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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 2021

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 2021. This announcement, containing the full text of the 2021 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 2021 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 the Stock Exchange (www.hkexnews.hk) on or before 14 November 2021.

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

9 November 2021

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the 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”)

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

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

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

*This report, for which the directors (the “**Directors**”) of China Netcom Technology Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

This report will remain on the “Latest 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 from continuing operations for the nine months ended 30 September 2021 was approximately HK\$31,027,000 (nine months ended 30 September 2020: approximately HK\$16,768,000), representing an increase of approximately 85% as compared with that for the corresponding period in 2020.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$14,474,000 for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$14,483,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.31 cents for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK0.31 cents).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the nine months ended 30 September 2021 together with the comparative figures for the corresponding period in 2020 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2021 (Unaudited)

	Note	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
		2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)
Revenue	2	17,083	8,910	31,027	16,768
Cost of sales and services		(18,656)	(7,175)	(28,474)	(8,327)
Gross (loss)/profit		(1,573)	1,735	2,553	8,441
Other income and gains/(losses), net		393	1,573	1,031	(6,205)
Administrative expenses		(4,430)	(2,562)	(13,636)	(7,457)
Finance costs	3	(23)	(113)	(99)	(941)
(Loss)/profit before tax		(5,633)	633	(10,151)	(6,162)
Income tax charge	4	-	(3,918)	(103)	(4,035)
Loss for the period from continuing operations	5	(5,633)	(3,285)	(10,254)	(10,197)
Profit/(loss) for the period from discontinued operation	6	-	66	(6,588)	(3,025)
Loss for the period		(5,633)	(3,219)	(16,842)	(13,222)
Other comprehensive (expense)/income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
- Exchange differences on translating continuing foreign operations		(58)	2,569	580	1,271
- Exchange differences on translating discontinued foreign operation		-	(56)	364	(56)
Other comprehensive (expense)/income for the period		(58)	2,513	944	1,215
Total comprehensive expense for the period		(5,691)	(706)	(15,898)	(12,007)

	(Unaudited) Three months ended 30 September 2021 HK\$'000		(Unaudited) Nine months ended 30 September 2021 HK\$'000	
	Note	2020 HK\$'000 (Restated)	2021 HK\$'000 (Restated)	2020 HK\$'000 (Restated)
(Loss)/profit attributable to:				
Owners of the Company				
– Continuing operations		(3,681)	(7,886)	(12,892)
– Discontinued operation		63	(6,588)	(1,591)
		<u>(3,653)</u>	<u>(14,474)</u>	<u>(14,483)</u>
Non-controlling interests				
– Continuing operations		396	(2,368)	2,695
– Discontinued operation		3	–	(1,434)
		<u>(1,980)</u>	<u>(2,368)</u>	<u>1,261</u>
		<u>(5,633)</u>	<u>(16,842)</u>	<u>(13,222)</u>
Total comprehensive (expense)/ income attributable to:				
Owners of the Company				
– Continuing operations		(1,147)	(7,348)	(11,666)
– Discontinued operation		32	(6,224)	(1,622)
		<u>(3,706)</u>	<u>(13,572)</u>	<u>(13,288)</u>
Non-controlling interests				
– Continuing operations		431	(2,326)	2,740
– Discontinued operation		(22)	–	(1,459)
		<u>(1,985)</u>	<u>(2,326)</u>	<u>1,281</u>
		<u>(5,691)</u>	<u>(15,898)</u>	<u>(12,007)</u>
Loss per share from continuing operations				
– Basic and diluted (HK cents per share)	7	(0.08)	(0.17)	(0.28)
Loss per share from continuing and discontinued operations				
– Basic and diluted (HK cents per share)	7	(0.08)	(0.31)	(0.31)

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 2021 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 2021 have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2020, 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 2021. 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 2020.

2 REVENUE

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

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)
Revenue from contracts with customers within scope of HKFRS 15				
Provision of new retail solutions and service platform	16,511	8,592	29,726	15,459
Credit referral and service fee	-	39	-	113
Provision of management, marketing and operating services for lottery system and lottery halls	-	34	-	195
Provision of sports training services	572	245	1,301	1,001
	17,083	8,910	31,027	16,768

3 FINANCE COSTS

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)
Effective interest on convertible bonds	-	71	-	828
Interest on lease liabilities	23	42	99	113
	23	113	99	941

4 INCOME TAX CHARGE

Income tax recognised in profit or loss

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000	2021 HK\$'000	2020 HK\$'000
PRC Corporate Income Tax				
Current tax	-	(379)	(103)	(4,172)
Deferred tax	-	(3,539)	-	137
	<hr/>	<hr/>	<hr/>	<hr/>
Total income tax charge recognised in profit or loss	-	(3,918)	(103)	(4,035)
	<hr/>	<hr/>	<hr/>	<hr/>

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

Under the prevailing tax law in the PRC, the 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 2021 and 31 December 2020.

5 LOSS FOR THE PERIOD FROM CONTINUING OPERATIONS

	(Unaudited)		(Unaudited)	
	Three months ended		Nine months ended	
	30 September		30 September	
	2021	2020	2021	2020
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Restated)		(Restated)
Loss for the period from continuing operations has been arrived at after (crediting)/charging:				
Bank interest income	(266)	(453)	(594)	(1,415)
Net foreign exchange (gains)/losses	(7)	368	18	223
Interest income on financial assets at fair value through profit or loss	-	(15)	-	(20)
Quality assurance fund recovered	-	(5)	-	(19)
Quality assurance fund (gain)/loss, net (Reversal of)/recognition of loss allowance of contract assets	(2)	(1,306)	-	6,938
Covid-19 related rent concession	-	25	(27)	832
		(32)	(17)	(82)
Auditor's remuneration	230	240	690	720
Employee benefits expenses (excluding directors' emoluments)				
- Salaries, bonus and other benefits in kind	3,429	2,104	10,712	4,407
- Contributions to retirement benefits schemes	493	115	1,547	234
Directors' emoluments	436	336	1,426	1,008
Short-term leases expenses	36	25	82	73
Depreciation of property, plant and equipment	10	105	46	392
Depreciation of right-of-use assets	501	429	1,503	1,061

6 DISCONTINUED OPERATION

During the year ended 31 December 2020, the Group discontinued the apartment leasing business in the PRC. The results of the discontinued operation for the three months and nine months ended 30 September 2021 and 2020 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 apartment leasing business as a discontinued operation.

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)
Revenue	-	425	-	2,747
Cost of sales and services	-	(249)	-	(4,112)
Gross profit/(loss)	-	176	-	(1,365)
Other income and gains/(losses), net	-	494	(6,587)	2,547
Administrative expenses	-	(509)	(1)	(3,647)
Finance costs	-	(95)	-	(560)
Profit/(loss) before tax	-	66	(6,588)	(3,025)
Income tax charge	-	-	-	-
Profit/(loss) for the period from discontinued operation	-	66	(6,588)	(3,025)
Other comprehensive (expense)/income <i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translating discontinued foreign operation	-	(56)	364	(56)
Other comprehensive (expense)/ income for the period	-	(56)	364	(56)
Total comprehensive income/(expense) arises from discontinued operation for the period	-	10	(6,224)	(3,081)

(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
2021	2020	2021	2020
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Restated)		(Restated)

Profit/(loss) for the period has been arrived
at after (crediting)/charging:

Bank interest income	-	(1)	-	(1)
Covid-19 related rent concession	-	(117)	-	(117)
Gain on lease termination	-	(169)	-	(2,088)
Employee benefits expenses (excluding Directors' emoluments)				
- Salaries and other benefits in kind	-	149	-	920
- Contributions to retirement benefits schemes	-	45	-	217
Short-term leases expenses	-	8	-	30
Depreciation of property, plant and equipment	-	154	-	882
Depreciation of right-of-use assets	-	14	-	2,746
Loss on disposal of property, plant and equipment	-	304	-	2,861
Loss on deregistration of subsidiaries	-	-	6,615	-

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 30 September		(Unaudited) Nine months ended 30 September	
	2021 HK\$'000	2020 HK\$'000 (Restated)	2021 HK\$'000	2020 HK\$'000 (Restated)
(Loss)/earnings				
(Loss)/earnings for the period attributable to owners of the Company for the purposes of basic and diluted (loss)/earnings per share				
- From continuing operations	(3,653)	(3,681)	(7,886)	(12,892)
- From discontinued operation	-	63	(6,588)	(1,591)
	<u>(3,653)</u>	<u>(3,618)</u>	<u>(14,474)</u>	<u>(14,483)</u>

Number of shares

	(Unaudited) Three months ended 30 September		(Unaudited) Nine months ended 30 September	
	2021 '000	2020 '000	2021 '000	2020 '000
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,686,048</u>	<u>4,683,437</u>	<u>4,686,048</u>	<u>4,675,199</u>

There was no difference between the basic and diluted loss per share during the three months and nine months ended 30 September 2021 as there were no dilutive potential shares outstanding for the periods.

The computation of diluted loss per share for the three months and the nine months ended 30 September 2020 did not assume the exercise of the Company's potential ordinary shares granted under the Company's warrants since their exercise would have an anti-dilutive effect.

8 RESERVES

For the nine months ended 30 September 2021

	Attributable to owners of the Company										
	Share premium account (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	-	-	-	-	-	-	-	(14,474)	(14,474)	(2,368)	(16,842)
Other comprehensive income for the period	-	-	-	-	-	902	-	-	902	42	944
Total comprehensive income/(expense) for the period	-	-	-	-	-	902	-	(14,474)	(13,572)	(2,326)	(15,898)
Lapse of warrants	-	-	-	(666)	-	-	-	666	-	-	-
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	6,249	6,249
Balance at 30 September 2021	3,466,638	9,777	1	-	215	117,461	(49)	(3,574,493)	19,550	2,185	21,735

For the nine months ended 30 September 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)/profit for the period	-	-	-	-	-	-	-	-	(14,483)	(14,483)	1,261	(13,222)
Other comprehensive income for the period	-	-	-	-	-	-	1,195	-	-	1,195	20	1,215
Total comprehensive (expense)/income for the period	-	-	-	-	-	-	1,195	-	(14,483)	(13,288)	1,281	(12,007)
Issue of unlisted warrants net of expense	-	-	-	-	666	-	-	-	-	666	-	666
Capital contribution by non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	547	547
Shares issued upon conversion of convertible bonds	19,974	-	-	(3,935)	-	-	-	-	-	16,039	-	16,039
Balance at 30 September 2020	3,463,571	9,777	1	-	666	245	114,920	(49)	(3,557,853)	31,278	947	32,225

9 INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the nine months ended 30 September 2021 (nine months ended 30 September 2020: 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 solution 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 system development and 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 nine months ended 30 September 2021, the Group's smart retail business generated revenue of approximately HK\$29,726,000 (for the period from 27 February 2020 (being the date of incorporation of Zhongtuo Netcom) to 30 September 2020: approximately HK\$15,459,000).

Financial Technology Services Business

Under the backdrop of stringent regulatory requirements in the PRC for Internet financial technology companies, uncertainties remained in the development of the Group's financial technology services business in the first nine months of 2021. For the nine months ended 30 September 2021, the Group's financial technology services business did not generate any revenue (nine months ended 30 September 2020: approximately HK\$113,000). The Group may consider to cease this business if the current unfavorable business environment persists.

Sports Training Business

The Group operates the Hui So Hung Table Tennis Training Centre in Hong Kong to provide table tennis training services to students of different ages and levels. For the nine months ended 30 September 2021, the sports training business of the Group recorded a revenue of approximately HK\$1,301,000 (nine months ended 30 September 2020: approximately HK\$1,001,000).

Lottery Business

For the nine months ended 30 September 2021, the Group's lottery business did not generate any revenue (nine months ended 30 September 2020: approximately HK\$195,000). 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 nine months ended 30 September 2021, the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK\$31,027,000 (nine months ended 30 September 2020: approximately HK\$16,768,000), representing an increase of approximately 85% as compared with that of the corresponding period in 2020.

The Group's discontinued operation, being its apartment leasing business, had incurred a loss attributable to owners of the Company of approximately HK\$6,588,000 for the nine months ended 30 September 2021 (nine months ended 30 September 2020: approximately HK\$1,591,000), which was mainly attributable to the loss recognised upon deregistration of a company engaged in the apartment leasing business.

For the nine months ended 30 September 2021, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$14,474,000 (nine months ended 30 September 2020: approximately HK\$14,483,000). The Group's loss for the nine months ended 30 September 2021 was mainly attributable to the loss arising from the discontinued operation and continuing operations.

Capital structure

As at 30 September 2021, the capital structure of the Group consists of equity attributable to owners of the Company of approximately HK\$42,980,000 (31 December 2020: approximately HK\$56,552,000) comprising issued share capital and reserves. As at 30 September 2021, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 December 2020: 4,686,048,381 Shares).

Prospects

Looking forward, the Group's business development 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 profit-making businesses.

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 30 September 2021, 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 and category	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⁾	114,117,732 (L)	8.40%
		Others ⁽²⁾	50,355,000 (L)	3.71%
		Others ⁽²⁾	136,750,004 (L)	10.07%
			301,222,736 (L)	22.18%
Mr. Zhu Jianfei	51 Credit Card	Beneficial owner	2,656,810 (L)	0.20%

Notes:

- (1) The calculations are based on the number of shares as a percentage of the total number of issued shares of 51 Credit Card (listed on the Stock Exchange, stock code: 2051) (i.e. 1,358,320,188 shares) as at 30 September 2021.
- (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 114,117,732 shares in 51 Credit Card, among which 20,000,000 shares were charged in favour of a lender other than a qualified lender; (ii) acts as a general partner and controls 51 Xinqu L.P., which in turn holds 50,355,000 shares in 51 Credit Card; and (iii) holds 136,750,004 shares in 51 Credit Card through various voting proxies.
- (3) (L) – Long Position, (S) – Short Position

Save as disclosed above, as at 30 September 2021, 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 corporations (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 IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 September 2021, 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 are as follows:

Name	Capacity and nature of interests	Number of Shares directly or indirectly held and category ⁽⁴⁾	Approximate percentage of issued Shares ⁽¹⁾
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 Information Technology Co., Ltd.* ("Hangzhou Zhenniu")	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Hangzhou Jiahao Technology Co., Ltd.* ("Hangzhou Jiahao")	Interest in controlled corporation	1,834,963,213 (L)	39.16%
Shanghai Wuniu Network Technology Co., Ltd.* ("Shanghai Wuniu")	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%
Tiantu Advisory Company Limited ⁽³⁾	Interest in controlled corporation	1,834,963,213 (L)	39.16%

Name	Capacity and nature of interests	Number of Shares directly or indirectly held and category⁽⁴⁾	Approximate percentage of issued Shares⁽¹⁾
Tiantu Investments Limited ⁽³⁾	Person having a security interest in shares	1,834,963,213 (L)	39.16%
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 are 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 2021.
- (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 30 September 2021, 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 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.



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 the interests of the shareholders (the “**Shareholders**”) of the Company.

During the nine months ended 30 September 2021, 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:

Code provision A.2.1

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

Currently, the role of the chairman of the Board is performed by Mr. Sun and 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. Zhu Jianfei, and their respective areas of profession spearheaded the Group’s overall development and business strategies.

While this constitutes a deviation from code provision A.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, the Board believes there are sufficient checks and balances among 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 as 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.

Code provision E.1.2


Code provision E.1.2 of the CG code stipulates that the chairman of the Board shall attend the annual general meeting. Mr. Sun, the chairman of the Board, was unable to attend the annual general meeting held in 2021 due to unexpected business engagements.

However, Mr. Yu Tat Chi Michael, the chairman of the Audit Committee and a member of each of the Remuneration and Nomination Committees, took the chair of that annual general meeting and Mr. Zhao Ke, the former executive Director, together with the representatives of the auditor of the Company, Baker Tilly Hong Kong Limited, were also present to answer questions from the Shareholders.

UNLISTED WARRANTS

On 22 November 2019, Zhong Tuo Limited (“**Zhong Tuo**”) (a wholly owned subsidiary of the Company) entered into the joint venture agreement (the “**JV Agreement**”) with Ningbo Yunni Enterprise Management Partnership (Limited Partnership)* (“**Ningbo Yunni**”), Ningbo Yun Ma Enterprise Management Partnership (Limited Partnership)* (“**Ningbo Yunma**”) and Mr. Ye Cunshi, pursuant to which the parties agreed to jointly establish a joint venture to explore the business development, cooperation and investment opportunities in the area of smart retail business, and Zhong Tuo conditionally agreed to procure the Company to issue 700,655,257 unlisted warrants (the “**Warrant(s)**”) to Yun Ma Limited at the issue price of HK\$0.001 per Warrant as performance incentive. Each Warrant carries the right to subscribe at any time during the subscription period for one warrant Share (the “**Warrant Share**”) at the subscription price of HK\$0.054 (subject to adjustment) per Warrant Share. The closing price per Share as quoted in the Stock Exchange on the date of the JV Agreement was HK\$0.034. The approval of the issue of Warrants and the grant of specific mandate to issue Warrant Shares upon the exercise of the subscription rights attaching to the Warrants was obtained at the extraordinary general meeting of the Company held on 13 December 2019.

On 23 January 2020, Zhong Tuo and Zhong Tuo Holdings (HK) Limited (a wholly owned subsidiary of Zhong Tuo) further entered into the supplemental joint venture agreement with Ningbo Yunni and Ningbo Yunma, pursuant to which all rights and obligations of Zhong Tuo under the JV Agreement would be transferred to Zhong Tuo Holdings (HK) Limited. The said joint venture (Zhongtuo Netcom) was incorporated in February 2020.



700,655,257 Warrants were issued in February 2020 by the Company to Yun Ma Limited at the issue price of HK\$0.001 per Warrant, carrying the right to subscribe for up to a maximum of 700,655,257 Warrant Shares during a 36-month period commencing from the date of vesting of the Warrants. On 23 March 2021, all the unvested Warrants had lapsed as the vesting conditions could not be achieved.

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 enquiries with all Directors and had not been notified of any non-compliance with the Required Standard of Dealings and the Code by any Director during the period under review.

AUDIT COMMITTEE

The Group’s third quarterly results for the nine months ended 30 September 2021 have been reviewed by the audit committee of the Company, which was of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

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) had any business or interest which caused or may have caused any significant competition with the business of the Group or any other conflict of interests with 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 nine months ended 30 September 2021.

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

9 November 2021

As at the date of this report, the executive Directors are Mr. Sun Haitao and Mr. Zhu Jianfei; 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 purposes only.*