner and controls 51 Xinhu L.P., which in turn holds 50,355,000 shares in 51 Credit Card; and (iii) holds 142,708,272 shares in 51 Credit Card through various voting proxies.

Save as disclosed above, as at 30 September 2022, no other Director or chief executive of the Company had or was deemed to have any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSON IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2022, so far as was known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had or was deemed to have an interest or a short position in the Shares, underlying Shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Names	Capacity and nature of interests	Number of Shares directly or indirectly held and category ⁽⁴⁾	Approximate percentage of issued Shares ⁽¹⁾
Substantial Shareholders			
51 Credit Card ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
51 Credit Card (China) Limited ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Hangzhou Zhenniu ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Hangzhou Jiahao Technology Co., Ltd.* ("Hangzhou Jiahao") ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Shanghai Wuniu Network Technology Co., Ltd.* ("Shanghai Wuniu") ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
51RENPIN.COM INC. ⁽²⁾	Beneficial owner	1,834,963,213 (L)	39.16%
Mr. Wang Yonghua ("Mr. Wang") ⁽³⁾	Interest in controlled corporation	2,199,963,213 (L)	46.95%
Tian Tu Capital Co., Ltd.* ("Tian Tu Capital") ⁽³⁾	Interest in controlled corporation	2,199,963,213 (L)	46.95%

Names	Capacity and nature of interests	Number of Shares directly or indirectly held and category⁽⁴⁾	Approximate percentage of issued Shares⁽¹⁾
Tiantu Advisory Company Limited ⁽³⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Tiantu Investments Limited ⁽³⁾	Person having a security interest in shares	1,834,963,213 (L)	39.16%

Other persons

Tiantu Investments International Limited ⁽³⁾	Beneficial owner	365,000,000 (L)	7.79%
Mr. Zuo Lei	Beneficial owner	333,690,000 (L)	7.12%

Notes:

- (1) The calculations were based on the number of Shares which each party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 4,686,048,381 Shares) as at 30 September 2022.
- (2) 51RENPIN.COM INC. is wholly owned by Shanghai Wuniu, which is in turn wholly owned by Hangzhou Jiahao. Further, contractual arrangements have been entered into between Hangzhou Zhenniu (a company wholly owned by 51 Credit Card (China) Limited, which is in turn wholly owned by 51 Credit Card) and Hangzhou Jiahao so that Hangzhou Zhenniu can control Hangzhou Jiahao. By virtue of the SFO, the above companies are deemed to be interested in those Shares held by 51RENPIN.COM INC., respectively.
- (3) Tiantu Investments Limited is wholly owned by Tiantu Advisory Company Limited, which is in turn wholly owned by Tian Tu Capital which is owned as to approximately 40.35% by Mr. Wang. Mr. Wang is deemed to be interested in an aggregate of 2,199,963,213 Shares, of which 1,834,963,213 Shares held by 51RENPIN.COM INC. is charged in favour of Tiantu Investments Limited and 365,000,000 Shares are held by Tiantu Investments International Limited, a company wholly owned by Tian Tu Capital.
- (4) (L) – Long Position, (S) – Short Position.

Save as disclosed above, so far as was known to the Directors, as at 30 September 2022, there was no person (not being a Director or a chief executive of the Company) who had or was deemed to have an interest or short position in the Shares, underlying shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board is committed in maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard the interests of the shareholders of the Company.

For the period ended 30 September 2022, the Company had applied the principles and complied with all the applicable code provisions in the corporate governance code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, save and except for the following:

CODE PROVISION C.2.1

Code provision C.2.1 of the CG Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Currently, Mr. Sun being the chairman of the Board, also serves as the function of chief executive officer of the Company (the “**CEO**”) which is deviated from the code provision C.2.1 of the CG Code that the roles of chairman and the CEO are performed by the same individual. The Board considers that Mr. Sun possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company’s internal check and balance mechanism, the same individual performing the roles of chairman and the CEO can achieve the goal of improving the Company’s efficiency in decision making, execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

The Company is still looking for a suitable candidate to fill the vacancy of the CEO in order to comply with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors (the "Code") which is on terms no less exacting than the Required Standard of Dealings against which issuers and their Directors must measure their conduct(s) regarding transactions in securities of their issuers. The Company made specific enquiries with all Directors and had not been notified of any non-compliance with the Required Standard of Dealings and the Code by any of the Directors during the period under review.

AUDIT COMMITTEE

The Group's third quarterly results for the nine months ended 30 September 2022 had been reviewed by the audit committee of the Company, which was of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2022.

By order of the Board
China Netcom Technology Holdings Limited
Sun Haitao
Chairman and Executive Director

9 November 2022

As at the date of this report, the executive Directors are Mr. Sun Haitao and Ms. Wu Shan; and the independent non-executive Directors are Mr. Song Ke, Ms. Liu Jia and Mr. Yu Tat Chi Michael.

* *The English name(s) has/have been transliterated from its/their respective Chinese name(s) and is/are for identification purposes only.*