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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)

FIRST QUARTERLY RESULTS ANNOUNCEMENT
FOR THE THREE MONTHS ENDED 31 MARCH 2020

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 three months ended 31 March 2020. This announcement, containing the full text of the 2020 first 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 to accompany preliminary announcement of first quarterly results. Printed version of the Company’s 2020 first 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 the Stock Exchange (www.hkexnews.hk) on or before 15 May 2020.

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

Chairman and Executive Director

7 May 2020

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 Listed Company Information” page of the GEM website at 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.



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

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*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 (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will remain on the “Latest Listed Company Information” page of the GEM website at 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.

HIGHLIGHTS

- The unaudited consolidated revenue of the Group for the three months ended 31 March 2020 was approximately HK\$3,260,000 (three months ended 31 March 2019: approximately HK\$17,854,000), representing a decrease of approximately 82% as compared with that for the corresponding period in 2019.
- The Group recorded an unaudited consolidated loss attributable to owners of the Company of approximately HK\$10,298,000 for the three months ended 31 March 2020 (three months ended 31 March 2019: unaudited consolidated profit attributable to owners of the Company of approximately HK\$8,200,000).
- The unaudited basic and diluted loss per share of the Company was approximately HK0.22 cent for the three months ended 31 March 2020 (three months ended 31 March 2019: unaudited basic and diluted earnings per share of approximately HK0.18 cent).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the three months ended 31 March 2020 together with the comparative figures for the corresponding period in 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2020

		(Unaudited)	
		Three months ended	
		31 March	
		2020	2019
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
Revenue	2	3,260	17,854
Cost of sales and services		(2,658)	(5,079)
Gross profit		602	12,775
Other income and (losses)/gains, net		(7,291)	2,038
Administrative expenses		(2,921)	(3,828)
Finance costs	3	(676)	(700)
(Loss)/profit before tax		(10,286)	10,285
Income tax charge	4	(32)	(2,786)
(Loss)/profit for the period	5	(10,318)	7,499
Other comprehensive (expense)/ income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(1,190)	1,505
Other comprehensive (expense)/income for the period		(1,190)	1,505
Total comprehensive (expense)/ income for the period		(11,508)	9,004

	(Unaudited)	
	Three months ended	
	31 March	
	2020	2019
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit attributable to:		
Owners of the Company	(10,298)	8,200
Non-controlling interests	(20)	(701)
	<u>(10,318)</u>	<u>7,499</u>
Total comprehensive (expense)/ income attributable to:		
Owners of the Company	(11,514)	9,666
Non-controlling interests	6	(662)
	<u>(11,508)</u>	<u>9,004</u>
(Loss)/earnings per share		
Basic and diluted	(0.22)	0.18
<i>(HK cents per share)</i>		

6

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 2020 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 convention.

The unaudited consolidated statement of profit or loss and other comprehensive income for the three months ended 31 March 2020 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2019, 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 2020. 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 2019.

2 REVENUE

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

	(Unaudited)	
	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
Provision of smart retail solutions	1,564	–
Credit referral and service fee	13	14,761
Apartment leasing	1,358	2,371
Sale of smart wearable devices	–	23
Provision of management, marketing and operating services for lottery system and lottery halls	34	145
Provision of sports training services	291	554
	<hr/>	<hr/>
	3,260	17,854
	<hr/>	<hr/>

3 FINANCE COSTS

	(Unaudited)	
	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
Effective interest on convertible bonds	378	374
Interest on lease liabilities	298	326
	<hr/>	<hr/>
	676	700
	<hr/>	<hr/>

4 INCOME TAX CHARGE

Income tax recognised in profit or loss

	(Unaudited)	
	Three months ended	
	31 March	
	2020	2019
	HK\$'000	HK\$'000
Current tax		
– PRC Corporate Income Tax	(94)	(2,847)
Deferred tax	62	61
	<hr/>	<hr/>
Total income tax charge recognised in profit or loss	(32)	(2,786)

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 has 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 significant unprovided deferred tax liabilities as at 31 March 2020 and 2019.

6 (LOSS)/EARNINGS PER SHARE

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

	(Unaudited) Three months ended 31 March	
	2020	2019
	HK\$'000	HK\$'000
(Loss)/earnings		
(Loss)/earnings for the period attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share	(10,298)	8,200

	(Unaudited) Three months ended 31 March	
	2020	2019
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted (loss)/earnings per share	4,671,035	4,671,035

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

7 RESERVES

For the three months ended 31 March 2020

	Attributable to owners of the Company											
	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	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 2020	3,443,597	9,777	1	3,935	-	245	113,725	(49)	(3,543,370)	27,861	(881)	26,980
Loss for the period	-	-	-	-	-	-	-	-	(10,298)	(10,298)	(20)	(10,318)
Other comprehensive (expense)/income for the period	-	-	-	-	-	-	(1,216)	-	-	(1,216)	26	(1,190)
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	(1,216)	-	(10,298)	(11,514)	6	(11,508)
Issue of unlisted warrants net of expense	-	-	-	-	666	-	-	-	-	666	-	666
Capital contribution by non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	547	547
Balance at 31 March 2020	3,443,597	9,777	1	3,935	666	245	112,509	(49)	(3,553,668)	17,013	(328)	16,685

For the three months ended 31 March 2019

	Attributable to owners of the Company											
	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	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 2019 (Original stated)	3,443,597	9,777	1	3,935	235	115,387	(49)	(3,537,432)	35,451	2,861		38,312
Effect on adoption of HKFRS 16	-	-	-	-	-	53	-	(1,439)	(1,286)	(1,175)		(2,561)
Balance at 1 January 2019 (Restated)	3,443,597	9,777	1	3,935	235	115,440	(49)	(3,538,871)	34,065	1,686		35,751
Profit/(loss) for the period	-	-	-	-	-	-	-	8,200	8,200	(701)		7,499
Other comprehensive income for the period	-	-	-	-	-	1,466	-	-	1,466	39		1,505
Total comprehensive income/(expense) for the period	-	-	-	-	-	1,466	-	8,200	9,666	(662)		9,004
Balance at 31 March 2019	3,443,597	9,777	1	3,935	235	116,906	(49)	(3,530,671)	43,731	1,024		44,755

8 INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the three months ended 31 March 2020 (three months ended 31 March 2019: Nil).



MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Smart Retail Business

Hangzhou Zhongtuo Netcom Technology Limited (“**Zhongtuo Netcom**”, a 51%-owned subsidiary of the Company) was established in February 2020. Its main business is to provide services regarding omni-channel payment business processing system, member-precise marketing system as well as the development of enterprise resource planning (“**ERP**”) system to online and offline chain enterprises and micro and small merchants. Due to the industry’s relatively high barrier to entry in areas of technical research and development and operating infrastructure, currently there are not many competitors in the PRC operating with similar business model. With its first-mover advantage, Zhongtuo Netcom firmly grasps the core needs of customers. In addition to receiving fixed fee from ERP system development, Zhongtuo Netcom will also continuously receive transaction income and membership income that are based on sales amount of its customers. For the three months ended 31 March 2020, the smart retail business had been operating for around one month and had recorded a revenue of approximately HK\$1,564,000.

Financial Technology Services Business

Following the PRC government’s issuance of a series of regulatory documents and guidance in late 2019 (including the Guidances on the Transformation of Online Lending Information Intermediary Institutions into Pilot Micro Credit Companies (《關於網絡借貸信息中介機構轉型為小額貸款公司試點的指導意見》) issued on 27 November 2019, etc.), the Group’s financial technology services business has been materially affected, and the bad debt level had increased significantly. After the comprehensive assessment of risks, the Group had continuously reduced its credit facilitation scale, and stopped new facilitations of P2P funds. In this respect, for the three months ended 31 March 2020, the cumulative loan facilitation volume under the financial technology services business of the Group amounted to approximately RMB193,000 and recorded a revenue of approximately HK\$13,000 (three months ended 31 March 2019: approximately HK\$14,761,000).

Apartment Leasing Business

Due to the impact of the Novel Coronavirus (“**COVID-19**”) epidemic, the Group’s apartment leasing business had faced tremendous difficulty in operation during the first quarter of 2020. During this period, a lot of tenants have fled Wuhan and refused to pay rent. To comply with the restriction measures imposed by the Command for Epidemic Prevention and Control of Wuhan, the apartment leasing business had been suspended for a long period with high vacancy rate, and only resumed operation since early April 2020, making the business continue to record a loss. As at 31 March 2020, the apartment leasing business of the Group had cumulatively secured the agency rights of 227 apartments (with 772 rooms in total) and successfully procured the leasing of 260 rooms thereof. For the three months ended 31 March 2020, the apartment leasing business of the Group recorded a revenue of approximately HK\$1,358,000 (three months ended 31 March 2019: approximately HK\$2,371,000). As it is expected that the business is impossible to resume in the short run, and there are significant uncertainties associated with the business prospect, the Group will closely monitor the performance of the business and will consider the discontinuance or downsizing of this business.

Lottery Business

As at 31 March 2020, the Group had submitted applications for the establishment of 1,629 sales points in various cities in Shandong and 1,011 of which have been approved. There were 436 sales points in operation as at the end of March 2020. For the three months ended 31 March 2020, the Group’s lottery business generated revenue of approximately HK\$34,000 (three months ended 31 March 2019: approximately HK\$145,000). The Group is closely monitoring the performance of the lottery business and is downsizing this business, as it continuously records an operating loss.

Sports Training Business

The Group operates Hui So Hung Table Tennis Training Centre in Hong Kong to provide table tennis training services to students with different ages and levels. The outbreak of COVID-19 in early 2020 had directly affected the Group’s sports training business operation and revenue during the quarter. Revenue from sport training business for the three months ended 31 March 2020 was approximately HK\$291,000 (three months ended 31 March 2019: approximately HK\$554,000).



Financial Review

For the three months ended 31 March 2020, the Group recorded an unaudited consolidated revenue of approximately HK\$3,260,000 (three months ended 31 March 2019: approximately HK\$17,854,000), representing a decrease of approximately 82% as compared with that of the corresponding period in 2019. The revenue of the Group was derived from (i) smart retail business; (ii) financial technology services business; (iii) apartment leasing business; (iv) lottery business; and (v) sports training business.

For the three months ended 31 March 2020, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$10,298,000 (three months ended 31 March 2019: unaudited consolidated profit attributable to owners of the Company of approximately HK\$8,200,000). The Group's loss for the three months ended 31 March 2020 was mainly attributable to the loss arising from the Group's financial technology services business.

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 31 March 2020, the Company's total number of issued ordinary shares of HK\$0.005 each ("**Shares**") was 4,671,035,048 (31 March 2019: 4,671,035,048 Shares).

Prospects

The situation of COVID-19 in the PRC has been under control since March 2020, and the lockdown of Wuhan city has also been lifted. However, the aftermaths of the epidemic on the Group is profound, especially for the Group's apartment leasing business located in Wuhan city. As for the financial technology services business, under the tight supervision of the PRC government on the online lending industry, the Group will continue to minimize the credit facilitation scale.

The Group expects that its future business growth will focus on the smart retail business newly launched in this quarter. At the same time, the Group may downsize or cease certain continuously loss-making businesses in order to focus its resources on profit making businesses.

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 CORPORATION

As at 31 March 2020, 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 corporation (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 (the “Required Standard of Dealings”), 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 ⁽¹⁾	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**”). 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. (“**51 Credit Card**”) (listed on the Stock Exchange, 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	Founder of a discretionary trust who can influence how the trustee exercises his discretion ⁽¹⁾	120,076,000	10.08%
		Others ⁽¹⁾	50,355,000	4.23%
		Others ⁽¹⁾	<u>245,140,736</u>	<u>20.57%</u>
			415,571,736	34.87%

Note:


- (1) 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 120,076,000 shares in 51 Credit Card; (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 245,140,736 shares in 51 Credit Card through various voting proxies.

Save as disclosed above, as at 31 March 2020, 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.

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

As at 31 March 2020, 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:

Names	Capacity and nature of interests	Number of Shares directly or indirectly held and category ⁽⁴⁾	Approximate percentage of issued Shares
51 Credit Card ⁽¹⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
51 Credit Card (China) Limited ⁽¹⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Hangzhou Zhenniu ⁽¹⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Hangzhou Enniu ⁽¹⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Shanghai Wuniu ⁽¹⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
51RENPIN.COM INC. ⁽¹⁾	Beneficial owner	1,834,963,213 (L)	39.28%
Mr. Wang Yonghua ("Mr. Wang") ⁽²⁾	Interest in controlled corporation	2,199,963,213 (L)	47.10%



Names	Capacity and nature of interests	Number of Shares directly or indirectly held and category ⁽⁴⁾	Approximate percentage of issued Shares
Tian Tu Capital Co., Ltd.* ⁽²⁾	Interest in controlled corporation	2,199,963,213 (L)	47.10%
Tiantu Advisory Company Limited ⁽²⁾	Interest in controlled corporation	1,834,963,213 (L)	39.28%
Tiantu Investments Limited ⁽²⁾	Person having a security interest in shares	1,834,963,213 (L)	39.28%
Tiantu Investments International Limited ⁽²⁾	Beneficial owner	365,000,000 (L)	7.81%
Mr. Ye Cunshi (" Mr. Ye ") ⁽³⁾	Interest in controlled corporation	700,655,257 (L)	15.00%
Yun Ma Limited ⁽³⁾	Beneficial owner	700,655,257 (L)	15.00%

* *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 headed "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 CORPORATION" 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) Pursuant to the joint venture agreement dated 22 November 2019, 700,655,257 unlisted warrants ("**Warrant(s)**") were issued to Yun Ma Limited (a company controlled as to approximately 62.40% by Mr. Ye) at the issue price of HK\$0.001 per Warrant as performance incentive. Upon the exercise of the subscription rights attaching to the Warrants, 700,655,257 Shares will be allotted and issued.
- (4) (L) – Long Position, (S) – Short Position.

Save as disclosed above, so far as was known to the Directors, as at 31 March 2020, 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 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 (the “**Shareholders**”) of the Company.

For the three months ended 31 March 2020, the Company had applied and complied with all the code provisions in the Corporate Governance Code (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 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. Mr. Sun has been engaging in Internet business development and financial technology 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, facilitate effective and efficient planning, implementation of business decisions and strategies, and ensure 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 is 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 of the Company 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 regarding transactions in securities of their issuers. The Company made specific enquiry with all Directors and had not been notified of any non-compliance with the Required Standard of Dealings and the Code by any of the Directors during the period under review.

AUDIT COMMITTEE

The Group's first quarterly results for the three months ended 31 March 2020 have been reviewed by the audit committee of the Company which is of the opinion that such financial 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 purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2020.

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

7 May 2020

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.