



2022

FIRST QUARTERLY REPORT

中彩網通控股有限公司
China Netcom Technology Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8071)



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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 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.*

HIGHLIGHTS

- The unaudited consolidated revenue from continuing operations of the Group for the three months ended 31 March 2022 was approximately HK\$3,716,000 (three months ended 31 March 2021: approximately HK\$6,574,000), representing a decrease of approximately 43% as compared with that for the corresponding period in 2021.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$3,862,000 for the three months ended 31 March 2022 (three months ended 31 March 2021: approximately HK\$8,577,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.08 cent for the three months ended 31 March 2022 (three months ended 31 March 2021: approximately HK0.18 cent).

RESULTS

The board (the “**Board**”) of Directors hereby announces the unaudited consolidated results of the Group for the three months ended 31 March 2022 together with the comparative figures for the corresponding period in 2021 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2022 (Unaudited)

		(Unaudited) Three months ended 31 March	
	Notes	2022 HK\$'000	2021 HK\$'000
Revenue	2	3,716	6,574
Cost of sales and services		<u>(3,634)</u>	<u>(5,119)</u>
Gross profit		82	1,455
Other income		235	466
Other (losses)/gains, net		(1,321)	219
Administrative expenses		(4,539)	(4,611)
Finance costs	3	<u>(103)</u>	<u>(51)</u>
Loss before tax		(5,646)	(2,522)
Income tax charge	4	<u>-</u>	<u>(103)</u>
Loss for the period from continuing operations		(5,646)	(2,625)
Loss for the period from discontinued operation	6	<u>-</u>	<u>(6,474)</u>
Loss for the period		<u>(5,646)</u>	<u>(9,099)</u>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
- Exchange differences on translating foreign operations, net of nil tax		497	271
- Changes in the fair value of debt instruments at fair through other comprehensive income, net of nil tax		30	-
Other comprehensive income for the period		<u>527</u>	<u>271</u>
Total comprehensive expense for the period		<u>(5,119)</u>	<u>(8,828)</u>

		(Unaudited)	
		Three months ended	
		31 March	
		2022	2021
<i>Notes</i>		HK\$'000	HK\$'000
Loss attributable to:			
Owners of the Company			
	– Continuing operations	(3,862)	(2,103)
	– Discontinued operation	–	(6,474)
		<u>(3,862)</u>	<u>(8,577)</u>
Non-controlling interests			
	– Continuing operations	(1,784)	(522)
	– Discontinued operation	–	–
		<u>(1,784)</u>	<u>(522)</u>
		<u>(5,646)</u>	<u>(9,099)</u>
Total comprehensive expense attributable to:			
Owners of the Company			
	– Continuing operations	(3,341)	(2,391)
	– Discontinued operation	–	(5,902)
		<u>(3,341)</u>	<u>(8,293)</u>
Non-controlling interests			
	– Continuing operations	(1,778)	(535)
	– Discontinued operation	–	–
		<u>(1,778)</u>	<u>(535)</u>
		<u>(5,119)</u>	<u>(8,828)</u>
Loss per share from continuing and discontinued operations			
	– Basic and diluted (<i>HK cents per share</i>)	<u>(0.08)</u>	<u>(0.18)</u>
Loss per share from continuing operations			
	– Basic and diluted (<i>HK cents per share</i>)	<u>(0.08)</u>	<u>(0.04)</u>

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

Notes:

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 ended 31 March 2022 have been prepared in accordance with the Hong Kong Financial Reporting Standards (“**HKFRSS**”) which collective term include all applicable individual HKFRSSs, 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 ended 31 March 2022 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2021, except for the adoption of the new and revised HKFRSSs (which include individual HKFRSSs, HKASSs and Ints).

In the current period, the Group has adopted all the new and revised HKFRSSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2022. The adoption of these new and revised HKFRSSs 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 HKFRSSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRSSs but is not yet in a position to state whether these new HKFRSSs would have a material impact on its results of operations and financial position.

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

2 REVENUE

An analysis of the Group's revenue from continuing operations for the below-mentioned periods are as follows:

	(Unaudited)	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Revenue from contracts with customers		
 within the scope of HKFRS 15		
Provision of smart retail services	3,650	6,357
Provision of sports training services	66	217
	<hr/>	<hr/>
	3,716	6,574
	<hr/>	<hr/>

3 FINANCE COSTS

	(Unaudited)	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Interest on loan from an intermediate holding company	53	–
Interest on lease liabilities	50	51
	<hr/>	<hr/>
	103	51
	<hr/>	<hr/>

4 INCOME TAX CHARGE

Income tax recognised in profit or loss

(Unaudited)
Three months ended
31 March

2022	2021
HK\$'000	HK\$'000

The People's Republic of China (the "PRC") Corporate Income Tax
– Current tax

-	103
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No provision for Hong Kong Profits Tax had been made as the Group has no assessable profits arising in or derived from Hong Kong for both periods.

Under the prevailing tax law in the PRC, the Corporate Income Tax rate of the PRC subsidiaries is 25% for both periods.

5 EXPENSES BY NATURE

	(Unaudited)	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Cost of inventories recognised as an expense (included in cost of sales and services)	5	16
External technical service fees	2,104	2,973
Auditor's remuneration	260	230
Employee benefits expenses	4,133	4,530
Directors' emoluments	422	336
Total staff costs	4,555	4,866
Short-term leases expenses	19	27
Depreciation of property, plant and equipment	9	23
Depreciation of right-of-use assets	527	498
Other expenses	694	1,097
Total cost of sales and services and administrative expenses	8,173	9,730

7 LOSS PER SHARE

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

	(Unaudited)	
	Three months ended	
	31 March	
	2022	2021
	HK\$'000	HK\$'000
Loss		
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share		
- From continuing operations	(3,862)	(2,103)
- From discontinued operation	-	(6,474)
	<u>(3,862)</u>	<u>(8,577)</u>
	(Unaudited)	
	Three months ended	
	31 March	
	2022	2021
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,686,048</u>	<u>4,686,048</u>

There was no difference between the basic and diluted loss per share during the three months ended 31 March 2022 and 2021 as there were no dilutive potential shares outstanding at the end of both periods.

8 RESERVES

For the three months ended 31 March 2022

	Attributable to owners of the Company										
	Share premium (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	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	-	-	-	-	-	-	-	(3,862)	(3,862)	(1,784)	(5,646)
Other comprehensive income for the period	-	-	-	-	30	491	-	-	521	6	527
Total comprehensive income/(expense) for the period	-	-	-	-	30	491	-	(3,862)	(3,341)	(1,778)	(5,119)
Balance at 31 March 2022	3,466,638	9,777	1	-	245	118,374	(49)	(3,583,076)	11,910	(100)	11,810

For the three months ended 31 March 2021

	Attributable to owners of the Company										
	Share premium (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2021	3,466,638	9,777	1	666	215	116,559	(49)	(3,560,685)	33,122	(1,738)	31,384
Loss for the period	-	-	-	-	-	-	-	(8,577)	(8,577)	(522)	(9,099)
Other comprehensive income/(expense) for the period	-	-	-	-	-	284	-	-	284	(13)	271
Total comprehensive income/(expense) for the period	-	-	-	-	-	284	-	(8,577)	(8,293)	(535)	(8,828)
Lapse of warrants	-	-	-	(666)	-	-	-	666	-	-	-
Deregistration of a subsidiary	-	-	-	-	-	-	-	-	-	5,926	5,926
Balance at 31 March 2021	3,466,638	9,777	1	-	215	116,843	(49)	(3,568,596)	24,829	3,653	28,482

9 EVENT AFTER THE REPORTING PERIOD

After the reporting period, the Group transferred 60% shareholdings indirectly held by the Company in Hui So Hung Table Tennis Sports Centre Limited (a company operating the sports training business) to the non-controlling shareholder, Hui So Hung at nil consideration.

10 INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the three months ended 31 March 2022 (three months ended 31 March 2021: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Smart Retail Business

The Group's smart retail business is operated under its subsidiary, Hangzhou Zhongtuo Netcom Technology Limited ("**Zhongtuo Netcom**"), which positions itself as an integrated smart retail provider. Its main business is to provide new retail digital transformation solutions and new retail integrated software service platform to chain enterprises and merchants, and extended services such as cloud services (cloud storage and cloud computing), omni-channel payment services and SMS marketing services, etc. During the business development over the past year or so, the demand for domestic cloud services and cross-border overseas business has been growing rapidly, the market extends from Mainland China to overseas, cloud services business is expected to become the focal point of development. The Group receives fixed income from the system development and the sales of software and hardware, and also receives agency fees that are based on customer's volume of usage such as transaction payment amount, cloud service usage and SMS traffic. For the three months ended 31 March 2022, the Group's smart retail business generated revenue of approximately HK\$3,650,000 (three months ended 31 March 2021: approximately HK\$6,357,000). The decrease in revenue generated in this quarter was mainly due to the worsening outbreak of the coronavirus disease 2019 ("**COVID-19**") during the period under review.

Financial Technology Services Business

Under the backdrop of stringent regulatory requirements in the PRC for Internet financial technology companies, uncertainties remained in the Group's development of its financial technology services business in the first quarter of 2022. For the three months ended 31 March 2022, the Group's financial technology services business did not generate any revenue (three months ended 31 March 2021: Nil). The Group may consider to cease this business if the current unfavourable business environment persists.

Sports Training Business

The Group operates Hui So Hung Table Tennis Sports Centre Limited (“**HSH Company**”) in Hong Kong to provide table tennis training services to students with different ages and levels. The continuous outbreak of COVID-19 had directly affected the Group’s sports training business operation and revenue during the first quarter of 2022. For the three months ended 31 March 2022, the sports training business of the Group recorded a revenue of approximately HK\$66,000 (three months ended 31 March 2021: approximately HK\$217,000). The revenue generated from the sports training business was declining to a nominal level as a result of unfavourable market conditions and the sports training business was stagnant and recorded a net loss. In order to prevent further loss, streamline our businesses and increase our overall performance and prospects, after the reporting period, the Group transferred 60% shareholdings indirectly held by the Company in HSH Company (an insignificant subsidiary) to Ms. Hui So Hung, who is the other shareholder of HSH Company (holding 40% shareholdings), at nil consideration (taking into account of net liabilities position of HSH Company), thereby exiting from the sports training business.

Lottery Business

For the three months ended 31 March 2022, the Group’s lottery business did not generate any revenue (three months ended 31 March 2021: Nil). The Group is closely monitoring the performance of the lottery business and is downsizing this business, as it continuously records an operating loss.

Financial Review

For the three months ended 31 March 2022, the Group recorded an unaudited consolidated revenue of approximately HK\$3,716,000 (three months ended 31 March 2021: approximately HK\$6,574,000), representing a decrease of approximately 43% as compared with that of the corresponding period in 2021.

For the three months ended 31 March 2022, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$3,862,000 (three months ended 31 March 2021: approximately HK\$8,577,000). The decrease in the Group's loss for the three months ended 31 March 2022 was mainly attributable to the absence of loss incurred by its discontinued operation of approximately HK\$6,474,000 during the corresponding period in 2021.

Capital structure

As at 31 March 2022, the capital structure of the Group consists of equity attributable to owners of the Company of approximately HK\$35,340,000 (as at 31 March 2021: approximately HK\$48,259,000) comprising of issued share capital and reserves. As at 31 March 2022, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 March 2021: 4,686,048,381).

Prospects

The Group will continue to take a conservative stand in its financial technology services business against the backdrop of tightening industrial regulations and the impact of the COVID-19. Looking forward, the Group's business growth will continue to be propelled by its smart retail business. At the same time, the Group will closely monitor and may downsize or cease certain continuous loss-making business(es) in order to focus its resources on businesses with growth potential.

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

As at 31 March 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) (Cap. 571 of the Laws of Hong Kong)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings in securities by directors of listed issuers (the “Required Standard of Dealings”) as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in shares of associated corporation

Name of Directors	Name of associated corporation	Capacity and nature of interests	Number of shares	Approximate percentage of issued shares ⁽¹⁾
Mr. Sun Haitao ("Mr. Sun")	51 Credit Card	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%
Mr. Zhu Jianfei ⁽³⁾	51 Credit Card	Beneficial owner	2,656,810	0.20%

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 31 March 2022.
- (2) Rising Sun Limited (the sole shareholder of which is Wukong Ltd., which is beneficially owned by a discretionary trust, Wukong Trust, founded by Mr. Sun), (i) beneficially holds 108,159,464 shares in 51 Credit Card among which 20,000,000 shares were charged in favour of Hangzhou Zhenniu Information Technology Co., Ltd.* ("**Hangzhou Zhenniu**") (an indirect wholly-owned subsidiary of 51 Credit Card), a non-qualified lender; (ii) acts as a general partner and controls 51 Xinhu L.P., which in turn holds 50,355,000 shares in 51 Credit Card; and (iii) holds 142,708,272 shares in 51 Credit Card through various voting proxies.
- (3) Mr. Zhu Jianfei has resigned as an executive Director on 14 April 2022.

Save as disclosed above, as at 31 March 2022, no other Director or chief executive of the Company had or was deemed to have any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

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

As at 31 March 2022, so far as was known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had or was deemed to have an interest or a short position in the Shares, underlying Shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

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

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

Other persons

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

Notes:

- (1) The calculations were based on the number of Shares which each party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 4,686,048,381 Shares) as at 31 March 2022.
- (2) 51RENPIN.COM INC. is wholly owned by Shanghai Wuniu, which is in turn wholly owned by Hangzhou Jiahao. Further, contractual arrangements have been entered into between Hangzhou Zhenniu (a company wholly owned by 51 Credit Card (China) Limited, which is in turn wholly owned by 51 Credit Card) and Hangzhou Jiahao so that Hangzhou Zhenniu can control Hangzhou Jiahao. By virtue of the SFO, the above companies are deemed to be interested in those Shares held by 51RENPIN.COM INC., respectively.
- (3) Tiantu Investments Limited is wholly owned by Tiantu Advisory Company Limited, which is in turn wholly owned by Tian Tu Capital which is owned as to approximately 40.35% by Mr. Wang. Mr. Wang is deemed to be interested in an aggregate of 2,199,963,213 Shares, of which 1,834,963,213 Shares held by 51RENPIN.COM INC. is charged in favour of Tiantu Investments Limited and 365,000,000 Shares are held by Tiantu Investments International Limited, a company wholly owned by Tian Tu Capital.
- (4) (L) – Long Position, (S) – Short Position.

Save as disclosed above, so far as was known to the Directors, as at 31 March 2022, there was no person (not being a Director or a chief executive of the Company) who had or was deemed to have an interest or short position in the Shares, underlying shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

For the period ended 31 March 2022, the Company had applied the principles and complied with all the applicable code provisions in the corporate governance code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules, save and except for the following:

CODE PROVISION C.2.1

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

Currently, the role of the chairman of the Board is performed by Mr. Sun. While this constitutes a deviation from code provision C.2.1 of the CG Code, the Board believes that this arrangement will not impair the balance of power and authority between the management of the Board and the day-to-day management of the Group’s business, given that: (i) decisions to be made by the Board require approval by at least a majority of the Directors and since the Board comprises three independent non-executive Directors out of five Directors, which is more than the GEM Listing Rules requirement of one-third, as such the Board believes there are sufficient checks and balances in the Board; (ii) Mr. Sun and the other Directors are aware of and undertake to fulfill their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and will make decisions for the Group accordingly; (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues relating to the operations of the Company; and (iv) the effective execution of strategic initiatives could be promoted and the flow of information between the Directors could be facilitated under the role of chairman of the Board performed by Mr. Sun.

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

AUDIT COMMITTEE

The Group's first quarterly results for the three months ended 31 March 2022 had been reviewed by the audit committee of the Company which was of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2022.

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

5 May 2022

As at the date of this report, the executive Directors are Mr. Sun Haitao and Ms. Wu Shan; and the independent non-executive Directors are Mr. Song Ke, Mr. Wu Bo 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 only.*