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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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board (the “**Board**”) of directors (the “**Directors**”) of China Netcom Technology Holdings Limited (the “**Company**”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries for the six months ended 30 June 2024. This announcement, containing the full text of the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”), complies with the relevant requirements of the Rules (the “**GEM Listing Rules**”) Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information accompanying the preliminary announcement of interim results. Printed versions of the Company’s 2024 Interim Report will be despatched to the shareholders of the Company and published on the websites of the Company (www.irasia.com/listco/hk/chinanetcom) and of the Stock Exchange (www.hkexnews.hk) in due course.

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

13 August 2024

As at the date of this announcement, 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.

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 Listed Company Information” page of the Stock Exchange’s website at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the Company’s website at www.irasia.com/listco/hk/chinanetcom.

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Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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*This report, for which the directors (the "**Directors**") of China Netcom Technology Holdings Limited (the "**Company**", together with its subsidiaries, collectively the "**Group**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM (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 report 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 report misleading.*

This report will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at www.hkexnews.hk for a minimum period of 7 days from the date of its publication and on the website of the Company at www.irasia.com/listco/hk/chinanetcom.

HIGHLIGHTS

- The unaudited consolidated revenue of the Group from continuing operation for the six months ended 30 June 2024 was approximately HK\$22,541,000 (six months ended 30 June 2023: approximately HK\$9,850,000), representing an increase of approximately 129% as compared with that for the corresponding period in 2023.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$3,402,000 for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK\$4,396,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.07cents for the six months ended 30 June 2024 (six months ended 30 June 2023: approximately HK0.09 cents).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2024 together with the comparative figures for the corresponding periods in 2023 are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2024 (Unaudited)

		(Unaudited) Six months ended 30 June 2024 HK\$'000	2023 HK\$'000 (Restated)
	Note		
Revenue	2	22,541	9,850
Cost of sales and services		(16,427)	(8,050)
Gross profit		6,114	1,800
Other income and losses, net		(5,678)	(593)
Administrative expenses		(4,527)	(6,805)
Finance costs	4	(15)	(22)
Loss before tax		(4,106)	(5,620)
Income tax credit	5	16	—
Loss for the period from continuing operation	6	(4,090)	(5,620)
Loss for the period from discontinued operation	7	—	(196)
Loss for the period		(4,090)	(5,816)
Other comprehensive (expense)/ income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translating continuing foreign operation		(8)	157
— Exchange differences on translating discontinued foreign operation, net of nil tax		—	(7)
Other comprehensive (expense)/ income for the period		(8)	150
Total comprehensive expense for the period		(4,098)	(5,666)

		(Unaudited) Six months ended 30 June 2024 HK\$'000	2023 HK\$'000 (Restated)
	Note		
Loss attributable to:			
Owners of the Company			
— Continuing operation		(3,402)	(4,200)
— Discontinued operation		—	(196)
		<u>(3,402)</u>	<u>(4,396)</u>
Non-controlling interests			
— Continuing operation		(688)	(1,420)
— Discontinued operation		—	—
		<u>(688)</u>	<u>(1,420)</u>
		<u>(4,090)</u>	<u>(5,816)</u>
Total comprehensive expense attributable to:			
Owners of the Company			
— Continuing operation		(3,406)	(4,177)
— Discontinued operation		—	(203)
		<u>(3,406)</u>	<u>(4,380)</u>
Non-controlling interests			
— Continuing operation		(692)	(1,286)
— Discontinued operation		—	—
		<u>(692)</u>	<u>(1,286)</u>
		<u>(4,098)</u>	<u>(5,666)</u>
Loss per share from continuing operation	8		
— Basic and diluted (HK cents per share)		<u>(0.07)</u>	<u>(0.09)</u>
Loss per share from continuing and discontinued operations	8		
— Basic and diluted (HK cents per share)		<u>(0.07)</u>	<u>(0.09)</u>

The accompany notes are an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2024 (Unaudited)

		(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
	Note		
Non-current assets			
Property, plant and equipment	9	3	6
Right-of-use assets		502	1,153
		<u>505</u>	<u>1,159</u>
Current assets			
Inventories		41	41
Trade and other receivables	10	6,628	13,427
Amount due from ultimate holding company		4	2
Amount due from a fellow subsidiary		1	1
Financial asset at fair value through profit or loss		877	—
Cryptocurrency		1	—
Cash and bank balances		17,225	17,996
		<u>24,777</u>	<u>31,467</u>
Current liabilities			
Trade and other payables	11	11,015	13,013
Contract liabilities		476	1,340
Lease liabilities		334	839
Amount due to an intermediate holding company		326	67
		<u>12,151</u>	<u>15,259</u>
Net current assets		<u>12,626</u>	<u>16,208</u>
Total assets less current liabilities		<u>13,131</u>	<u>17,367</u>

	(Unaudited) 30 June 2024 HK\$'000	(Audited) 31 December 2023 HK\$'000
Note		
Non-current liabilities		
Deferred tax liabilities	5	21
Lease liabilities	<u>104</u>	<u>226</u>
	<u>109</u>	<u>247</u>
Net assets	<u>13,022</u>	<u>17,120</u>
Capital and reserves		
Share capital	23,430	23,430
Reserves	<u>(8,454)</u>	<u>(5,048)</u>
Equity attributable to owners of the Company	<u>14,976</u>	<u>18,382</u>
Non-controlling interests	<u>(1,954)</u>	<u>(1,262)</u>
Total equity	<u>13,022</u>	<u>17,120</u>

The accompany notes are an integral part of this interim financial information.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024 (Unaudited)

	Attributable to owners of the Company									
	Share Capital — ordinary shares (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption 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	Total equity (Unaudited) HK\$'000
Balance at 1 January 2023	23,430	3,466,638	9,777	1	116,559	(49)	(3,588,960)	27,396	331	27,727
Loss for the period	—	—	—	—	—	—	(4,396)	(4,396)	(1,420)	(5,816)
Other comprehensive income for the period	—	—	—	—	16	—	—	16	134	150
Total comprehensive income/(expense) for the period	—	—	—	—	16	—	(4,396)	(4,380)	(1,286)	(5,666)
Balance at 30 June 2023	23,430	3,466,638	9,777	1	116,575	(49)	(3,593,356)	23,016	(955)	22,061

	Attributable to owners of the Company									
	Share Capital — ordinary shares (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption 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	Total equity (Unaudited) HK\$'000
Balance at 1 January 2024	23,430	3,466,638	9,777	1	117,653	(49)	(3,599,068)	18,382	(1,262)	17,120
Loss for the period	—	—	—	—	—	—	(3,402)	(3,402)	(688)	(4,090)
Other comprehensive (expense)/income for the period	—	—	—	—	(4)	—	—	(4)	(4)	(8)
Total comprehensive expense for the period	—	—	—	—	(4)	—	(3,402)	(3,406)	(692)	(4,098)
Balance at 30 June 2024	23,430	3,466,638	9,777	1	117,649	(49)	(3,602,470)	14,976	(1,954)	13,022

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024 (Unaudited)

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Net cash generated from/(used in) operating activities	170	(7,646)
Net cash (used in)/generated from investing activities	(704)	192
Net cash used in financing activities	(219)	(485)
Net decrease in cash and cash equivalents	(753)	(7,939)
Cash and cash equivalents at the beginning of period	17,996	28,203
Effect of foreign exchange rate changes, net	(18)	252
Cash and cash equivalents at the end of period	17,225	20,516
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	17,225	20,516

The accompany notes are an integral part of this interim financial information.

NOTES TO THE INTERIM FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND IMPACT OF NEW HKFRSs AND HKASs

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with the Hong Kong Accounting Standards (“**HKASs**”) 34 “Interim Financial Reporting”, other relevant HKASs and Interpretations (“**Ints**”) and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure required by 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 financial statements of the Group for the six months ended 30 June 2024 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2023, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Ints).

In the current interim 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 2024. 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 financial statements do 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 2023.

2 REVENUE

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

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Revenue from contracts with customers within scope of HKFRS 15		
Continuing operation		
Provision of smart retail services	22,541	9,850

3 SEGMENT INFORMATION

The Group's operating segments are determined based on information reported to the Directors, being the chief operating decision maker, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

During the year ended 31 December 2023, the Group ceased its lottery business.

Specifically, the Group's reportable and operating segments under HKFRS 8 "Operating Segments" are as follows:

Continuing operation

Smart retail business — provision of new retail digital transformation solutions and new retail integrated software service platform to chain retailers and merchants, and extended services such as cloud services, omni-channel payment services and SMS marketing services, etc.

Discontinued operation

Lottery business — development of computer system and provision of technical consultancy services market.

The following tables present the revenue and results for the six months ended 30 June 2024 and 2023, and the total assets and total liabilities as at 30 June 2024 and 31 December 2023 for each of the Group's business segments:

	Continuing operation	Discontinued operation	
	Smart retail business HK\$'000	Lottery business HK\$'000	Total HK\$'000
Six months ended 30 June 2024 (Unaudited)			
Segment revenue	22,541	—	22,541
Segment profit	4,188	—	4,188
Interest on bank deposits, other income and losses, net			(5,678)
Central administration costs			(2,616)
Loss before tax			(4,106)

	Continuing operation	Discontinued operation	
	Smart retail business HK\$'000	Lottery business HK\$'000	Total HK\$'000
Six months ended 30 June 2023			
(Unaudited)			
Segment revenue	9,850	—	9,850
Segment loss	(2,281)	(196)	(2,477)
Interest on bank deposits, other income and losses, net			(593)
Central administration costs			(2,746)
Loss before tax			(5,816)

	Continuing operation	Discontinued operation	
	Smart retail business HK\$'000	Lottery business HK\$'000	Total HK\$'000
As at 30 June 2024 (Unaudited)			
Segment assets	10,622	—	10,622
Corporate and unallocated assets			14,660
Consolidated assets			25,282
Segment liabilities	(10,232)	—	(10,232)
Corporate and unallocated liabilities			(2,028)
Consolidated liabilities			(12,260)

	Continuing operation	Discontinued operation	
	Smart retail business HK\$'000	Lottery business HK\$'000	Total HK\$'000
As at 31 December 2023 (Audited)			
Segment assets	14,216	—	14,216
Corporate and unallocated assets			18,410
			<hr/>
Consolidated assets			32,626
			<hr/>
Segment liabilities	12,362	—	12,362
Corporate and unallocated liabilities			3,144
			<hr/>
Consolidated liabilities			15,506
			<hr/>

4 FINANCE COSTS

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Interest on lease liabilities	15	22
	<hr/>	<hr/>

5 INCOME TAX CREDIT

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
Current tax	—	—
Deferred tax	16	—
	<hr/>	<hr/>
Income tax credit	16	—
	<hr/>	<hr/>
Income tax credit is attributable to:		
— Continuing operation	16	—
— Discontinued operation	—	—
	<hr/>	<hr/>
	16	—
	<hr/>	<hr/>

Income tax recognised in profit or loss

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 the six months ended 30 June 2024 and 2023.

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 the six months ended 30 June 2024 and 2023. 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 June 2024 and 31 December 2023.

6 LOSS FOR THE PERIOD FROM CONTINUING OPERATION

(Unaudited)
Six months ended 30 June
2024
HK\$'000
2023
HK\$'000
(Restated)

Loss for the period from continuing operation has been arrived at after (crediting)/charging:

Bank interest income	(173)	(191)
Net foreign exchange losses	<u>219</u>	<u>568</u>
Auditor's remuneration	250	520
Employee benefits expenses (excluding directors' emoluments)		
— Salaries, bonus and other benefits in kind	1,753	5,091
— Contributions to retirement benefits schemes	196	569
Directors' emoluments	739	736
Loss allowance for trade and other receivables	4,846	251
Loss on lease termination	36	—
Depreciation of property, plant and equipment	3	10
Depreciation of right-of-use assets	<u>191</u>	<u>488</u>

7 DISCONTINUED OPERATION

During the year ended 31 December 2023, the Group ceased its lottery business in the PRC. The results of the discontinued operation for the periods ended 30 June 2024 and 2023 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 lottery business as discontinued operation.

	(Unaudited)	
	Six months ended 30 June	
	2024	2023
	HK\$'000	HK\$'000
		(Restated)
Revenue	—	—
Other income and losses, net	—	1
Administrative expenses	—	(197)
Loss before tax	—	(196)
Income tax charge	—	—
Other comprehensive expense for the period	—	(7)
Total comprehensive expense arises from discontinued operation for the period	—	(203)
Loss for the period from discontinued operations has been arrived at after (crediting)/charging:		
Bank interest income	—	(1)
Employee benefits expense (excluding directors' emoluments)		
— Salaries and other benefits in kind	—	126
Short-term lease expenses	—	55

8 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)
Six months ended 30 June
2024 2023
HK\$'000 HK\$'000
(Restated)

Loss

Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share

— From continuing operation	(3,402)	(4,200)
— From discontinued operation	<u>—</u>	<u>(196)</u>
	<u>(3,402)</u>	<u>(4,396)</u>

Number of shares

(Unaudited)
Six months ended 30 June
2024 2023
'000 '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>
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There was no difference between the basic and diluted loss per share during the six months ended 30 June 2024 and 2023 as there were no dilutive potential shares outstanding for the periods.

The computation of diluted loss per share for the six months ended 30 June 2024 and 2023 did not assume the issue of the Company's potential ordinary shares granted under the Company's convertible bonds and warrants since their exercise and conversion would have an anti-dilutive effect.

9 PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) As at 30 June 2024 HK\$'000	(Audited) As at 31 December 2023 HK\$'000
Net book value, beginning of the period/year	6	25
Depreciation	(3)	(19)
Net book value, end of the period/year	<u>3</u>	<u>6</u>
Cost	2,234	2,234
Accumulated depreciation and impairment	<u>(2,231)</u>	<u>(2,228)</u>
Net book value, end of the period/year	<u>3</u>	<u>6</u>

10 TRADE AND OTHER RECEIVABLES

As of the end of the reporting period, the ageing analysis of trade receivables, based on the respective invoice date and net of loss allowance, and other receivables are as follows:

	(Unaudited) As at 30 June 2024 HK\$'000	(Audited) As at 31 December 2023 HK\$'000
0-30 days	185	5,139
31-60 days	652	3,130
61-90 days	2,726	525
Over 90 days	789	133
	<hr/>	<hr/>
Trade receivables, net of loss allowance	4,352	8,927
Deposits, other receivables and prepayments	2,276	4,500
	<hr/>	<hr/>
Total trade and other receivables	6,628	13,427
	<hr/>	<hr/>

Trade receivables are due within 30 days from the date of billing.

11 TRADE AND OTHER PAYABLES

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, and other payables are as follows:

	(Unaudited) As at 30 June 2024 HK\$'000	(Audited) As at 31 December 2023 HK\$'000
0-30 days	5,367	9,117
31-60 days	—	—
61-90 days	—	—
Over 90 days	1,964	218
Total trade payables	7,331	9,335
Accrued salaries and other benefits in kind	196	1,048
Other payables and accruals	3,488	2,630
Total trade and other payables	11,015	13,013

12 RELATED PARTY TRANSACTIONS

Save as disclosed in this report, the Group had the following significant transactions with related parties during the period:

Compensation of key management personnel

The remuneration of directors and other members of key management of the Group during the period was as follows:

	(Unaudited) Six months ended 30 June 2024 HK\$'000	2023 HK\$'000
Short-term benefits	721	721
Post-employment benefits	18	15
	739	736

13 INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: 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. The demand for domestic cloud services business has been growing rapidly with markets including Mainland China and overseas, and the cloud services business has 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 six months ended 30 June 2024, the Group's smart retail business generated revenue of approximately HK\$22,541,000 (six months ended 30 June 2023: approximately HK\$9,850,000). The increase in revenue generated for the six months ended 30 June 2024 was due to the increase in data usage compared to the corresponding period in 2023. Such increase in data usage was primarily attributable to the extensive application of artificial intelligence, Internet-of-Things, big data analysis and others, which in turn boosted demand for domestic cloud services.

Lottery Business

As the Board had resolved to cease the lottery business during the year ended 31 December 2023 after considering that the lottery business had kept recording an operating loss and its future operation would remain unfavorable to the Group, the lottery business has been classified as a discontinued operation of the Group. For the six months ended 30 June 2024, the Group's lottery business did not generate any revenue (six months ended 30 June 2023: Nil).

Financial Review and Treasury Policies

For the six months ended 30 June 2024, the Group recorded an unaudited consolidated revenue from continuing operation of approximately HK\$22,541,000 (six months ended 30 June 2023: approximately HK\$9,850,000), representing an increase of approximately 129% as compared with that of the corresponding period in 2023. The revenue of the Group for the six months ended 30 June 2024 was mainly derived from its smart retail business.

The Group's discontinued operation, being its lottery business, had not incurred any loss attributable to owners of the Company for the six months ended 30 June 2024 (for the six months ended 30 June 2023, the Group's discontinued operation, being its lottery business, had recorded a loss attributable to owners of the Company of approximately HK\$196,000).

For the six months ended 30 June 2024, the unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company was approximately HK\$3,402,000 (six months ended 30 June 2023: approximately HK\$4,396,000), representing a decrease of approximately 23% as compared with that of the corresponding period in 2023. The decrease was attributable to the cost-saving measures adopted by the Group as well as the increase in data usage by the Group's smart retail business for the six months ended 30 June 2024 as compared with that for the six months ended 30 June 2023. The increase in data usage was primarily attributable to the extensive application of artificial intelligence, Internet-of-Things, big data analysis and others, which in turn boosted demand for domestic cloud services.

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

Liquidity and gearing ratio

As at 30 June 2024, the Group recorded total assets of approximately HK\$25,282,000 (31 December 2023: approximately HK\$32,626,000), total liabilities of approximately HK\$12,260,000 (31 December 2023: approximately HK\$15,506,000) and cash and bank balances of approximately HK\$17,225,000 (31 December 2023: approximately HK\$17,996,000), which were denominated in Renminbi, Hong Kong Dollars and United States Dollars. As at 30 June 2024, the current ratio of the Group was approximately 2 (31 December 2023: approximately 2).

As at 30 June 2024, the Group had no bank borrowings or facilities (31 December 2023: Nil) and the gearing ratio (calculated as total borrowings divided by total assets) was nil (31 December 2023: Nil).

Capital structure

As at 30 June 2024, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$14,976,000 (31 December 2023: approximately HK\$18,382,000), comprising issued share capital and reserves. As at 30 June 2024, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 December 2023: 4,686,048,381 Shares).

Charge on the Group's assets

As at 30 June 2024, the Group did not have any charge on its assets (31 December 2023: Nil).

Significant investments, material acquisitions or disposals of subsidiaries, associates or joint ventures

There were no other significant investments held, nor were there material acquisitions or disposals of subsidiaries, associates and joint ventures by the Group during the six months ended 30 June 2024.

Capital investment and future plans for material investment or capital asset purchase

During the six months ended 30 June 2024, the Group did not make any payment (six months ended 30 June 2023: Nil) for the purchase of property, plant and equipment and had no specific plan for material investment or acquisition of capital assets as at 30 June 2024.

Exposure to fluctuation in exchange rates

The Group's sales and purchases were mostly denominated in Hong Kong Dollars ("HK\$") and Renminbi ("RMB").

RMB is not a freely convertible currency. Future exchange rates of RMB could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes domestically and internationally, and the demand and supply of RMB. The appreciation or devaluation of RMB against HK\$ may have an impact on the results of the Group.

The Group monitors its foreign currency risks and will consider hedging significant currency exposures should the need arise. No hedging transaction had been entered into by the Group during the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

Contingent liabilities

As at 30 June 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Employees and remuneration policies

As at 30 June 2024, the Group had a total of 12 employees (31 December 2023: 21).

During the six months ended 30 June 2024, total staff costs, including total Directors' emoluments, amounted to approximately HK\$2.7 million (six months ended 30 June 2023: approximately HK\$6.5 million).

The salaries and benefits of the Group's employees are kept at a competitive level and employees are rewarded on a performance-related basis within the general framework of the Group's salary and bonus system, which is reviewed annually.

Prospects

Looking ahead, the Group's business growth will continue to be propelled by its smart retail business, with cloud services, system development and software and hardware sales services as its core businesses. With the popularization of generative artificial intelligence and other technologies, it is expected to drive the demand for cloud services in the future. The Group will closely monitor the performance of its operating units in the Mainland China and overseas markets, while continuing to adjust its business strategy and centralizing its resources in operating units with greater growth potential. At the same time, the Group will continue to pay attention to the development trends of the market and the consumer demand, adjust cost-saving measures, while exploring business opportunities in various industries, including flexible supply chain and Internet new retail.

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 June 2024, 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 June 2024.
- (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 97,297,298 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 Xinhua 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 June 2024, 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 June 2024, 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) (3)}	Beneficial owner	1,834,963,213 (L)	39.16%
Mr. Zuo Lei	Beneficial owner	515,665,000 (L)	11.00%
Mr. Wang Yonghua ("Mr. Wang") ⁽³⁾	Interest in controlled corporation	365,000,000 (L)	7.79%
Tian Tu Capital Co., Ltd.* ("Tian Tu Capital") ⁽³⁾	Interest in controlled corporation	365,000,000 (L)	7.79%
Tiantu Investments International Limited ⁽³⁾	Beneficial owner	365,000,000 (L)	7.79%

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 June 2024.
- (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. Mr. Sun is a director of each of Shanghai Wuniu and 51RENPIN.COM INC.
- (3) 365,000,000 Shares are owned beneficially by Tiantu Investments International Limited, a company wholly owned by Tian Tu Capital which is in turn owned as to approximately 40.35% by Mr. Wang. By virtue of the SFO, Mr. Wang and Tian Tu Capital are deemed to be interested in the 365,000,000 Shares held by Tiantu Investments International Limited.
- (4) (L) — Long Position.

Save as disclosed above, so far as was known to the Directors, as at 30 June 2024, 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 six months ended 30 June 2024, the Company had applied and complied with all the code provisions in the corporate governance code (the “**CG Code**”) as set out in Part 2 of Appendix C1 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, 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 six months ended 30 June 2024.

AUDIT COMMITTEE

The Group’s unaudited consolidated results and interim report for the six months ended 30 June 2024 have 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. The audit committee did not have any disagreement on the accounting treatment adopted in the unaudited consolidated interim results of the Group for the six months ended 30 June 2024.

CHANGE IN INFORMATION OF DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY

The change(s) in the information of the Director and chief executives of the Company as notified to the Company during the six months ended 30 June 2024 and up to the date of this report is as follows:

Mr. Yu Tat Chi Michael was appointed as an executive director of Sino Splendid Holdings Limited, a company whose shares are listed on GEM of the Stock Exchange (stock code: 8006), on 1 February 2024.

Save as disclosed above, there is no change in the information of Directors and chief executives of the Company which is required to be disclosed pursuant to Rule 17.50A(1) of the GEM Listing Rules during the six months ended 30 June 2024 and up to the date of this report.

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 six months ended 30 June 2024.

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

13 August 2024

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.*