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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)

INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2017

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

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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.

*This announcement, 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 announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for a minimum period of 7 days from the date of its publication and on the Company’s website at www.chinanetcomtech.com.

HIGHLIGHTS

- The unaudited revenue of the Group for the six months ended 30 June 2017 was approximately HK\$3,711,000 (six months ended 30 June 2016 (restated): approximately HK\$858,000), representing an increase of approximately 332.52% as compared with that for the corresponding period in 2016.
- The Group recorded an unaudited loss attributable to owners of the Company of approximately HK\$12,855,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$17,258,000), representing a decrease of approximately 25.51% as compared with that for the corresponding period in 2016.
- The unaudited loss per share of the Company was approximately HK0.36 cent for the six months ended 30 June 2017.

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 and six months ended 30 June 2017 together with the comparative figures for the corresponding period in 2016 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

		(Unaudited) Three months ended 30 June		(Unaudited) Six months ended 30 June	
	Notes	2017 HK\$'000	2016 HK\$'000 (Restated)	2017 HK\$'000	2016 HK\$'000 (Restated)
Revenue	2	2,971	758	3,711	858
Cost of sales		<u>(2,045)</u>	<u>(610)</u>	<u>(2,535)</u>	<u>(749)</u>
Gross profit		926	148	1,176	109
Other income and gains		85	436	3,114	564
Gain on early redemption of convertible bonds		–	265	–	651
Administrative expenses		(5,689)	(9,990)	(11,795)	(14,817)
Finance costs	4	(1,394)	(1,464)	(2,773)	(3,189)
Other operating expenses		<u>(2,045)</u>	<u>(1,826)</u>	<u>(3,604)</u>	<u>(3,719)</u>
Loss before tax		(8,117)	(12,431)	(13,882)	(20,401)
Income tax credit	5	329	984	788	1,610
Loss for the period	6	<u>(7,788)</u>	<u>(11,447)</u>	<u>(13,094)</u>	<u>(18,791)</u>
Other comprehensive income/(expense)					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		<u>1,206</u>	<u>(1,184)</u>	<u>1,809</u>	<u>(662)</u>
Other comprehensive income/(expense) for the period		<u>1,206</u>	<u>(1,184)</u>	<u>1,809</u>	<u>(662)</u>
Total comprehensive expense for the period		<u><u>(6,582)</u></u>	<u><u>(12,631)</u></u>	<u><u>(11,285)</u></u>	<u><u>(19,453)</u></u>
Loss attributable to:					
Owners of the Company		(6,727)	(10,837)	(12,855)	(17,258)
Non-controlling interests		<u>(1,061)</u>	<u>(610)</u>	<u>(239)</u>	<u>(1,533)</u>
		<u><u>(7,788)</u></u>	<u><u>(11,447)</u></u>	<u><u>(13,094)</u></u>	<u><u>(18,791)</u></u>
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(6,068)	(11,529)	(11,874)	(17,671)
Non-controlling interests		<u>(514)</u>	<u>(1,102)</u>	<u>589</u>	<u>(1,782)</u>
		<u><u>(6,582)</u></u>	<u><u>(12,631)</u></u>	<u><u>(11,285)</u></u>	<u><u>(19,453)</u></u>
Loss per share	7				
— Basic and diluted (HK cents per share)		<u><u>(0.17)</u></u>	<u><u>(0.35)</u></u>	<u><u>(0.36)</u></u>	<u><u>(0.55)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

		(Unaudited) 30 June 2017 HK\$'000	(Audited) 31 December 2016 HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	8	1,535	2,436
Club debenture		115	115
Concession rights		59,257	60,580
		<u>60,907</u>	<u>63,131</u>
Current assets			
Inventories		1,081	911
Prepayments, deposits and other receivables	9	1,864	2,516
Amount due from a non-controlling interest of a subsidiary		1,500	1,497
Pledged bank deposit		–	216
Cash and bank balances		24,884	23,817
		<u>29,329</u>	<u>28,957</u>
Current liabilities			
Trade and other payables	10	3,681	7,776
Receipt in advance		–	126
Amount due to a non-controlling interest of a subsidiary		249	472
		<u>3,930</u>	<u>8,374</u>
Net current assets		<u>25,399</u>	20,583
Total assets less current liabilities		<u>86,306</u>	83,714
Non-current liabilities			
Convertible bonds		46,696	43,923
Deferred tax liabilities		18,332	19,120
		<u>65,028</u>	63,043
Net assets		<u>21,278</u>	<u>20,671</u>

	(Unaudited)	(Audited)
	30 June	31 December
	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital — ordinary shares	21,197	15,600
Share capital — non-redeemable convertible preferred shares	–	5,017
Reserves	(21,431)	(20,869)
	<hr/>	<hr/>
Equity attributable to owners of the Company	(234)	(252)
Non-controlling interests	21,512	20,923
	<hr/>	<hr/>
Total equity	21,278	20,671
	<hr/> <hr/>	<hr/> <hr/>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

Attributable to owners of the Company												
	Share capital — non- redeemable	Share capital — ordinary shares	Share premium account	Capital redemption reserve	Convertible bonds equity reserve	Share options reserve	Foreign currency translation reserve	Other reserve	Accumulated losses	Subtotal	Attributable to non- controlling interests	Total
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 January 2016	15,600	5,017	3,348,003	1	29,735	32,722	118,256	(49)	(3,501,041)	48,244	29,313	77,557
Loss for the period	-	-	-	-	-	-	-	-	(17,258)	(17,258)	(1,533)	(18,791)
Other comprehensive expense for the period	-	-	-	-	-	-	(413)	-	-	(413)	(249)	(662)
Total comprehensive expense for the period	-	-	-	-	-	-	(413)	-	(17,258)	(17,671)	(1,782)	(19,453)
Recognition of equity-settled share-based payments	-	-	-	-	-	4,061	-	-	-	4,061	-	4,061
Redemption of convertible bonds	-	-	-	-	(15,824)	-	-	-	464	(15,360)	-	(15,360)
Deferred tax relating to convertible bonds	-	-	-	-	2,427	-	-	-	-	2,427	-	2,427
Balance at 30 June 2016	15,600	5,017	3,348,003	1	16,338	36,783	117,843	(49)	(3,517,835)	21,701	27,531	49,232

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

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	(Unaudited)	
	Six months ended 30 June	
	2017	2016
	HK\$'000	HK\$'000
Net cash used in operating activities	(10,964)	(4,859)
Net cash generated by/(used in) investing activities	218	(2,288)
Net cash generated by/(used in) financing activities	11,892	(36,084)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	1,146	(43,231)
Cash and cash equivalents at the beginning of period	23,817	78,077
Effect of foreign exchange rate changes, net	(79)	86
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	24,884	34,932
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	24,884	34,932

Notes:

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

The unaudited condensed consolidated financial statements have been prepared in accordance with the Hong Kong Accounting Standards (“**HKAS**”) 34 “Interim Financial Reporting”, other relevant HKASs and Interpretations (“**Ints**”) and Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure required by the GEM Listing Rules. It has been prepared under historical cost convention.

The unaudited condensed consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the annual financial statements for the year ended 31 December 2016, except for the adoption of the new and revised HKFRSs (which include individual HKFRSs, HKASs and Ints).

In the current interim period, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2017. 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 condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2016.

Certain comparative amounts have been reclassified to conform with current period’s presentation as the Group has introduced additional segments of (i) information technology business segment regarding the research and development of information technology products and sale of self-developed information technology products; and (ii) sports training business segment regarding the provision of sports training services. Accordingly, unaudited consolidated statement of profit or loss and other comprehensive income and segment information for the six months ended 30 June 2016 for comparative purposes have been reclassified to reflect the newly reportable segments.

2. REVENUE

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

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
		(Restated)		(Restated)
Sale of lottery equipment	44	39	44	39
Provision of management, marketing, and operating services for lottery system and lottery halls	6	83	42	183
Provision of sports training services	536	636	1,164	636
Sale of information technology products	2,385	–	2,461	–
	2,971	758	3,711	858

3. SEGMENT INFORMATION

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

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

- (a) Lottery business — Development of computer software, hardware and application system, sale of self-developed technology or results, provision of relevant technical consultancy services in the People’s Republic of China (the “PRC”) and development and provision of operation system sector of the PRC lottery market;
- (b) Information technology business — Research and development of information technology products and sale of self-developed information technology products; and
- (c) Sports training business — Provision of sports training services.

The following tables present revenue and results for the six months ended 30 June 2017 and the six months ended 30 June 2016, and total assets and total liabilities as at 30 June 2017 and 31 December 2016 for the Group’s business segments.

	Lottery business HK\$’000	Information technology business HK\$’000	Sports training business HK\$’000	Total HK\$’000
Six months ended 30 June 2017 (Unaudited)				
Segment revenue	<u>86</u>	<u>2,461</u>	<u>1,164</u>	<u>3,711</u>
Segment (loss)/profit	<u>(6,802)</u>	<u>(1,329)</u>	<u>79</u>	<u>(8,052)</u>
Bank interest and other income				3,114
Central administration costs				<u>(8,944)</u>
Loss before tax				<u><u>(13,882)</u></u>
	Lottery business HK\$’000 (Restated)	Information technology business HK\$’000 (Restated)	Sports training business HK\$’000 (Restated)	Total HK\$’000 (Restated)
Six months ended 30 June 2016 (Unaudited)				
Segment revenue	<u>222</u>	<u>–</u>	<u>636</u>	<u>858</u>
Segment (loss)/profit	<u>(7,689)</u>	<u>(1,404)</u>	<u>145</u>	<u>(8,948)</u>
Bank interest and other income				564
Central administration costs				<u>(12,017)</u>
Loss before tax				<u><u>(20,401)</u></u>

	Lottery business HK\$'000	Information technology business HK\$'000	Sports training business HK\$'000	Total HK\$'000
As at 30 June 2017 (Unaudited)				
Segment assets	60,052	6,293	2,731	69,076
Corporate and unallocated assets				<u>21,160</u>
Consolidated assets				<u><u>90,236</u></u>
Segment liabilities	67,906	167	41	68,114
Corporate and unallocated liabilities				<u>844</u>
Consolidated liabilities				<u><u>68,958</u></u>

	Lottery business HK\$'000 (Restated)	Information technology business HK\$'000 (Restated)	Sports training business HK\$'000 (Restated)	Total HK\$'000 (Restated)
As at 31 December 2016 (Audited)				
Segment assets	62,179	5,545	2,789	70,513
Corporate and unallocated assets				<u>21,575</u>
Consolidated assets				<u><u>92,088</u></u>
Segment liabilities	68,770	243	193	69,206
Corporate and unallocated liabilities				<u>2,211</u>
Consolidated liabilities				<u><u>71,417</u></u>

4. FINANCE COSTS

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Effective interest on convertible bonds	<u>1,394</u>	<u>1,464</u>	<u>2,773</u>	<u>3,189</u>

5. INCOME TAX CREDIT

Income tax recognised in profit or loss

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred tax	<u>(329)</u>	<u>(984)</u>	<u>(788)</u>	<u>(1,610)</u>

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both periods. No provision for Hong Kong Profits Tax had been made as the Group had no assessable profits arising in or derived from Hong Kong for both periods.

Under the prevailing tax law in the PRC, the Enterprise Income Tax rate of the PRC subsidiaries is 25% for both periods. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The Group did not have significant unprovided deferred tax liabilities at 30 June 2017 and 31 December 2016.

6. LOSS FOR THE PERIOD

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period has been arrived at after (crediting)/charging:				
Crediting:				
Bank interest income	(1)	(5)	(2)	(15)
Net foreign exchange gain	(59)	–	(96)	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Charging:				
Auditors' remuneration	240	271	480	504
Employee benefits expense (excluding directors' emoluments):				
— Salaries and other benefits in kind	1,168	956	2,404	1,677
— Equity-settled share-based payments	–	406	–	406
— Contributions to retirement benefits schemes	60	69	126	96
Directors' emoluments	772	1,722	2,441	3,445
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total staff costs	<u>2,000</u>	<u>3,153</u>	<u>4,971</u>	<u>5,624</u>
Minimum lease payments paid under operating leases in respect of land and buildings	625	737	1,248	1,107
Net foreign exchange loss	–	184	–	66
Depreciation of property, plant and equipment	255	265	508	318
Expense in relation to share options granted to consultants (included in administrative expenses)	–	3,655	–	3,655
Amortisation of concession rights (included in other operating expenses)	1,591	1,826	3,150	3,719
Loss on disposal of property, plant and equipment (included in other operating expenses)	454	–	454	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

7. LOSS PER SHARE

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

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss				
Loss for the period attributable to owners of the Company for the purposes of basic and diluted loss per share	<u>(6,727)</u>	<u>(10,837)</u>	<u>(12,855)</u>	<u>(17,258)</u>

Number of shares

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	<i>'000</i>	<i>'000</i>	<i>'000</i>	<i>'000</i>
Weighted average number of ordinary shares for the purposes of basic and diluted loss per share	<u>4,070,592</u>	<u>3,120,035</u>	<u>3,597,939</u>	<u>3,120,035</u>

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

8. PROPERTY, PLANT AND EQUIPMENT

	At 30 June 2017 (Unaudited) <i>HK\$'000</i>	At 31 December 2016 (Audited) <i>HK\$'000</i>
Net book value, beginning of the period/year	2,436	1,215
Additions	–	2,524
Disposals	(454)	(66)
Depreciation	(508)	(1,100)
Effect of foreign currency exchange differences	<u>61</u>	<u>(137)</u>
Net book value, end of the period/year	<u>1,535</u>	<u>2,436</u>
Cost	5,722	6,856
Accumulated depreciation	<u>(4,187)</u>	<u>(4,420)</u>
Net book value, end of the period/year	<u>1,535</u>	<u>2,436</u>

9. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Prepayments	693	1,113
Deposits and other receivables	<u>3,171</u>	<u>3,403</u>
	3,864	4,516
Less: allowance for doubtful debts	<u>(2,000)</u>	<u>(2,000)</u>
Total prepayments, deposits and other receivables	<u><u>1,864</u></u>	<u><u>2,516</u></u>

10. TRADE AND OTHER PAYABLES

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Trade payables	4	3
Other payables and accruals	3,523	7,489
Accrued salaries and other benefits in kind	<u>154</u>	<u>284</u>
	3,681	7,776
	<u><u>3,681</u></u>	<u><u>7,776</u></u>

The following is an ageing analysis of trade payables based on invoice date at the end of the reporting period:

	At 30 June 2017 (Unaudited) HK\$'000	At 31 December 2016 (Audited) HK\$'000
Over 180 days	<u>4</u>	<u>3</u>

11. FAIR VALUE MEASUREMENT

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the unaudited condensed consolidated financial statements approximate to their fair values:

	At 30 June 2017 (Unaudited) Carrying amount HK\$'000	(Unaudited) Fair value HK\$'000
Financial liabilities		
Convertible bonds	<u>46,696</u>	<u>48,879</u>

12. RELATED PARTY TRANSACTIONS

Save as disclosed in this announcement, the Group had the following significant transactions with related parties during the period:

Compensation of key management personnel

The remuneration of directors and other members of key management during the period was as follows:

	(Unaudited)		(Unaudited)	
	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Short-term benefits	767	1,713	2,427	3,427
Post-employment benefits	5	9	14	18
	<u>772</u>	<u>1,722</u>	<u>2,441</u>	<u>3,445</u>

13. INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Cooperative Agreements to Develop Sports Lottery Sales Network in Shandong

In late 2016, one of the Group's subsidiaries entered into cooperative agreements with each of Shandong Province Sports Lottery Management Centre and an independent third party for the development of the sports lottery sales network in Shandong to conduct the sports lottery sales business. Pursuant to the agreements, the subsidiary is responsible for providing related technical services and is entitled to receive a particular percentage of the revenue from the sales network. A total of 50 points of sales were established by June 2017 and the application for establishing additional 284 points of sales in various cities in Shandong is being processed. The annual sales of sports lottery in Shandong reached RMB17.2 billion for the year 2016.

Smart Wearable Devices Business

With the research and development for over a year since its launch in January 2016, the smart wearable devices business made a breakthrough in the first half of 2017. The Company received the 3C certification issued by China Quality Certification Centre in late March 2017 as well as the CE certification and FCC certification issued by the European Union and the United States of America were also obtained by the Company in April and May 2017 respectively, enabling the Company to sell its products in China, Europe and the United States of America.

Letter of Intent for Strategic Cooperation Agreement with Caissa Travel and Airports Corporation of Vietnam

On 3 January 2017, Max Choice Holdings Limited (a wholly-owned subsidiary of the Company) entered into a letter of intent for strategic cooperation agreement (the "**Letter of Intent**") with Caissa Tongsheng Travel Service (Group) Co., Ltd. ("**Caissa Travel**") and Airports Corporation of Vietnam regarding the business development in relation to Phu Quoc (富國島). Details of the Letter of Intent were set out in the Company's announcement dated 9 January 2017. However, as at the date of this announcement, the possible transaction with Caissa Travel in Phu Quoc has been terminated due to the failure of reaching a concrete cooperation plan between the relevant parties.

Change of Controlling Shareholder

Convertible Preferred Share Purchase Agreement

The Board was informed that on 11 April 2017, Mr. Leung Ngai Man ("**Mr. Leung**") (as seller) and 51RENPIN.COM INC. (the "**Offeror**") (as purchaser) had entered into a convertible preferred share purchase agreement (the "**Convertible Preferred Share Purchase Agreement**") pursuant to which Mr. Leung agreed to sell, and the Offeror agreed to acquire, 1,003,333,333 convertible preferred shares at the consideration of HK\$82,273,333.31, being HK\$0.082 per convertible preferred share. It was further stated in the Convertible Preferred Share Purchase Agreement that the Offeror shall, immediately upon completion of the sale and purchase of the convertible preferred shares, exercise its conversion rights attaching to the convertible preferred shares to convert all the convertible preferred shares into ordinary shares. Completion of the Convertible Preferred Share Purchase Agreement took place on the same day.

Immediately after the completion of the sale and purchase of the convertible preferred shares and pursuant to the terms of the Convertible Preferred Share Purchase Agreement, the Company received a notice of conversion from the Offeror in respect of the exercise of conversion rights attaching to all the convertible preferred shares. As a result of the exercise of the conversion rights attaching to the 1,003,333,333 convertible preferred shares, 1,003,333,333 shares were allotted and issued to the Offeror on 12 April 2017 (the “**Converted Shares**”). Please refer to the Company’s announcement dated 24 April 2017 for further details.

Share Purchase Agreement

The Board was further informed by Mr. Leung that, immediately after allotment and issue of the 1,003,333,333 Converted Shares, on the same date, Mr. Leung, the Offeror and Tiantu Investments International Limited (“**Tiantu**”) had entered into a share purchase agreement (the “**Share Purchase Agreement**”) pursuant to which (i) the Offeror and Tiantu have conditionally agreed to acquire 441,629,880 shares and 365,000,000 shares; and (ii) Mr. Leung has conditionally agreed to sell an aggregate of 806,629,880 shares at an aggregate consideration of HK\$66,143,650.16, being HK\$0.082 per share. Completion of the Share Purchase Agreement was effected on 18 April 2017. Please refer to the Company’s announcement dated 24 April 2017 for further details.

Mandatory Conditional Cash Offers

Immediately after the allotment and issue of the Converted Shares to the Offeror and the completion of the sale and purchase of shares pursuant to the Share Purchase Agreement, the Offeror and parties acting in concert with it became interested in an aggregate of 1,809,963,213 shares representing approximately 43.89% of the total number of issued shares as at 24 April 2017. Accordingly, the Offeror and parties acting in concert with it were required to make a conditional mandatory cash offer to acquire all the issued shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Hong Kong Code on Takeovers and Mergers (the “**Takeovers Code**”) at HK\$0.082 per share (the “**Share Offer**”). Pursuant to Rule 13.5 of the Takeovers Code, the mandatory conditional cash offer had also been made to cancel all the outstanding share options (the “**Option Offer**”, together with the Share Offer, the “**Offers**”). As the condition was not fulfilled, the Offers failed to become unconditional in all respects and lapsed on 20 July 2017. Please refer to the Company’s announcements dated 24 April 2017, 15 May 2017, 29 May 2017, 9 June 2017, 16 June 2017, 30 June 2017 and 20 July 2017 and the composite document jointly issued by the Company and the Offeror dated 9 June 2017 for further details.

Connected Transaction in Relation to Proposed Subscription of New Shares under Specific Mandate

Simultaneously with the entering into of the Share Purchase Agreement, the Company and the Offeror entered into a subscription agreement (as amended by a side letter dated 23 April 2017 and a second side letter dated 16 June 2017) (the “**Subscription Agreement**”) pursuant to which the Company had conditionally agreed to allot and issue, and the Offeror had conditionally agreed to subscribe for, 390,000,000 shares at the consideration of HK\$31,980,000, being HK\$0.082 per share (the “**Subscription**”).

The resolution proposed at the extraordinary general meeting of the Company held on 14 July 2017 (the “**EGM**”) regarding the Subscription and the granting of the specific mandate was duly passed by the independent shareholders of the Company by way of poll at the EGM. On 19 July 2017, 390,000,000 subscription shares were allotted and issued to the Offeror at the subscription price of HK\$0.082 per subscription share, pursuant to the completion of the Subscription Agreement upon the fulfilment of all terms and conditions thereto. Please refer to the Company’s announcements dated 24 April 2017, 15 May 2017, 29 May 2017, 9 June 2017, 16 June 2017, 14 July 2017 and 19 July 2017 and the Company’s circular dated 23 June 2017 for further details.

Financial Review

For the six months ended 30 June 2017, the Group recorded an unaudited revenue of approximately HK\$3,711,000 (six months ended 30 June 2016 (restated): approximately HK\$858,000), representing an increase of approximately 332.52% as compared with that for the corresponding period in 2016. During the six months ended 30 June 2017, the revenue of the Group was mainly derived from (i) lottery business; (ii) information technology business; and (iii) provision of sports training services business. The Company first recorded revenue from smart glasses for sample and trial sales in March 2017 and has further delivered sales orders during the second quarter of 2017. For the six months ended 30 June 2017, the unaudited loss attributable to owners of the Company was approximately HK\$12,855,000 (six months ended 30 June 2016: approximately HK\$17,258,000), representing a decrease of approximately 25.51% as compared with that for the corresponding period in 2016.

Liquidity and financial resources

As at 30 June 2017, the Group had unaudited cash and bank balances (excluding pledged bank deposit) of approximately HK\$24,884,000 (31 December 2016 (audited): approximately HK\$23,817,000). The majority bank balances are denominated in Hong Kong dollars.

As at 30 June 2017, the Group recorded unaudited total assets of approximately HK\$90,236,000 (31 December 2016 (audited): approximately HK\$92,088,000), and recorded unaudited total liabilities of approximately HK\$68,958,000 (31 December 2016 (audited): approximately HK\$71,417,000).

Capital structure

As at 30 June 2017, the Company had 4,239,368,382 ordinary shares (the “**Shares**”, each, a “**Share**”) (31 December 2016: 3,120,035,049 Shares) in issue.

Significant investment

The Group had no significant investment for the six months ended 30 June 2017.

Material acquisition or disposal of subsidiary, associates or joint ventures

The Group had no material acquisition or disposal of subsidiary, associates or joint ventures for the six months ended 30 June 2017.

Segmental information

Information reported to the Board, being the CODM, for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided.

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

- (a) Lottery business — Development of computer software, hardware and application system, sale of self-developed technology or results provision of relevant technical consultancy services in the PRC and development and provision of operation system sector of the PRC lottery market;
- (b) Information technology business — Research and development of information technology products and sale of self-developed information technology products; and
- (c) Sports training business — Provision of sports training services.

Employee information

As at 30 June 2017, the Group employed a total of 31 (31 December 2016: 38) employees. The staff costs, including Directors’ remuneration, were approximately HK\$4,971,000 for the six months ended 30 June 2017 (six months ended 30 June 2016: approximately HK\$5,624,000).

Remuneration policies are reviewed annually by the management of the Company. Remuneration packages are structured to take into account comparable levels in market and the prevailing business scale of the Group. The Company adopted a share option scheme on 29 June 2007 (the “**Share Option Scheme**”) to motivate and give incentive to the eligible participants as defined in the Share Option Scheme for their contributions to the Group. Details of the Share Option Scheme were set out in the annual report for the year ended 31 December 2016. The Share Option Scheme had a term of 10 years and expired in June 2017.

Charges on Group assets

As at 30 June 2017, no fixed deposit was pledged for obtaining the corporate card services (31 December 2016: approximately HK\$216,000). As at 30 June 2017, the Group did not have any charges on its assets (31 December 2016: Nil).

Future plans for material investments or capital assets

Save as disclosed in this announcement, as at 30 June 2017, there was no specific plan for material investments and acquisition of material capital assets. However, the Group will continue to seek for new business development opportunities.

Gearing ratio

As at 30 June 2017, the gearing ratio of the Group was approximately 219% (31 December 2016: approximately 212%), based on the total borrowings of approximately HK\$46,696,000 (31 December 2016: approximately HK\$43,923,000) and the total equity of approximately HK\$21,278,000 (31 December 2016: approximately HK\$20,671,000).

Exposure to fluctuation in exchange rates

As at 30 June 2017, the Group's exposure to currency exchange rates is minimal as the group companies usually hold most of their financial assets/liabilities in their own functional currencies. Currently, the Group does not have foreign currency hedging policy but the management continuously monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Contingent liabilities

As at 30 June 2017, the Group had no significant contingent liabilities (31 December 2016: Nil).

Prospect

The Company will focus on reinforcing and improving the existing lottery and sports services businesses of the Group by continuing to enhance the functions of the second-generation smart glasses and striving to complete the research and development of smart fitness watches as soon as practicable while strengthening marketing efforts, and the Company expects that the continuous development of the above businesses will greatly boost the overall operating revenue.

Members of the Group will also keep up with the times by actively seeking the development of innovative fintech as advocated by the Hong Kong government and exploring business opportunities in innovative fintech investment to bring better return to shareholders.

Further, as mentioned in the composite document jointly issued by the Company and the Offeror dated 9 June 2017, the Offeror will conduct a detailed review of the business activities and assets of the Group for the purpose of formulating business plans and strategies for the future business development of the Group with the aim of growing and expanding its business and strengthening its financial position.

Other Information

Issue of Shares under the Share Option Scheme

On 5 May 2017, the Company allotted and issued 10,000,000 Shares to an employee of the Group due to the exercise of share options at an exercise price of HK\$0.105 per Share which were granted on 6 May 2016.

On 8 May 2017, the Company allotted and issued 60,000,000 Shares and 16,000,000 Shares to certain consultants of the Group due to the exercise of share options at exercise prices of HK\$0.105 per Share and HK\$0.087 per Share which were granted on 6 May 2016 and 10 October 2013, respectively.

On 10 May 2017, the Company allotted and issued 30,000,000 Shares to a consultant of the Group due to the exercise of share options at an exercise price of HK\$0.105 per Share which were granted on 6 May 2016.

Change of Name and Address of Share Registrar and Transfer Agent in the Cayman Islands

The name of the Company's share registrar and transfer agent in the Cayman Islands has been changed from "Royal Bank of Canada Trust Company (Cayman) Limited" to "SMP Partners (Cayman) Limited" (the "**Cayman Islands Share Registrar**") with effect from 12 May 2017.

The address of the Cayman Islands Share Registrar has also been changed from "4th Floor, Royal Bank House, 24 Shedden Road, George Town, Grand Cayman KY1-1110, Cayman Islands" to "Royal Bank House — 3rd Floor, 24 Shedden Road, P.O. Box 1586, Grand Cayman, KY1-1110, Cayman Islands" with effect from 12 May 2017.

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 30 June 2017, 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 (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 rule 5.46 of the GEM Listing Rules (the "**Required Standard of Dealings**"), were as follows:

Long position in the Shares and underlying Shares

Name of Director	Number of Shares			Total	Approximate percentage of issued share capital (Note 4)
	Personal interest	Corporate interest	Equity derivatives		
Mr. Leung Ngai Man	99,705,120	294,880 (Note 1)	56,680,000 (Notes 2 & 3)	156,680,000	3.70%

Notes:

1. These Shares were held by Speedy Well Investments Limited (“**Speedy Well**”) which was wholly and beneficially owned by Mr. Leung. By virtue of the SFO, Mr. Leung was deemed to be interested in the Shares held by Speedy Well.
2. These equity derivatives comprise 56,680,000 Shares to be issued upon exercise of conversion rights attaching to the convertible bonds which were issued by the Company on 27 August 2010.
3. The convertible bonds in an aggregate principal amount of HK\$797,500,000 at a conversion price of HK\$0.240 per share were issued to Mr. Leung on 27 August 2010. Upon full conversion of the convertible bonds, a maximum of 3,322,916,666 shares of HK\$0.001 each in the share capital of the Company shall be issued to Mr. Leung. As at 30 June 2017, the convertible bonds in the amount of HK\$68,016,000 remained outstanding. As a result of the consolidation of every five shares of HK\$0.001 each in both issued and unissued share capital of the Company into one consolidated share of HK\$0.005 each which became effective on 27 February 2012 (the “**2012 Share Consolidation**”), the relevant conversion price was adjusted from HK\$0.240 to HK\$1.200 per Share and the number of Shares falling to be issued under the outstanding convertible bonds was adjusted from 283,400,000 shares of HK\$0.001 each in the share capital of the Company to 56,680,000 consolidated shares. Such interests constituted a long position of the Director in a physically settled equity derivatives for the purpose of the SFO.
4. The percentage is calculated on the basis of 4,239,368,382 Shares in issue as at 30 June 2017.

Save as disclosed above, as at 30 June 2017, none of the Directors and the chief executive of the Company had any interests or short positions 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), 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 SHAREHOLDER IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 June 2017, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, the following person (not being a Director or a chief executive of the Company) had an interest and/or a short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any members of the Group:

Name	Capacity	Number and class of securities interested	Approximate percentage of issued share capital (Note 3)
51RENPIN.COM INC. (Note 1)	Beneficial owner	1,834,963,213 Shares (Long position)	43.28%
Sun Hai Tao (Note 1)	Interest in controlled corporation	1,834,963,213 Shares (Long position)	43.28%
Tiantu Investments International Limited (Note 2)	Beneficial owner	365,000,000 Shares (Long position)	8.61%
Wang Yong Hua (Note 2)		2,199,963,213 Shares (Long position)	51.89%
	Interest in controlled corporation	1,834,963,213 Shares (Long position)	43.28%
	Person having a security interest in shares	365,000,000 Shares (Long position)	8.61%

Notes:

- 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), 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 Company Limited) (“**Hangzhou Enniu**”). Mr. Sun Hai Tao, through 萍鄉紀牛資產管理合夥企業(有限合夥) (Pingxiang Jiniu Asset Management Partnership (Limited Partnership))*、上海卿牛投資中心(有限合夥) (Shanghai Qingniu Investment Center (Limited Partnership))*、萍鄉益耕牛資產管理合夥企業(有限合夥) (Pingxiang Yigengniu Asset Management Partnership (Limited Partnership))*、萍鄉益金牛資產管理合夥企業(有限合夥) (Pingxiang Yijinniu Asset Management Partnership (Limited Partnership))*、萍鄉益猛牛資產管理合夥企業(有限合夥) (Pingxiang Yimengniu Asset Management Partnership (Limited Partnership))* and 萍鄉益牛資產管理合夥企業(有限合夥) (Pingxiang Yiniu Asset Management Partnership (Limited Partnership))*、is the ultimate controlling shareholder of Hangzhou Enniu and is indirectly interested in approximately 33.01% of the equity interest therein. Each of them was deemed to be interested in a total of 1,834,963,213 Shares held by 51RENPIN.COM INC. by virtue of the SFO. Out of 1,834,963,213 Shares, 390,000,000 Shares subscribed under the Subscription Agreement were allotted and issued in July 2017.

- Mr. Wang Yong Hua is deemed to be interested an aggregate of 2,199,963,213 Shares, of which 1,834,963,213 Shares are held by 51RENPIN.COM INC. and charged in favour of Mr. Wang, and 365,000,000 Shares are held by Tiantu Investments International Limited, a company wholly owned by 深圳市天圖投資管理股份有限公司 (Tian Tu Capital Co., Ltd)*, which is owned as to 59.80% by Mr. Wang Yong Hua.
- The percentage is calculated on the basis of 4,239,368,382 Shares in issue as at 30 June 2017.

* (The English names have been transliterated from their respective Chinese names and are for identification only)

Save as disclosed above, as at 30 June 2017, to the best knowledge, information and belief of the Directors and having made reasonable enquiries, there was no person (not being a Director or a chief executive of the Company) who had an interest and/or a short position in the Shares and/or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO and/or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other members of the Group, or any options in respect of such capital.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 29 June 2007 to replace its previous share option scheme adopted on 19 February 2001 and refreshed its 10% general limit on the grant of share options on 9 April 2009, 20 April 2010 and 5 May 2014, respectively. The principal purpose of the Share Option Scheme is to motivate and give incentive to the eligible participants as defined in the Share Option Scheme for their contributions to the Group. The Share Option Scheme had a term of 10 years and expired in June 2017.

For the six months ended 30 June 2017, detailed movements relating to options granted under the Share Option Scheme were as follows:

Name or category of participant	Date of grant	Exercise price	Exercise period	Movements of share options during the period				
				As at 1 January 2017	Granted	Exercised	Lapsed/ Cancelled/ Forfeited	As at 30 June 2017
Other Participants	9 July 2007	1.425*	9 July 2007 – 29 June 2017	9,600,000*	–	–	9,600,000*	–
	22 August 2007	2.030*	22 August 2007 – 29 June 2017	8,200,000*	–	–	8,200,000*	–
	10 July 2008	1.328*	10 July 2008 – 29 June 2017	7,200,000*	–	–	7,200,000*	–
	10 October 2013	0.087	10 October 2013 – 29 June 2017	16,000,000	–	16,000,000	–	–
	25 March 2014	0.364	25 March 2014 – 29 June 2017	32,000,000	–	–	32,000,000	–
	26 March 2014	0.365	26 March 2014 – 29 June 2017	2,700,000	–	–	2,700,000	–
	27 May 2015	0.290	27 May 2015 – 29 June 2017	66,000,000	–	–	66,000,000	–
	4 June 2015	0.270	4 June 2015 – 29 June 2017	10,000,000	–	–	10,000,000	–
	6 May 2016	0.105	6 May 2016 – 29 June 2017	100,000,000	–	100,000,000	–	–
Director								
— Ms. Wu Wei Hua (“Ms. Wu”)	10 July 2008	1.328*	10 July 2008 – 29 June 2017	2,000,000*	–	–	2,000,000*	–
	10 July 2014	0.280	10 July 2014 – 29 June 2017	20,000,000	–	–	20,000,000	–

* The number of share options granted and the exercise price had been adjusted as a result of the 2012 Share Consolidation.

During the six months ended 30 June 2017, no share options were granted by the Company. A total of 16,000,000 and 100,000,000 share options granted under the Share Option Scheme were exercised at HK\$0.087 and HK\$0.105 per Share, respectively. All of the remaining share options lapsed in June 2017.

RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the sections “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” and “SHARE OPTION SCHEME” in this announcement, at no time during the six months ended 30 June 2017 and up to the date of this announcement, was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executive of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporation as defined in the SFO or to acquire benefits by means of acquisition of Shares in, or debentures of, the Company or any other body corporate.

AUDIT COMMITTEE

The Company has established an audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the GEM Listing Rules. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely, Ms. Xuan Hong (chairman of the Audit Committee), Mr. Cai Wei Lun and Mr. Qi Ji.

The Group’s interim results for the six months ended 30 June 2017 have been reviewed by the Audit Committee which is of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

For the period under review from 1 January 2017 to 30 June 2017, the Company 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 (the “**Chairman**”) is performed by Mr. Leung who has extensive knowledge in the business of the Group. The Board believes that vesting the role of the Chairman in Mr. Leung provides the Company with strong and consistent leadership, facilitates effective and efficient planning, implementation of business decisions and strategies, and ensures the generation of benefits to the shareholders of the Company.

Although the appointment of the chief executive officer of the Company remains outstanding, the overall management of the Company was performed by Mr. Leung and Ms. Wu who have extensive experience in the business of the Group. Their respective areas of profession spearheaded the Group’s overall development and business strategies.

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

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. The Company has made specific inquiry with all the Directors, and has not been notified of any non-compliance with the Required Standard of Dealings and the Code by the Directors during the six months ended 30 June 2017.

COMPETING INTERESTS

During the period under review, none of the Directors, substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had 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 OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2017.

By order of the Board
China Netcom Technology Holdings Limited
Leung Ngai Man
Chairman and Executive Director

Hong Kong, 10 August 2017

As at the date of this announcement, the executive Directors are Mr. Leung Ngai Man and Ms. Wu Wei Hua; and the independent non-executive Directors are Mr. Cai Wei Lun, Mr. Qi Ji and Ms. Xuan Hong.