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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)

THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023

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 nine months ended 30 September 2023. This announcement, containing the full text of the 2023 third quarterly 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 accompanying the preliminary announcement of third quarterly results. Printed versions of the Company’s 2023 third quarterly 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

8 November 2023

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 Announcement” 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.

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.

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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 Announcement” 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 operations for the nine months ended 30 September 2023 was approximately HK\$16,376,000 (nine months ended 30 September 2022: approximately HK\$16,241,000), representing increase of approximately 0.8% as compared with that for the corresponding period in 2022.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$5,103,000 for the nine months ended 30 September 2023 (nine months ended 30 September 2022: approximately HK\$7,768,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.11 cents for the nine months ended 30 September 2023 (nine months ended 30 September 2022: approximately HK0.17 cents).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Group for the three months and nine months ended 30 September 2023 together with the comparative figures for the corresponding periods in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2023 (Unaudited)

| | Note | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|---|------|---|--------------------------------|--|--------------------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 (Restated) | 2023 HK\$'000 | 2022 HK\$'000 (Restated) |
| Revenue | 2 | 6,526 | 4,954 | 16,376 | 16,241 |
| Cost of sales and services | | (2,642) | (4,854) | (10,692) | (13,637) |
| Gross profit | | 3,884 | 100 | 5,684 | 2,604 |
| Other income and (losses)/gains, net | | (1,036) | (73) | (1,629) | 577 |
| Administrative expenses | | (2,717) | (4,258) | (9,520) | (13,763) |
| Finance costs | 3 | (9) | (9) | (31) | (108) |
| Profit/(loss) before tax | | 122 | (4,240) | (5,496) | (10,690) |
| Income tax charge | 4 | - | - | - | - |
| Profit/(loss) for the period from continuing operations | 5 | 122 | (4,240) | (5,496) | (10,690) |
| Loss for the period from discontinued operations | 6 | (61) | (271) | (259) | (812) |
| Profit/(loss) for the period | | 61 | (4,511) | (5,755) | (11,502) |
| Other comprehensive expense | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | | | | | |
| - Exchange differences on translating continuing foreign operations | | (249) | (260) | (92) | (1,147) |
| - Exchange differences on translating discontinued foreign operations | | (9) | (140) | (16) | (269) |
| - Fair value loss on financial asset at fair value through other comprehensive income | | - | (30) | - | - |
| Other comprehensive expense for the period | | (258) | (430) | (108) | (1,416) |
| Total comprehensive expense for the period | | (197) | (4,941) | (5,863) | (12,918) |

| | Note | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|---|------|---|--------------------------------|--|--------------------------------|
| | | 2023 HK\$'000 | 2022 HK\$'000 (Restated) | 2023 HK\$'000 | 2022 HK\$'000 (Restated) |
| (Loss)/profit attributable to: | | | | | |
| Owners of the Company | | | | | |
| – Continuing operations | | (646) | (2,188) | (4,844) | (6,981) |
| – Discontinued operations | | (61) | (271) | (259) | (787) |
| | | <u>(707)</u> | <u>(2,459)</u> | <u>(5,103)</u> | <u>(7,768)</u> |
| Non-controlling interests | | | | | |
| – Continuing operations | | 768 | (2,052) | (652) | (3,709) |
| – Discontinued operations | | – | – | – | (25) |
| | | <u>768</u> | <u>(2,052)</u> | <u>(652)</u> | <u>(3,734)</u> |
| | | <u>61</u> | <u>(4,511)</u> | <u>(5,755)</u> | <u>(11,502)</u> |
| Total comprehensive (expense)/ income attributable to: | | | | | |
| Owners of the Company | | | | | |
| – Continuing operations | | (775) | (2,649) | (4,950) | (8,277) |
| – Discontinued operations | | (70) | (411) | (275) | (1,056) |
| | | <u>(845)</u> | <u>(3,060)</u> | <u>(5,225)</u> | <u>(9,333)</u> |
| Non-controlling interests | | | | | |
| – Continuing operations | | 648 | (1,881) | (638) | (3,560) |
| – Discontinued operations | | – | – | – | (25) |
| | | <u>648</u> | <u>(1,881)</u> | <u>(638)</u> | <u>(3,585)</u> |
| | | <u>(197)</u> | <u>(4,941)</u> | <u>(5,863)</u> | <u>(12,918)</u> |
| Loss per share from continuing operations | | | | | |
| | 7 | | | | |
| – Basic and diluted (HK cents per share) | | <u>(0.01)</u> | <u>(0.05)</u> | <u>(0.10)</u> | <u>(0.15)</u> |
| Loss per share from continuing and discontinued operations | | | | | |
| | 7 | | | | |
| – Basic and diluted (HK cents per share) | | <u>(0.02)</u> | <u>(0.05)</u> | <u>(0.11)</u> | <u>(0.17)</u> |

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

NOTES TO THE QUARTERLY FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND IMPACT OF NEW HKFRSs AND HKASs

The unaudited consolidated statement of profit or loss and other comprehensive income of the Group for the three months and nine months ended 30 September 2023 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSs**”) which collective term include all applicable individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (“**Ints**”), issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and accounting principles generally accepted in Hong Kong. The unaudited consolidated statement of profit or loss and other comprehensive income also complies with the applicable disclosure requirements of the GEM Listing Rules. It has been prepared under historical cost basis except for certain financial instruments that are measured at fair value.

The unaudited consolidated statement of profit or loss and other comprehensive income for the three months and nine months ended 30 September 2023 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2022, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Ints).

In the current period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2023. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies and amounts reported for the current and prior periods.

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

The unaudited consolidated statement of profit or loss and other comprehensive income does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2022.

2 REVENUE

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

| | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|---|---|--------------------------------|--|--------------------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 (Restated) | 2023 HK\$'000 | 2022 HK\$'000 (Restated) |
| Revenue from contracts with customers within the scope of HKFRS 15 | | | | |
| Continuing operations | | | | |
| Provision of smart retail services | 6,526 | 4,954 | 16,376 | 16,241 |
| Discontinued operations | | | | |
| Provision of sports training services | - | - | - | 66 |

3 FINANCE COSTS

| | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|---|---|--------------------------------|--|--------------------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 (Restated) | 2023 HK\$'000 | 2022 HK\$'000 (Restated) |
| Interest on loan from an intermediate holding company | - | - | - | 52 |
| Interest expense on lease liabilities | 9 | 9 | 31 | 56 |
| | 9 | 9 | 31 | 108 |

4 INCOME TAX CHARGE

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 both periods.

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

The Group did not have any significant unprovided deferred tax liabilities as at 30 September 2023 and 31 December 2022.

5 PROFIT/(LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS

| | (Unaudited) Three months ended 30 September | | (Unaudited) Nine months ended 30 September | |
|---|---|--------------------------------|--|--------------------------------|
| | 2023 HK\$'000 | 2022 HK\$'000 (Restated) | 2023 HK\$'000 | 2022 HK\$'000 (Restated) |
| Profit/(loss) for the period from continuing operations has been arrived at after (crediting)/charging: | | | | |
| Bank interest income | (28) | (87) | (220) | (315) |
| Net foreign exchange (gains)/losses | (127) | (1,044) | 441 | (891) |
| Auditor's remuneration | 260 | 260 | 780 | 780 |
| Employee benefits expenses (excluding directors' emoluments) | | | | |
| – Salaries, bonus and other benefits in kind | 1,890 | 2,481 | 6,981 | 8,293 |
| – Contributions to retirement benefits schemes | 200 | 295 | 769 | 1,150 |
| Directors' emoluments | 370 | 262 | 1,106 | 916 |
| Depreciation of property, plant and equipment | 5 | 5 | 15 | 16 |
| Depreciation of right-of-use assets | 199 | 264 | 687 | 894 |
| Recognition of loss allowance for trade and other receivables | 1,199 | 1,321 | 1,450 | 1,088 |

6 LOSS FOR THE PERIOD FROM DISCONTINUED OPERATIONS

In 2022, the Group discontinued the sports training business and the financial technology services business in Hong Kong and the PRC. During the period ended 30 September 2023, the Group has resolved to cease its lottery business in the PRC. The results of the discontinued operations for the three months and nine months ended 30 September 2023 and 2022 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 sports training business, the financial technology services business and the lottery business as discontinued operations.

| | (Unaudited) | | (Unaudited) | |
|---|---------------------------|-----------------|--------------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Restated) | | (Restated) |
| Revenue | - | - | - | 66 |
| Cost of sales and services | - | - | - | (230) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(230)</u> |
| Gross loss | - | - | - | (164) |
| Other income and gains, net | 1 | 94 | 1 | 527 |
| Administrative expenses | (62) | (365) | (260) | (1,170) |
| Finance costs | - | - | - | (5) |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>(5)</u> |
| Loss before tax | (61) | (271) | (259) | (812) |
| Income tax charge | - | - | - | - |
| | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Loss for the period from discontinued operations | (61) | (271) | (259) | (812) |
| Other comprehensive expense | | | | |
| <i>Item that may be reclassified subsequently to profit or loss:</i> | | | | |
| Exchange differences on translating discontinued foreign operation | (9) | (140) | (16) | (269) |
| | <u>(9)</u> | <u>(140)</u> | <u>(16)</u> | <u>(269)</u> |
| Other comprehensive income for the period | (9) | (140) | (16) | (269) |
| | <u>(9)</u> | <u>(140)</u> | <u>(16)</u> | <u>(269)</u> |
| Total comprehensive expense arises from discontinued operations for the period | (70) | (411) | (275) | (1,081) |
| | <u>(70)</u> | <u>(411)</u> | <u>(275)</u> | <u>(1,081)</u> |

| (Unaudited) Three months ended 30 September 2023 HK\$'000 | | (Unaudited) Nine months ended 30 September 2023 HK\$'000 | |
|---|--------------------------------|--|--------------------------------|
| | 2022 HK\$'000 (Restated) | | 2022 HK\$'000 (Restated) |

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

| | | | | |
|---|-----------|------------|------------|--------------|
| COVID-19 related rent concession | - | - | - | (50) |
| Employee benefits expenses (excluding directors' emoluments) | | | | |
| – Salaries, bonus and other benefits in kind | 46 | 158 | 172 | 687 |
| – Contributions to retirement benefits schemes | - | 34 | - | 153 |
| Depreciation of property, plant and equipment | - | - | - | 4 |
| Depreciation of right-of-use assets | - | - | - | 209 |
| Gain on disposal of a subsidiary | - | - | - | (140) |
| | 46 | 192 | 172 | (140) |

7 LOSS PER SHARE

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

| | (Unaudited) | | (Unaudited) | |
|--|---------------------------|-----------------|--------------------------|-----------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | (Restated) | | (Restated) |
| Loss | | | | |
| Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share | | | | |
| – From continuing operations | (646) | (2,188) | (4,844) | (6,981) |
| – From discontinued operations | (61) | (271) | (259) | (787) |
| | (707) | (2,459) | (5,103) | (7,768) |

Number of shares

| | (Unaudited) | | (Unaudited) | |
|---|---------------------------|-------------|--------------------------|-------------|
| | Three months ended | | Nine months ended | |
| | 30 September | | 30 September | |
| | 2023 | 2022 | 2023 | 2022 |
| | '000 | '000 | '000 | '000 |
| Weighted average number of ordinary shares for the purposes of basic and diluted loss per share | 4,686,048 | 4,686,048 | 4,686,048 | 4,686,048 |

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

| | | | | |
|--|------------------|-----------|------------------|-----------|
| | 4,686,048 | 4,686,048 | 4,686,048 | 4,686,048 |
|--|------------------|-----------|------------------|-----------|

There was no difference between the basic and diluted loss per share during the three months and nine months ended 30 September 2023 as there were no dilutive potential shares outstanding for the periods.

8 RESERVES

For the nine months ended 30 September 2023

| | Attributable to owners of the Company | | | | | | | | | |
|---|--|---|---|---|---|------------------------------------|---|-------------------------------|--|----------------------------|
| | Share premium account (Unaudited) HK\$'000 | Capital contribution reserve (Unaudited) HK\$'000 | Capital redemption reserve (Unaudited) HK\$'000 | Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000 | Foreign currency translation reserve (Unaudited) HK\$'000 | Other reserve (Unaudited) HK\$'000 | Accumulated losses (Unaudited) HK\$'000 | Subtotal (Unaudited) HK\$'000 | Non-controlling interests (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
| Balance at 1 January 2023 | 3,466,638 | 9,777 | 1 | - | 116,559 | (49) | (3,588,960) | 3,966 | 331 | 4,297 |
| Loss for the period | - | - | - | - | - | - | (5,103) | (5,103) | (652) | (5,755) |
| Other comprehensive (expense)/income for the period | - | - | - | - | (122) | - | - | (122) | 14 | (108) |
| Total comprehensive expense for the period | - | - | - | - | (122) | - | (5,103) | (5,225) | (638) | (5,863) |
| Balance at 30 September 2023 | 3,466,638 | 9,777 | 1 | - | 116,437 | (49) | (3,594,063) | (1,259) | (307) | (1,566) |

For the nine months ended 30 September 2022

| | Attributable to owners of the Company | | | | | | | | | |
|---|--|---|---|---|---|------------------------------------|---|-------------------------------|--|----------------------------|
| | Share premium account (Unaudited) HK\$'000 | Capital contribution reserve (Unaudited) HK\$'000 | Capital redemption reserve (Unaudited) HK\$'000 | Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000 | Foreign currency translation reserve (Unaudited) HK\$'000 | Other reserve (Unaudited) HK\$'000 | Accumulated losses (Unaudited) HK\$'000 | Subtotal (Unaudited) HK\$'000 | Non-controlling interests (Unaudited) HK\$'000 | Total (Unaudited) HK\$'000 |
| Balance at 1 January 2022 | 3,466,638 | 9,777 | 1 | 215 | 117,883 | (49) | (3,579,214) | 15,251 | 1,678 | 16,929 |
| Loss for the period | - | - | - | - | - | - | (7,768) | (7,768) | (6,734) | (11,502) |
| Other comprehensive (expense)/income for the period | - | - | - | (215) | (1,350) | - | - | (1,565) | 149 | (1,416) |
| Total comprehensive expense for the period | - | - | - | (215) | (1,350) | - | (7,768) | (9,333) | (6,585) | (12,918) |
| Deregistration of subsidiaries | - | - | - | - | - | - | - | - | 93 | 93 |
| Balance at 30 September 2022 | 3,466,638 | 9,777 | 1 | - | 116,533 | (49) | (3,586,982) | 5,918 | (1,814) | 4,104 |

9 DIVIDEND

The Board does not recommend the payment of any dividend for the nine months ended 30 September 2023 (nine months ended 30 September 2022: 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 platforms 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 and cross-border overseas business has been growing rapidly, and as the market extends from Mainland China to overseas, the cloud services business is anticipated to be 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 the customer's volume of usage such as transaction payment amount, cloud service usage and SMS traffic. For the nine months ended 30 September 2023, the Group's smart retail business generated revenue of approximately HK\$16,376,000 (nine months ended 30 September 2022: approximately HK\$16,241,000), representing an increase of approximately 0.8% as compared with that for the corresponding period in 2022. Such increase was mainly due to the significant increase in the income from the system development and the sales of software and hardware services by approximately 2.3 times year-on-year from approximately RMB900,000 for the third quarter in 2022 to approximately RMB2,100,000 for the corresponding period of 2023 as a result of the Group's proactive marketing and development efforts to provide its customers with valuable system and related services in smart retail.

Financial Technology Services Business

The Group has ceased the financial technology services business during the first half of 2023 in order to focus the Group's resources on the smart retail business after considering that the financial technology services business had been continuously loss-making and could not cope with the direction of the Group's future development. As such, the financial technology services business has been classified as a discontinued operation of the Group. The Group's financial technology services business did not generate any revenue for the nine months ended 30 September 2023 (nine months ended 30 September 2022: Nil).

Sports Training Business

In April 2022, the Group disposed of the insignificant subsidiary operating the sports training business and classified it as a discontinued operation. For the nine months ended 30 September 2022, the sports training business recorded revenue of approximately HK\$66,000.

Lottery Business

During the nine months ended 30 September 2023, in view of the continuous operating loss recorded from the lottery business, the future operations of which would still be unfavorable to the Group, the Board resolved to terminate the lottery business. The Group is currently in the process of initiating deregistration procedures for the subsidiaries operating the Group's lottery business. As such, the lottery business has been classified as a discontinued operation of the Group. The Group's lottery business did not generate any revenue for the nine months ended 30 September 2023 (nine months ended 30 September 2022: Nil).

Financial Review

For the nine months ended 30 September 2023, the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK\$16,376,000 (nine months ended 30 September 2022: approximately HK\$16,241,000), representing an increase of approximately 0.8% as compared with that of the corresponding period in 2022. The revenue of the Group for the nine months ended 30 September 2023 was mainly derived from its smart retail business.

The Group's discontinued operations, being its lottery business, financial technology services business and sports training business, had incurred a loss attributable to owners of the Company of approximately HK\$259,000 for the nine months ended 30 September 2023 (for the nine months ended 30 September 2022, the Group's discontinued operations, being its lottery business, financial technology services business and sports training business, had incurred a loss attributable to owners of the Company of approximately HK\$787,000).

For the nine months ended 30 September 2023, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$5,103,000 (nine months ended 30 September 2022: approximately HK\$7,768,000), representing a decrease of approximately 35% as compared with that of the corresponding period of 2022. The decrease was mainly attributable to the Group's cost-saving measures as well as the Group's proactive marketing and development efforts to provide its customers with valuable system and related services in smart retail.

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

Capital structure

As at 30 September 2023, the capital structure of the Group consisted of equity attributable to owners of the Company of approximately HK\$22,171,000 (31 December 2022: approximately HK\$27,396,000), comprising issued share capital and reserves. As at 30 September 2023, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 December 2022: 4,686,048,381 Shares).

Prospects

Looking ahead, the Group's business growth will continue to be propelled by its smart retail business, with its core businesses including cloud services as well as the system development and the sales of software and hardware services. With the rise of artificial intelligent recently, it is expected to drive the demand for cloud services again in the future. At the same time, the Group will continue to monitor the market development trends and consumer demands and adjust cost-saving measures in order to prepare for the exploration for new business opportunities in the industry and create new opportunities for the Group.

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

As at 30 September 2023, 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 ordinary shares in issue | Approximate percentage of issued shares ⁽¹⁾ |
|-------------------------------|---|--|------------------------------------|--|
| Mr. Sun Haitao (“Mr. Sun”) | 51 Credit Card Inc. (“51 Credit Card”) | Founder of a discretionary trust who can influence how the trustee exercises his discretion ⁽²⁾ | 108,159,464 | 7.96% |
| | | Others ⁽²⁾ | 50,355,000 | 3.71% |
| | | Others ⁽²⁾ | 142,708,272 | 10.51% |
| | | | 301,222,736 | 22.18% |

Notes:

- (1) The calculations were based on the number of shares as a percentage of the total number of issued shares of 51 Credit Card (i.e. 1,358,320,188 shares) as at 30 September 2023.
- (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 Xihu L.P., which in turn holds 50,355,000 shares in 51 Credit Card; and (iii) holds 142,708,272 shares in 51 Credit Card through various voting proxies.

Save as disclosed above, as at 30 September 2023, no other Director or chief executive of the Company had or was deemed to have any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

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

As at 30 September 2023, 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 and underlying 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 were as follows:

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

| Names | Capacity and nature of interests | Number of Shares directly or indirectly held and category⁽⁴⁾ | Approximate percentage of issued Shares⁽¹⁾ |
|--|---|--|--|
| Other persons | | | |
| 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% |
| Mr. Zuo Lei | Beneficial owner | 333,690,000 (L) | 7.12% |

Notes:

- (1) The calculations were based on the number of Shares which each party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 4,686,048,381 Shares) as at 30 September 2023.
- (2) 51RENPIN.COM INC. is wholly owned by Shanghai Wuniu, which is in turn wholly owned by Hangzhou Jiahao. Further, contractual arrangements have been entered into between Hangzhou Zhenniu (a company wholly owned by 51 Credit Card (China) Limited, which is in turn wholly owned by 51 Credit Card) and Hangzhou Jiahao so that Hangzhou Zhenniu can control Hangzhou Jiahao. By virtue of the SFO, the above companies are deemed to be interested in those Shares held by 51RENPIN.COM INC., respectively.
- (3) Pursuant to the deed of release dated 9 January 2023 entered into between Tiantu Investments Limited and 51RENPIN.COM INC., 1,834,963,213 shares secured in favour of Tiantu Investments Limited have been discharged. With this regard, Mr. Wang is deemed to be interested in 365,000,000 Shares held by Tiantu Investments International Limited, a company wholly owned by Tian Tu Capital which is owned as to approximately 40.35% by Mr. Wang.
- (4) (L) – Long Position.

Save as disclosed above, so far as was known to the Directors, as at 30 September 2023, 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 nine months ended 30 September 2023, the Company had applied the principles and complied with all the applicable code provisions in the corporate governance code (the “**CG Code**”) as set out in Part 2 of Appendix 15 to the GEM Listing Rules, save and except for the following:

CODE PROVISION C.2.1

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

Currently, Mr. Sun being the chairman of the Board, also serves as the function of chief executive officer of the Company (the “**CEO**”) which is deviated from the code provision C.2.1 of the CG Code that the roles of chairman and the CEO shall not be performed by the same individual. The Board considers that Mr. Sun possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, together with effective control of the Company’s internal check and balance mechanism, the same individual performing the roles of chairman and the CEO can achieve the goal of improving the Company’s efficiency in decision making, execution and effectively capturing business opportunities. The Board will review the effectiveness of this arrangement from time to time.

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

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors (the "**Code**") which is on terms no less exacting than the Required Standard of Dealings against which issuers and their Directors must measure their conduct(s) regarding transactions in securities of their issuers. The Company made specific enquiries with all Directors and had not been notified of any non-compliance with the Required Standard of Dealings and the Code by any of the Directors during the nine months ended 30 September 2023.

AUDIT COMMITTEE

The Group's unaudited consolidated quarterly results for the nine months ended 30 September 2023 had been reviewed by the audit committee of the Company, which was of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2023.

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

8 November 2023

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.*