

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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 2018**

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 2018. This announcement, containing the full text of the 2018 interim report of the Company, 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 to accompany preliminary announcement of interim results. Printed version of the Company’s 2018 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](http://www.irasia.com/listco/hk/chinanetcom)) and the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) on or before 14 August 2018.

By order of the Board  
**China Netcom Technology Holdings Limited**  
**Sun Haitao**

*Chairman and Executive Director*

Hong Kong, 7 August 2018

*As at the date of this announcement, the executive Directors are Mr. Sun Haitao and Mr. Zhao Ke; and the independent non-executive Directors are Mr. Song Ke, Mr. Wu Bo and Mr. Michael Yu Tat Chi.*

*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 Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) 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](http://www.irasia.com/listco/hk/chinanetcom).*



## CHARACTERISTICS OF GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Main Board of the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**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.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “**Directors**”) of China Netcom Technology Holdings Limited (the “**Company**”) 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 (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 Company Announcements” page of the GEM website at [www.hkgem.com](http://www.hkgem.com) 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](http://www.irasia.com/listco/hk/chinanetcom).*

## HIGHLIGHTS

- The unaudited revenue of the Group for the six months ended 30 June 2018 was approximately HK\$12,419,000 (six months ended 30 June 2017: approximately HK\$3,711,000), representing an increase of approximately 235% as compared with that for the corresponding period in 2017.
- The Group recorded an unaudited loss attributable to owners of the Company of approximately HK\$4,034,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK\$12,855,000), representing a decrease of approximately 69% as compared with that for the corresponding period in 2017.
- The unaudited loss per share of the Company was approximately HK0.09 cent for the six months ended 30 June 2018 (six months ended 30 June 2017: approximately HK0.36 cent).
- The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: 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 2018 together with the comparative figures for the corresponding period in 2017 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2018 (Unaudited)

	Notes	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
		2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
<b>Revenue</b>	3	<b>7,542</b>	2,971	<b>12,419</b>	3,711
Cost of sales		<b>(2,396)</b>	(2,045)	<b>(4,655)</b>	(2,535)
<b>Gross profit</b>		<b>5,146</b>	926	<b>7,764</b>	1,176
Other income and gains, net		<b>1,546</b>	85	<b>2,266</b>	3,114
Administrative expenses		<b>(6,089)</b>	(7,734)	<b>(10,917)</b>	(15,399)
Finance costs	5	<b>(379)</b>	(1,394)	<b>(1,081)</b>	(2,773)
<b>Profit/(loss) before tax</b>		<b>224</b>	(8,117)	<b>(1,968)</b>	(13,882)
Income tax (expense)/credit	6	<b>(2,560)</b>	329	<b>(3,008)</b>	788
<b>Loss for the period</b>	7	<b>(2,336)</b>	(7,788)	<b>(4,976)</b>	(13,094)
<b>Other comprehensive (expense)/income</b>					
<i>Item that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<b>(1,574)</b>	1,206	<b>(492)</b>	1,809
Other comprehensive (expense)/ income for the period		<b>(1,574)</b>	1,206	<b>(492)</b>	1,809
<b>Total comprehensive expense for the period</b>		<b>(3,910)</b>	(6,582)	<b>(5,468)</b>	(11,285)

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
<i>Note</i>	<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000
<b>Loss attributable to:</b>				
Owners of the Company	<b>(1,484)</b>	(6,727)	<b>(4,034)</b>	(12,855)
Non-controlling interests	<b>(852)</b>	(1,061)	<b>(942)</b>	(239)
	<b><u>(2,336)</u></b>	<u>(7,788)</u>	<b><u>(4,976)</u></b>	<u>(13,094)</u>
<b>Total comprehensive (expense)/income attributable to:</b>				
Owners of the Company	<b>(3,039)</b>	(6,068)	<b>(4,435)</b>	(11,874)
Non-controlling interests	<b>(871)</b>	(514)	<b>(1,033)</b>	589
	<b><u>(3,910)</u></b>	<u>(6,582)</u>	<b><u>(5,468)</u></b>	<u>(11,285)</u>
<b>Loss per share</b>				
Basic and diluted				
(HK cents per share)	<b><u>(0.03)</u></b>	<u>(0.17)</u>	<b><u>(0.09)</u></b>	<u>(0.36)</u>

8

The notes on pages 9 to 24 form part of this interim financial information.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2018 (Unaudited)

		(Unaudited) 30 June 2018 <b>HK\$'000</b>	(Audited) 31 December 2017 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Non-current assets</b>			
Property, plant and equipment	9	<b>8,205</b>	2,713
Club debenture		<b>115</b>	115
		<b>8,320</b>	2,828
<b>Current assets</b>			
Inventories		<b>1,337</b>	1,433
Contract assets		<b>6,893</b>	–
Trade and other receivables	10	<b>19,369</b>	4,992
Amount due from a related company		<b>–</b>	574
Amount due from a non-controlling interest of a subsidiary		<b>1,500</b>	1,500
Held for trading financial assets		<b>3,855</b>	–
Restricted cash		<b>3,673</b>	–
Cash and bank balances		<b>27,088</b>	59,173
		<b>63,715</b>	67,672
<b>Current liabilities</b>			
Trade and other payables	11	<b>14,492</b>	8,845
Receipt in advance		<b>694</b>	197
Amount due to an intermediate holding company		<b>–</b>	598
Current tax liabilities		<b>1,470</b>	916
		<b>16,656</b>	10,556
<b>Net current assets</b>		<b>47,059</b>	57,116
<b>Total assets less current liabilities</b>		<b>55,379</b>	59,944

	<b>(Unaudited)</b> <b>30 June</b> <b>2018</b> <b>HK\$'000</b>	(Audited) 31 December 2017 HK\$'000
<b>Non-current liabilities</b>		
Convertible bonds	<b>13,003</b>	49,516
Deferred tax liabilities	<b>2,874</b>	3,052
	<b>15,877</b>	52,568
<b>Net assets</b>	<b>39,502</b>	7,376
<b>Capital and reserves</b>		
Share capital – ordinary shares	<b>23,355</b>	23,147
Reserves	<b>17,462</b>	(15,489)
Equity attributable to owners of the Company	<b>40,817</b>	7,658
Non-controlling interests	<b>(1,315)</b>	(282)
<b>Total equity</b>	<b>39,502</b>	7,376

The notes on pages 9 to 24 form part of this interim financial information.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018 (Unaudited)

	Attributable to owners of the Company											
	Share capital – ordinary shares (Unaudited) HK\$'000	Share capital – non redeemable convertible preferred shares (Unaudited) HK\$'000	Share premium account (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Convertible bonds equity reserve (Unaudited) HK\$'000	Share options 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	Attributable to non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Balance at 1 January 2017</b>	15,600	5,017	3,348,003	1	16,341	36,783	115,692	(49)	(3,537,640)	(252)	20,923	20,671
Loss for the period	-	-	-	-	-	-	-	-	(12,855)	(12,855)	(239)	(13,094)
Other comprehensive income for the period	-	-	-	-	-	-	981	-	-	981	828	1,809
Total comprehensive income/(expense) for the period	-	-	-	-	-	-	981	-	(12,855)	(11,874)	589	(11,285)
Conversion of non-redeemable convertible preferred shares	5,017	(5,017)	-	-	-	-	-	-	-	-	-	-
Issue of new ordinary shares under share option scheme	580	-	15,791	-	-	(4,479)	-	-	-	11,892	-	11,892
Release of reserve upon share options lapsed	-	-	-	-	-	(32,304)	-	-	32,304	-	-	-
<b>Balance at 30 June 2017</b>	21,197	-	3,363,794	1	16,341	-	116,673	(49)	(3,518,191)	(234)	21,512	21,278

	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	Convertible bonds equity 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	Attributable to non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
<b>Balance at 1 January 2018</b>	23,147	3,393,805	9,628	1	16,341	118,414	(49)	(3,553,629)	7,658	(282)	7,376
Loss for the period	-	-	-	-	-	-	-	(4,034)	(4,034)	(942)	(4,976)
Other comprehensive expense for the period	-	-	-	-	-	(401)	-	-	(401)	(91)	(492)
Total comprehensive expense for the period	-	-	-	-	-	(401)	-	(4,034)	(4,435)	(1,033)	(5,468)
Exercise of convertible bonds	208	49,792	-	-	(12,406)	-	-	-	37,594	-	37,594
<b>Balance at 30 June 2018</b>	23,355	3,443,597	9,628	1	3,935	118,013	(49)	(3,557,663)	40,817	(1,315)	39,502

The notes on pages 9 to 24 form part of this interim financial information.



## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018 (Unaudited)

	<b>(Unaudited)</b>	
	<b>Six months ended 30 June</b>	
	<b>2018</b>	<b>2017</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash used in operating activities	<b>(21,398)</b>	(10,964)
Net cash (used in)/generated from investing activities	<b>(10,286)</b>	218
Net cash (used in)/generated from financing activities	<b>(598)</b>	11,892
	<hr/>	<hr/>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(32,282)</b>	1,146
Cash and cash equivalents at the beginning of period	<b>59,173</b>	23,817
Effect of foreign exchange rate changes, net	<b>197</b>	(79)
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of period</b>	<b>27,088</b>	24,884
	<hr/>	<hr/>
<b>Analysis of the balances of cash and cash equivalents</b>		
Cash and bank balances	<b>27,088</b>	24,884
	<hr/>	<hr/>

The notes on pages 9 to 24 form part of this interim financial information.



Notes:

## 1. BASIS OF PREPARATION AND IMPACT OF NEW HKFRSs AND HKASs

The unaudited consolidated financial statements 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 convention.

The unaudited consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2017, 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 2018. The impact of the adoption of the new and revised HKFRSs are disclosed in note 2.

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 2017.

## 2. CHANGES IN ACCOUNTING POLICIES

The unaudited consolidated statement of profit or loss and other comprehensive income for the six months ended 30 June 2018 has been prepared in accordance with the same accounting policies adopted in the Group’s annual financial statements for the year ended 31 December 2017, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Ints) issued by the HKICPA that are relevant to the Group’s operations and effective for its accounting period beginning on 1 January 2018. The effect of the adoption of these new and revised HKFRSs in the current period has had no material impact on the Group’s financial performance and position of the current and prior periods except for the adoption of HKFRS 9 “Financial Instruments” and HKFRS 15 “Revenue from Contracts with Customers” as described in the paragraph below.



**(a) HKFRS 9 “Financial Instruments”**

The complete version of HKFRS 9 — Financial Instruments was issued in September 2014 which replaces the guidance in HKAS 39 — Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments, impairment of financial assets and hedge accounting. HKFRS 9 is effective for annual periods beginning on or after January 1, 2018.


The key changes to the Group’s accounting policies and the expected impact resulting from the adoption of HKFRS 9 are described below.

***Classification and measurement***

The classification and measurement of financial assets will depend on how the assets are managed (the entity’s business model) and their contractual cash flow characteristics. These factors determine whether the financial assets are measured at amortised cost, fair value through other comprehensive income (“**FV-OCI**”) or fair value through profit or loss (“**FVTPL**”). The combined effect of the application of the business model and the contractual cash flow characteristics tests may result in some differences in the population of financial assets measured at amortised cost or fair value compared with HKAS 39.

The HKFRS 9 classification and measurement model requires that all debt instrument financial assets that do not meet a “solely payment of principal and interest” (“**SPPI**”) test, including those that contain embedded derivatives, be classified at initial recognition as FVTPL. The intent of the SPPI test is to ensure that debt instruments that contain non-basic lending features, such as conversion options and equity linked pay-outs, are measured at FVTPL. Subsequent measurement of instruments classified as FVTPL under HKFRS 9 operates in a similar manner to trading under HKAS 39.

For debt instrument financial assets that meet the SPPI test, classification at initial recognition will be determined based on the business model under which these instruments are managed. Debt instruments that are managed on a “held for trading” or “fair value” basis will be classified as FVTPL. Debt instruments that are managed on a “hold to collect and for sale” basis will be classified as FV-OCI for debt. Debt instruments that are managed on a “hold to collect” basis will be classified as amortised cost. Subsequent measurement of instruments classified at FV-OCI and amortised cost classifications under HKFRS 9 operate in a similar manner to available for sale (“**AFS**”) for debt securities and loans and receivables, respectively, under existing HKAS 39, except for the impairment provisions which are discussed below.



For those debt instrument financial assets that would otherwise be classified as FV-OCI or amortised cost, an irrevocable designation can be made at initial recognition to instead measure the debt instrument at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

All equity instrument financial assets are required to be classified at initial recognition as FVTPL unless an irrevocable designation is made to classify the instrument as FV-OCI for equities. Unlike AFS for equity securities under HKAS 39, the FV-OCI for equities category results in all realised and unrealised gains and losses being recognised in OCI with no recycling to profit and loss. Only dividends will continue to be recognised in profit and loss.

The classification and measurement of financial liabilities remain essentially unchanged from the current HKAS 39 requirements, except that changes in fair value of liabilities designated at fair value through profit or loss attributable to changes in own credit risk are to be presented in OCI, rather than profit and loss.

Derivatives will continue to be measured at FVTPL under HKFRS 9.

### ***Impairment***


The new impairment guidance sets out an expected credit loss (“**ECL**”) model applicable to all debt instrument financial assets classified as amortised cost or FV-OCI. In addition, the ECL model applies to financial guarantees that are not measured at FVTPL.

### ***Expected Credit Loss Methodology***

The application of ECL will change the Group’s credit loss methodology and models. ECL allowances represent credit losses that reflect an unbiased and probability-weighted amount which is determined by evaluating a range of possible outcomes, the time value of money and reasonable and supportable information about past events, current conditions and forecasts of future economic conditions. ECL allowances will be measured at amounts equal to either: (i) 12-month ECL; or (ii) lifetime ECL for those financial instruments which have experienced a significant increase in credit risk since initial recognition or when there is objective evidence of impairment.

## **(b) HKFRS 15 “Revenue from Contracts with Customers”**

HKFRS 15 “Revenue from Contracts with Customers” replaces the previous revenue standard HKAS 18 “Revenue” and HKAS 11 “Construction Contracts” and related interpretations. The standard is effective for annual period beginning on or after 1 January 2018 and earlier application is permitted. The Group has first time adopted HKFRS 15 for the six months ended 30 June 2018 and has elected to apply HKFRS 15 retrospectively to each prior reporting period.



HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model based on an “earnings processes” to an “asset-liability” approach based on transfer of control. HKFRS 15 provides specific guidance on capitalisation of contract cost and license arrangements. It also includes a cohesive set of disclosure requirements about the nature, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

The Group’s revenue recognition accounting policy under HKFRS 15 is as follows:

### ***Revenue recognition***

Revenue is recognised when good or service is provided to the customer. Depending on the terms of the contract and the laws that apply to the contract, good or service may be provided over time or at a point in time. Good or service is provided over time if the Group’s performance meets any one of the following criteria:


- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If good or service transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains the good or service.

The progress towards complete satisfaction of the performance obligation is measured based on one of the following methods that best depicts the Group’s performance in satisfying the performance obligation:

- direct measurements of the value transferred by the Group to the customer; or
- the Group’s efforts or inputs to the satisfaction of the performance obligation.

If a contract involves multiple good or service, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.



A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

The following is a description of the accounting policies for the principal revenue streams of the Group:

**(i) Credit referral and service fee**

The Group engages primarily in operating an online consumer finance marketplace by providing an online platform which matches borrowers with investors. The Group determined that it is not the legal lender and legal borrower in the loan origination and repayment process. Therefore, the Group does not record loans receivable and payable arising from the loans between investors and borrowers on its marketplace.

The total consideration received from borrowers generally includes the services fees for facilitating loan origination and for providing ongoing monthly services (mainly covering cash processing services and collection services), and also includes contribution to the quality assurance fund, which provides a protection mechanism to investors who subscribe to these loans.

The total consideration from borrowers is first allocated to the quality assurance fund payable at fair value which meets the definition of a financial guarantee under HKFRS 9, and the remaining amount is then allocated to credit referral service and ongoing monthly services. The Group generally collects the entire amount relating to credit referral and ongoing monthly services as one combined fee.

The Group considers the credit referral services and ongoing monthly services as distinct performance obligations. Although the Group does not sell these services separately, the Group determined that both deliverables have standalone value. However, the Group does not provide these services separately, and the third-party evidence of selling price does not exist either, as public information is not available regarding the amount of fees that competitors charge for these services. As a result, the Group uses the expected-cost-plus-a-margin approach to determine its best estimate standalone selling prices of the different performance obligations as the basis for allocation. The total service fee allocated to credit referral is recognised as revenue upon execution of loan agreements between investors and borrowers. The service fees allocated to post-origination services are deferred and recognised over the period of the loan on a straight-line method, which approximates the pattern of when the underlying services are performed. When the cash received is different from the revenue recognised, a "Contract Asset" or "Contract Liability" shall be recognised in the consolidated statement of financial position.

**(ii) Sale of goods**

Revenue is recognised when the Group transfers a good to a customer and the customer obtains control of that asset. The customer obtains control of an asset when the significant risks and rewards of ownership of the asset have been transferred to the customer.

**(iii) Impacts of adoption of HKFRS 15**

The adoption of HKFRS 15 has no impact on the Group's consolidated financial statements for the six months ended 30 June 2017 and as at 31 December 2017.

The impacts of adopting HKFRS 15 on the Group's unaudited consolidated financial statements for the current period are as follows:

*Unaudited consolidated statement of profit or loss and other comprehensive income*

	Six months ended 30 June 2018		
	Without the adoption of HKFRS 15 HK\$'000	Effect of adoption of HKFRS 15 HK\$'000	As reported HK\$'000
Revenue	21,566	(9,147)	12,419
Cost of sales	(13,802)	9,147	(4,655)
Gross profit	7,764	-	7,764
Other income and gains, net	2,266	-	2,266
Administrative expenses	(10,917)	-	(10,917)
Finance costs	(1,081)	-	(1,081)
Loss before tax	(1,968)	-	(1,968)
Income tax expense	(3,008)	-	(3,008)
Loss for the period	(4,976)	-	(4,976)
Other comprehensive expense for the period – exchange differences on translating foreign operations	(492)	-	(492)
Total comprehensive expense for the period	(5,468)	-	(5,468)



Unaudited consolidated statement of financial position

	As at 30 June 2018		
	Without the adoption of HKFRS 15 HK\$'000	Effects of adoption of HKFRS 15 HK\$'000	As reported HK\$'000
Non-current assets			
Property, plant and equipment	8,205	-	8,205
Club debenture	115	-	115
	<u>8,320</u>	<u>-</u>	<u>8,320</u>
Current assets			
Inventories	1,337	-	1,337
Contract assets	-	6,893	6,893
Trade and other receivables	26,262	(6,893)	19,369
Amount due from a non-controlling interest of a subsidiary	1,500	-	1,500
Held for trading financial assets	3,855	-	3,855
Restricted cash	3,673	-	3,673
Cash and bank balances	27,088	-	27,088
	<u>63,715</u>	<u>-</u>	<u>63,715</u>
Current liabilities			
Trade and other payables	14,492	-	14,492
Receipt in advance	694	-	694
Current tax liabilities	1,470	-	1,470
	<u>16,656</u>	<u>-</u>	<u>16,656</u>
Net current assets	<u>47,059</u>	<u>-</u>	<u>47,059</u>
Total assets less current liabilities	<u>55,379</u>	<u>-</u>	<u>55,379</u>
Non-current liabilities			
Convertible bonds	13,003	-	13,003
Deferred tax liabilities	2,874	-	2,874
	<u>15,877</u>	<u>-</u>	<u>15,877</u>
Net assets	<u>39,502</u>	<u>-</u>	<u>39,502</u>



	As at 30 June 2018		
	Without the adoption of HKFRS 15 HK\$'000	Effects of adoption of HKFRS 15 HK\$'000	As reported HK\$'000
Capital and reserves			
Share capital – ordinary shares	<b>23,355</b>	–	<b>23,355</b>
Reserves	<b>17,462</b>	–	<b>17,462</b>
Equity attributable to owners of the Company	<b>40,817</b>	–	<b>40,817</b>
Non-controlling interests	<b>(1,315)</b>	–	<b>(1,315)</b>
Total equity	<b>39,502</b>	–	<b>39,502</b>

### 3. REVENUE

An analysis of the Group's revenue for the period is as follows:

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2018 HK\$'000	2017 HK\$'000	2018 HK\$'000	2017 HK\$'000
Credit referral and service fee	<b>6,223</b>	–	<b>7,735</b>	–
Apartment leasing	<b>437</b>	–	<b>437</b>	–
Sale of smart wearable devices	<b>18</b>	2,385	<b>2,674</b>	2,461
Sale of lottery equipment	–	44	–	44
Provision of management, marketing, and operating services for lottery system and lottery halls	<b>266</b>	6	<b>456</b>	42
Provision of sports training services	<b>598</b>	536	<b>1,117</b>	1,164
	<b>7,542</b>	2,971	<b>12,419</b>	3,711



#### 4. SEGMENT INFORMATION

Information reported to the Board, being the chief operating decision maker (the “**CODM**”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- (a) Financial technology services business – provision of credit referral and services (including credit referral services, post origination services and financial guarantee services) through online platform;
- (b) Apartment leasing business – management of apartment leasing for property owners and lessees;
- (c) Smart wearable device business – research, development and sale of smart wearable devices;
- (d) Lottery business – development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the People’s Republic of China (the “**PRC**”) and development and provision of operation system sector of the PRC lottery market; and
- (e) Sports training business – provision of sports training services.

The following tables present revenue and results for the six months ended 30 June 2018 and the six months ended 30 June 2017, and total assets and total liabilities as at 30 June 2018 and 31 December 2017 for the Group's business segments.

	Financial technology services business <i>HK\$'000</i>	Apartment leasing business <i>HK\$'000</i>	Smart wearable device business <i>HK\$'000</i>	Lottery business <i>HK\$'000</i>	Sports training business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended</b>						
<b>30 June 2018 (Unaudited)</b>						
Segment revenue	<u>7,735</u>	<u>437</u>	<u>2,674</u>	<u>456</u>	<u>1,117</u>	<u>12,419</u>
Segment profit/(loss)	<u>4,833</u>	<u>(1,698)</u>	<u>(1,276)</u>	<u>(1,950)</u>	<u>(32)</u>	<u>(123)</u>
Other income and gains, net						<u>2,266</u>
Central administration costs						<u>(4,111)</u>
Loss before tax						<u>(1,968)</u>
	Financial technology services business <i>HK\$'000</i>	Apartment leasing business <i>HK\$'000</i>	Smart wearable device business <i>HK\$'000</i>	Lottery business <i>HK\$'000</i>	Sports training business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Six months ended</b>						
<b>30 June 2017 (Unaudited)</b>						
Segment revenue	<u>-</u>	<u>-</u>	<u>2,461</u>	<u>86</u>	<u>1,164</u>	<u>3,711</u>
Segment (loss)/profit	<u>-</u>	<u>-</u>	<u>(1,329)</u>	<u>(6,802)</u>	<u>79</u>	<u>(8,052)</u>
Other income and gains, net						<u>3,114</u>
Central administration costs						<u>(8,944)</u>
Loss before tax						<u>(13,882)</u>



	Financial technology services business <i>HK\$'000</i>	Apartment leasing business <i>HK\$'000</i>	Smart wearable device business <i>HK\$'000</i>	Lottery business <i>HK\$'000</i>	Sports training business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 30 June 2018 (Unaudited)</b>						
Segment assets	31,523	8,786	6,373	2,557	2,762	52,001
Corporate and unallocated assets						<u>20,034</u>
Consolidated assets						<u>72,035</u>
Segment liabilities	9,907	727	735	19,431	212	31,012
Corporate and unallocated liabilities						<u>1,521</u>
Consolidated liabilities						<u>32,533</u>
	Financial technology services business <i>HK\$'000</i>	Apartment leasing business <i>HK\$'000</i>	Smart wearable device business <i>HK\$'000</i>	Lottery business <i>HK\$'000</i>	Sports training business <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>As at 31 December 2017 (Audited)</b>						
Segment assets	13,412	–	7,842	4,162	2,795	28,211
Corporate and unallocated assets						<u>42,289</u>
Consolidated assets						<u>70,500</u>
Segment liabilities	2,573	–	884	57,213	212	60,882
Corporate and unallocated liabilities						<u>2,242</u>
Consolidated liabilities						<u>63,124</u>

## 5. FINANCE COSTS

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
Effective interest on convertible bonds	<b>379</b>	1,394	<b>1,081</b>	2,773

## 6. INCOME TAX (EXPENSE)/CREDIT

### Income tax recognised in profit or loss

	<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>	<b>2018</b> <b>HK\$'000</b>	2017 <i>HK\$'000</i>
Current tax				
– PRC Enterprise Income Tax	<b>(2,622)</b>	–	<b>(3,186)</b>	–
Deferred tax	<b>62</b>	329	<b>178</b>	788
Total income tax (expense)/credit recognised in profit or loss	<b>(2,560)</b>	329	<b>(3,008)</b>	788

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. 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 PRC, the Enterprise 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 significant unprovided deferred tax liabilities at 30 June 2018 and 31 December 2017.

## 7. LOSS FOR THE PERIOD

	(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Loss for the period has been arrived at after (crediting)/charging:				
Crediting:				
Bank interest income	(70)	(1)	(118)	(2)
Net foreign exchange gain	(642)	(59)	(163)	(96)
Reversal of impairment loss recognised	(834)	–	(1,984)	–
Charging:				
Auditors' remuneration	–	240	–	480
Employee benefits expenses (excluding directors' emoluments)				
– Salaries and other benefits in kind	3,132	1,168	4,927	2,404
– Contributions to retirement benefits schemes	326	60	506	126
Directors' emoluments	301	772	603	2,441
Total staff costs	3,759	2,000	6,036	4,971
Minimum lease payments paid under operating leases in respect of land and buildings	1,753	625	2,402	1,248
Depreciation of property, plant and equipment	935	255	1,184	508
Amortisation of concession rights	–	1,591	–	3,150
Loss on disposal of property, plant and equipment	99	454	99	454
Impairment on contract assets	36	–	36	–

## 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:

<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
<b>2018</b>	2017	<b>2018</b>	2017
<b>HK\$'000</b>	HK\$'000	<b>HK\$'000</b>	HK\$'000

### Loss

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

<b>(1,484)</b>	(6,727)	<b>(4,034)</b>	(12,855)
----------------	---------	----------------	----------

### Number of shares

<b>(Unaudited)</b> <b>Three months ended</b> <b>30 June</b>		<b>(Unaudited)</b> <b>Six months ended</b> <b>30 June</b>	
<b>2018</b>	2017	<b>2018</b>	2017
<b>'000</b>	'000	<b>'000</b>	'000

Weighted average number of ordinary shares for the purposes of basic and diluted loss per share

<b>4,671,035</b>	4,070,592	<b>4,665,280</b>	3,597,939
------------------	-----------	------------------	-----------

The computation of diluted loss per share did not assume the exercise of the Company's potential ordinary shares granted under the Company's convertible bonds since their exercise and conversion would have an anti-dilutive effect.

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
Net book value, beginning of the period/year	<b>2,713</b>	2,436
Additions	<b>7,003</b>	1,377
Disposals	<b>(106)</b>	(102)
Depreciation	<b>(1,184)</b>	(1,133)
Effect of foreign currency exchange differences	<b>(221)</b>	135
Net book value, end of the period/year	<b>8,205</b>	2,713
Cost	<b>13,357</b>	7,242
Accumulated depreciation	<b>(5,152)</b>	(4,529)
Net book value, end of the period/year	<b>8,205</b>	2,713

## 10. TRADE AND OTHER RECEIVABLES

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

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
0 – 30 days	<b>137</b>	27
31 – 60 days	<b>72</b>	11
61 – 90 days	<b>69</b>	6
Over 90 days	<b>166</b>	4
Trade receivables, net of loss allowance	<b>444</b>	48
Deposits, other receivables and prepayments	<b>18,925</b>	4,944
	<b>19,369</b>	4,992

The credit terms granted to customers are varied and are generally the result of negotiation between individual customer and the Group.



## 11. TRADE AND OTHER PAYABLES

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

	<b>As at 30 June 2018 (Unaudited) HK\$'000</b>	As at 31 December 2017 (Audited) HK\$'000
0 – 30 days	<b>190</b>	24
31 – 60 days	<b>73</b>	5
61 – 90 days	<b>82</b>	6
Over 90 days	<b>138</b>	63
Total trade payables	<b>483</b>	98
Other payables and accruals	<b>14,009</b>	8,747
Total trade and other payables	<b>14,492</b>	8,845

## 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 during the period was as follows:

	<b>(Unaudited) Three months ended 30 June</b>		<b>(Unaudited) Six months ended 30 June</b>	
	<b>2018 HK\$'000</b>	2017 HK\$'000	<b>2018 HK\$'000</b>	2017 HK\$'000
Short-term benefits	<b>292</b>	767	<b>585</b>	2,427
Post-employment benefits	<b>9</b>	5	<b>18</b>	14
	<b>301</b>	772	<b>603</b>	2,441

## 13. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).



## MANAGEMENT DISCUSSION AND ANALYSIS

### Business Review

#### *Financial Technology Services Business*

The Group has restarted the financial technology services business in the beginning of March 2018, and it showed a robust growth momentum. As at 30 June 2018, the accumulated borrowings for the business amounted to approximately RMB170 million. More than 85,000 transactions in total were reached, and had generated a revenue of approximately HK\$7,735,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

#### *Apartment Leasing Business*

The Group jointly established 武漢伍浩物業管理有限責任公司 (transliterated as Wuhan Wuhao Property Management Company Limited) ("**Wuhan Wuhao**") with an independent third party and commenced apartment leasing business at the end of March 2018. As of 30 June 2018, the Group has secured the agency rights of 154 apartments (with 549 rooms in total) and successfully procured the leasing of 264 rooms thereof, which generated a revenue of approximately HK\$437,000 for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

#### *Smart Wearable Device Business*

The Group is still continuously developing and upgrading the functions of the next generation smart glasses and smart fitness watches. For the six months ended 30 June 2018, the Group has sold 221 pairs of smart glasses and 15,068 smart fitness watches, which generated revenue of approximately HK\$208,000 and HK\$2,466,000 (six months ended 30 June 2017: approximately HK\$2,461,000 and Nil), respectively.

## **Lottery Business**

As disclosed in the Company's announcements dated 16 January and 13 April 2018, respectively, the Directors have made changes in the business strategy in relation to the Group's lottery business in the PRC to focus on Shandong instead of Shenzhen and Chongqing. Pursuant to the respective agreements entered into by 深圳高榮財智科技有限公司 (transliterated as Shenzhen Gaorong Caizhi Technology Company Limited ("**Shenzhen Gaorong**")) with each of Shandong Province Sports Lottery Management Centre and an independent third party, Shenzhen Gaorong is responsible for providing relevant technical services and is entitled to collect a particular percentage of the revenue from the sales network. As of the end of June 2018, the Group has submitted the applications for the establishment of a total of 1,503 sales points in various cities in Shandong and 943 of which have been approved. For the six months ended 30 June 2018, the Group's lottery business generated a revenue of approximately HK\$456,000 (six months ended 30 June 2017: approximately HK\$86,000).

## **Sports Training Business**

The Group operates the Hui So Hung Table Tennis Training Centre in Hong Kong to provide table tennis training services to students with different ages and levels. The Group's sports training business maintained a stable operation during the first half year. Revenue for the six months ended 30 June 2018 has reached approximately HK\$1,117,000 (six months ended 30 June 2017: approximately HK\$1,164,000) which was slightly less than the corresponding period in 2017 due to normal business fluctuation.

## **Financial Review**

For the six months ended 30 June 2018, the Group recorded an unaudited revenue of approximately HK\$12,419,000 (six months ended 30 June 2017: approximately HK\$3,711,000), representing an increase of approximately 235% as compared with that for the corresponding period in 2017. During the six months ended 30 June 2018, the revenue of the Group was mainly derived from (i) financial technology services business; (ii) apartment leasing business; (iii) smart wearable device business; (iv) lottery business; and (v) sports training business. The Company first recorded revenue generated from apartment leasing business in April 2018. For the six months ended 30 June 2018, the unaudited loss attributable to owners of the Company was approximately HK\$4,034,000 (six months ended 30 June 2017: approximately HK\$12,855,000), representing a decrease of approximately 69% as compared with that for the corresponding period in 2017, which was mainly attributable to the profitable results from the Group's financial technology services business segment and a reduction in central administration costs.



## Liquidity and gearing ratio

As at 30 June 2018, the Group recorded total assets of approximately HK\$72,035,000 (31 December 2017: approximately HK\$70,500,000), total liabilities of approximately HK\$32,533,000 (31 December 2017: approximately HK\$63,124,000) and cash and bank balances (excluding pledged bank deposit) of approximately HK\$27,088,000 (31 December 2017: approximately HK\$59,173,000).

As at 30 June 2018, the gearing ratio of the Group was approximately 33% (31 December 2017: approximately 671%), based on the total borrowings of approximately HK\$13,003,000 (31 December 2017: approximately HK\$49,516,000) and the total equity of approximately HK\$39,502,000 (31 December 2017: HK\$7,376,000). Total borrowings solely represent the outstanding amount of the Company's convertible bonds. The exercise of the conversion right attached to the Company's convertible bonds in January 2018 has largely increased the Group's total equity and also reduced the Group's total borrowings, hence the gearing ratio of the Group has dropped significantly.

## Capital structure

The capital structure of the Group mainly consists of convertible bonds and equity attributable to equity shareholders of the Group comprising of issued share capital and reserves. The convertible bonds carry zero coupon and will mature on 26 August 2020. As at 30 June 2018, the Company's total number of issued ordinary shares of HK\$0.005 each ("**Shares**") was 4,671,035,048 (31 December 2017: 4,629,368,382 Shares).

## Convertible bonds

On 24 January 2018, the Company received a conversion notice from Mr. Leung Ngai Man ("**Mr. Leung**") to exercise the conversion rights attached to the outstanding convertible bonds in the principal amount of HK\$50,000,000. 41,666,666 Shares, representing approximately 0.9% of the issued Shares as at 24 January 2018 and approximately 0.89% of the enlarged issued Shares immediately after the conversion, were allotted and issued to Mr. Leung on 26 January 2018 at the conversion price of HK\$1.2 per Share.

## Charges on the Group's assets

As at 30 June 2018, the Group did not have any charges on its assets (31 December 2017: Nil).

## **Material investments, material acquisition or disposal of subsidiary, associates or joint ventures**

On 21 March 2018, 杭州仁分信息科技有限公司 (transliterated as Hangzhou Safen Information Technology Company Limited ("**Hangzhou Safen**")), an indirect wholly-owned subsidiary of the Company, entered into an agreement with Liu Jiping (劉繼平) ("**Mr. Liu**"), an independent third party, for the formation of Wuhan Wu hao. Wuhan Wu hao commenced apartment leasing business at the end of March 2018. Hangzhou Safen and Mr. Liu will make a capital contribution to Wuhan Wu hao in a total of RMB12,000,000 (equivalent to approximately HK\$14,849,831). Wuhan Wu hao is owned by Hangzhou Safen and Mr. Liu as to 55% and 45%, respectively. Please refer to the announcement of the Company dated 21 March 2018 for details.

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

During the six months ended 30 June 2018, the Group paid approximately HK\$7,003,000 (six months ended 30 June 2017: Nil) for the purchase of property, plant and equipment. Save as disclosed in this report, the Group had no specific plan for material investment or acquisition of capital assets during the six months ended 30 June 2018.

## **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 impact on the operation results of the Group.

The Group monitors its foreign currency risks and will consider hedging significant currency exposures should the need arises. No hedging transaction has been entered into by the Group during the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).



### **Contingent liabilities**

As at 30 June 2018, the Group had no significant contingent liabilities (31 December 2017: Nil).

### **Segmental information**

Please refer to note 4 to the financial statements for the segmental information of the Group.

### **Prospects**

The management of the Group believes that with the implementation of new laws and regulations in the PRC, the development of the fintech industry will be more regulated and healthy, and the Group's financial technology services business will also achieve a stable development in the long run. The management of the Group also believes that as apartment leasing industry in the PRC has developed rapidly in recent years, carrying out the apartment leasing business would bring greater contribution to the Group's operating revenue and profitability, which is conducive to the continuous improvement of the Group's earning position.

### **Employee information**

As at 30 June 2018, the Group had a total of 76 (31 December 2017: 42) employees.

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.

## INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATIONS

As at 30 June 2018, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (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 in securities by directors of listed issuer as referred to in rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

### Long position in the Shares

Name of Director	Number of Shares	Capacity and nature of interests	Approximate percentage of issued Shares
Mr. Sun Haitao (“Mr. Sun”)	1,834,963,213 <sup>(1)</sup>	Interest in controlled corporation	39.28%

*Note:*

- (1) 51RENPIN.COM INC. is wholly-owned by 上海悟牛網絡科技有限公司 (transliterated as Shanghai Wuniu Network Technology Company Limited) (“**Shanghai Wuniu**”), which is in turn wholly-owned by 杭州恩牛網絡技術有限公司 (transliterated as Hangzhou Enniu Network Technology Co., Ltd.) (“**Hangzhou Enniu**”). Mr. Sun is indirectly interested in approximately 26.94% of the equity interest in Hangzhou Enniu. Further, contractual arrangements are entered into between 杭州振牛信息科技有限公司 (transliterated as Hangzhou Zhenniu Information Technology Co., Ltd.) (“**Hangzhou Zhenniu**”) (a company wholly-owned by 51 Credit Card (China) Limited, which is in turn wholly-owned by 51 Credit Card Inc. (shares of which are listed on the Main Board of the Stock Exchange in July 2018, stock code: 2051), and ultimately controlled by Mr. Sun) (details of which are set out in “Long position in shares of associated corporation” below) and Hangzhou Enniu so that Hangzhou Zhenniu can control Hangzhou Enniu. By virtue of the SFO, Mr. Sun is deemed to be interested in those Shares held by 51RENPIN.COM INC.

## 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
Mr. Sun	51 Credit Card Inc.	Founder of a discretionary trust who can influence how the trustee exercises his discretion <sup>(1)</sup>	120,076,000	47.02%
		Others <sup>(1)</sup>	50,355,000	
		Others <sup>(1)</sup>	387,756,522	

*Note:*

- (1) Mr. Sun's indirect wholly-owned subsidiary, Rising Sun Limited, (i) beneficially holds 120,076,000 shares in 51 Credit Card Inc. through Wukong Ltd. which is beneficially owned by Wukong Trust (a discretionary trust founded by Mr. Sun); (ii) acts as a general partner and controls 51 Xihu L.P., which in turn holds 50,355,000 shares in 51 Credit Card Inc.; and (iii) holds 387,756,522 shares in 51 Credit Card Inc. through various voting proxies.

Save as disclosed above, as at 30 June 2018, none of the Directors and the chief executive of the Company had or deemed to have any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV 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 in securities by directors of listed issuer as referred to in rules 5.46 to 5.67 of the GEM Listing Rules.



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

As at 30 June 2018, so far as was known to the Directors, the persons or entities, other than a Director or chief executive of the Company, who had or 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 are as follows:

Name	Capacity and nature of interests	Number of Shares directly or indirectly held and category <sup>(3)</sup>	Approximate percentage of issued Shares
51 Credit Card Inc. <sup>(1)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
51 Credit Card (China) Limited <sup>(1)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Hangzhou Zhenniu <sup>(1)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Hangzhou Enniu <sup>(1)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Shanghai Wuniu <sup>(1)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
51RENPIN.COM INC. <sup>(1)</sup>	Beneficial owner	1,834,963,213 (L)	39.28%
Mr. Wang Yonghua ("Mr. Wang") <sup>(2)</sup>	Interest in controlled corporation	2,199,963,213 (L)	47.10%
Tian Tu Capital Co., Ltd. <sup>(2)*</sup>	Interest in controlled corporation	2,199,963,213 (L)	47.10%

Name	Capacity and nature of interests	Number of Shares directly or indirectly held and category <sup>(3)</sup>	Approximate percentage of issued Shares
Tiantu Advisory Company Limited <sup>(2)</sup>	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Tiantu Investments Limited <sup>(2)</sup>	Person having a security interest in shares	1,834,963,213 (L)	39.28%
Tiantu Investments International Limited <sup>(2)</sup>	Beneficial owner	365,000,000 (L)	7.81%

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

*Notes:*

- (1) Duplicate with those disclosed in the section "Interests and short positions of Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any associated corporations" above.
- (2) Tiantu Investments Limited is wholly-owned by Tiantu Advisory Company Limited, which is in turn wholly-owned by 深圳市天圖投資管理股份有限公司 (transliterated as Tian Tu Capital Co., Ltd.) which is owned as to approximately 59.80% 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 Co., Ltd.
- (3) (L) – Long Position, (S) – Short Position.

Save as disclosed above, so far as was known to the Directors, as at 30 June 2018, there was no person (not being a Director or a chief executive of the Company) who had or deemed to have an interest or a short position in the shares 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 to maintaining high standards of corporate governance in order to uphold the transparency of the Group and safeguard interests of the shareholders of the Company (the **"Shareholders"**).

During the period under review from 1 January 2018 to 30 June 2018, the Company complied with all the code provisions in the Corporate Governance Code and Corporate Governance Report (the **"CG Code"**) as set out in Appendix 15 to the GEM Listing Rules except for the following:

### Chairman and Chief Executive Officer

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

Currently, the role of the chairman of the Board is performed by Mr. Sun. Mr. Sun has been engaging in Internet and financial technology business development for years. The Board believes that by virtue of the practical experience of Mr. Sun in mobile Internet and financial technology, Mr. Sun is able to provide the Company with strong and consistent leadership, facilitates effective and efficient planning, implementation of business decisions and strategies, and ensures the generation of benefits to the Shareholders.

Although the appointment of the chief executive officer of the Company remains outstanding, the overall management of the Company was performed by Mr. Sun and Mr. Zhao Ke, their respective areas of profession spearheaded the Group's overall development and business strategies.

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



## Changes in Directors' information

Pursuant to rule 17.50A(1) of the GEM Listing Rules, the changes in Directors' information are as follows:

- Mr. Sun Haitao, the Chairman and an executive Director, is an executive director, chief executive and chairman of 51 Credit Card Inc. (shares of which are listed on the Main Board of the Stock Exchange in July 2018, stock code: 2051);
- Mr. Zhao Ke, an executive Director, is an executive director and chief financial officer of 51 Credit Card Inc. (shares of which are listed on the Main Board of the Stock Exchange in July 2018, stock code: 2051);
- Mr. Song Ke, an independent non-executive Director, resigned as the chief executive officer and the chairman of board of Beijing Alibaba Music Technology Co., Ltd. on 1 March 2018.

## 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 against which issuers and their directors must measure their conduct regarding transactions in securities of their issuers (the "**Required Standard of Dealings**") under rules 5.48 to 5.67 of the GEM Listing Rules. The Company made specific enquiry with all Directors and has not been notified of any non-compliance with the Required Standard of Dealings and the Code by the Directors during the period under review.

## AUDIT COMMITTEE

The Group's interim results for the six months ended 30 June 2018 have been reviewed by the audit committee of the Company which is 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.

## COMPETING INTERESTS

During the period under review, none of the Directors or controlling Shareholders or any of their respective close associates (as defined in the GEM Listing Rules) has any interest in a business which causes or may cause any significant competition with the business of the Group.



## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2018.

By order of the Board  
**China Netcom Technology Holdings Limited**  
**Sun Haitao**

*Chairman and Executive Director*

7 August 2018

*As at the date of this report, the executive Directors are Mr. Sun Haitao and Mr. Zhao Ke; and the independent non-executive Directors are Mr. Song Ke, Mr. Wu Bo and Mr. Michael Yu Tat Chi.*