



2023

FIRST QUARTERLY REPORT

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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8 0 7 1)



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

HIGHLIGHTS

- The unaudited consolidated revenue from continuing operations of the Group for the three months ended 31 March 2023 was approximately HK\$4,407,000 (three months ended 31 March 2022: approximately HK\$3,650,000), representing an increase of approximately 21% as compared with that for the corresponding period in 2022.
- The Group recorded an unaudited consolidated loss from continuing and discontinued operations attributable to owners of the Company of approximately HK\$3,036,000 for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK\$3,862,000).
- The unaudited basic and diluted loss per share from continuing and discontinued operations of the Company was approximately HK0.06 cent for the three months ended 31 March 2023 (three months ended 31 March 2022: approximately HK0.08 cent).

RESULTS

The board of Directors (the “**Board**”) hereby announces the unaudited consolidated results of the Group for the three months ended 31 March 2023 together with the comparative figures for the corresponding period in 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months ended 31 March 2023 (Unaudited)

		(Unaudited) Three months ended 31 March	
	Notes	2023 HK\$'000	2022 HK\$'000 (Restated)
Continuing operations			
Revenue	2	4,407	3,650
Cost of sales and services		(3,978)	(3,456)
		<hr/>	<hr/>
Gross profit		429	194
Other income		131	114
Other losses, net		(906)	(1,351)
Administrative expenses		(3,821)	(4,139)
Finance costs	3	(8)	(99)
		<hr/>	<hr/>
Loss before tax		(4,175)	(5,281)
Income tax charge	4	–	–
		<hr/>	<hr/>
Loss for the period from continuing operations		(4,175)	(5,281)
Loss for the period from discontinued operations	6	–	(365)
		<hr/>	<hr/>
Loss for the period		(4,175)	(5,646)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
– Exchange differences on translating continuing foreign operations, net of nil tax		296	343
– Exchange differences on translating discontinued foreign operations, net of nil tax		–	154
– Changes in the fair value of debt instruments at fair value through other comprehensive income, net of nil tax		–	30
		<hr/>	<hr/>
Other comprehensive income for the period		296	527
		<hr/>	<hr/>
Total comprehensive expense for the period		(3,879)	(5,119)
		<hr/>	<hr/>

		(Unaudited)	
		Three months ended	
		31 March	
		2023	2022
<i>Note</i>		HK\$'000	HK\$'000
		(Restated)	
Loss attributable to:			
Owners of the Company			
	– Continuing operations	(3,036)	(3,534)
	– Discontinued operations	<u>–</u>	<u>(328)</u>
		(3,036)	(3,862)
Non-controlling interests			
	– Continuing operations	(1,139)	(1,747)
	– Discontinued operations	<u>–</u>	<u>(37)</u>
		(1,139)	(1,784)
		(4,175)	(5,646)
Total comprehensive expense attributable to:			
Owners of the Company			
	– Continuing operations	(2,795)	(3,167)
	– Discontinued operations	<u>–</u>	<u>(174)</u>
		(2,795)	(3,341)
Non-controlling interests			
	– Continuing operations	(1,084)	(1,741)
	– Discontinued operations	<u>–</u>	<u>(37)</u>
		(1,084)	(1,778)
		(3,879)	(5,119)
Loss per share from continuing and discontinued operations			
	– Basic and diluted (HK cents per share)	(0.06)	(0.08)
7		<u>(0.06)</u>	<u>(0.08)</u>
Loss per share from continuing operations			
	– Basic and diluted (HK cents per share)	(0.06)	(0.08)
7		<u>(0.06)</u>	<u>(0.08)</u>

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

Notes:

1 BASIS OF PREPARATION AND IMPACT OF NEW HKFRSs AND HKASs

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

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

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

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

2 REVENUE

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

	(Unaudited) Three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Provision of smart retail services	4,407	3,650

3 FINANCE COSTS

	(Unaudited) Three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000 (Restated)
Interest on loan from an intermediate holding company	–	53
Interest on lease liabilities	8	46
	8	99

4 INCOME TAX CHARGE

Income tax recognised in profit or loss

(Unaudited)
Three months ended
31 March

2023	2022
HK\$'000	HK\$'000
	(Restated)

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

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

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

5 EXPENSES BY NATURE

	(Unaudited) Three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000 (Restated)
Cost of inventories recognised as an expense (included in cost of sales and services)	–	2
External technical service fees	2,984	2,104
Auditor's remuneration	260	260
Employee benefits expenses	3,264	3,807
Directors' emoluments	366	368
Total staff costs	3,630	4,175
Short-term leases expenses	27	19
Depreciation of property, plant and equipment	5	7
Depreciation of right-of-use assets	257	370
Other expenses	636	658
Total cost of sales and services and administrative expenses	7,799	7,595

6 DISCONTINUED OPERATIONS

During the year ended 31 December 2022, the Group disposed of its sport training business in Hong Kong and the Group has ceased its financial technology services business in the PRC. The results of the discontinued operations for the periods ended 31 March 2023 and 2022 are presented below.

	(Unaudited)	
	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Revenue	-	66
Cost of sales and services	-	(178)
	<u>-</u>	<u>(178)</u>
Gross loss	-	(112)
Other income and losses, net	-	151
Administrative expenses	-	(400)
Financial cost	-	(4)
	<u>-</u>	<u>(4)</u>
Loss before tax	-	(365)
Income tax charge	-	-
	<u>-</u>	<u>-</u>
Loss for the period	-	(365)
	<u>-</u>	<u>(365)</u>
Other comprehensive income for the period	-	-
	<u>-</u>	<u>-</u>
Total comprehensive expense arises from discontinued operations for the period	-	(365)
	<u>-</u>	<u>(365)</u>
	(Unaudited)	
	Three months ended	
	31 March	
	2023	2022
	HK\$'000	HK\$'000
		(Restated)
Other losses, net:		
Loss on deregistration of a subsidiaries	-	-
	<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) Three months ended 31 March	
	2023 HK\$'000	2022 HK\$'000 (Restated)
Loss for the period attributable to owners of the Company		
– From continuing operations	(3,036)	(3,534)
– From discontinued operations	–	(328)
	<u>(3,036)</u>	<u>(3,862)</u>
	(Unaudited) Three months ended 31 March	
	2023 '000	2022 '000
Weighted average number of ordinary shares in issue ('000)	<u>4,686,048</u>	<u>4,686,048</u>

There was no difference between the basic and diluted loss per share during the three months ended 31 March 2023 and 2022 as there were no dilutive potential shares outstanding at the end of both periods.

8 RESERVES

For the three months ended 31 March 2023

	Attributable to owners of the Company										
	Share premium (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2023	3,466,638	9,777	1	-	-	116,559	(49)	(3,588,960)	3,966	331	4,297
Loss for the period	-	-	-	-	-	-	-	(3,036)	(3,036)	(1,139)	(4,175)
Other comprehensive income for the period	-	-	-	-	-	241	-	-	241	55	296
Total comprehensive income/(expense) for the period	-	-	-	-	-	241	-	(3,036)	(2,795)	(1,084)	(3,879)
Balance at 31 March 2023	3,466,638	9,777	1	-	-	116,800	(49)	(3,591,996)	1,171	(753)	418

For the three months ended 31 March 2022

	Attributable to owners of the Company										
	Share premium (Unaudited) HK\$'000	Capital contribution reserve (Unaudited) HK\$'000	Capital redemption reserve (Unaudited) HK\$'000	Warrant reserve (Unaudited) HK\$'000	Financial asset at fair value through other comprehensive income reserve (Unaudited) HK\$'000	Foreign currency translation reserve (Unaudited) HK\$'000	Other reserve (Unaudited) HK\$'000	Accumulated losses (Unaudited) HK\$'000	Subtotal (Unaudited) HK\$'000	Non-controlling interests (Unaudited) HK\$'000	Total (Unaudited) HK\$'000
Balance at 1 January 2022	3,466,638	9,777	1	-	215	117,883	(49)	(3,579,214)	15,251	1,678	16,929
Loss for the period	-	-	-	-	-	-	-	(3,862)	(3,862)	(1,784)	(5,646)
Other comprehensive income for the period	-	-	-	-	30	491	-	-	521	6	527
Total comprehensive income/(expense) for the period	-	-	-	-	30	491	-	(3,862)	(3,341)	(1,778)	(5,119)
Balance at 31 March 2022	3,466,638	9,777	1	-	245	118,374	(49)	(3,583,076)	11,910	(100)	11,810

9 EVENT AFTER THE REPORTING PERIOD

The Group had no significant events after 31 March 2023 and up to the date of this report.

10 INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the three months ended 31 March 2023 (three months ended 31 March 2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

Smart Retail Business

The Group's smart retail business is operated under its subsidiary, Hangzhou Zhongtuo Netcom Technology Limited ("**Zhongtuo Netcom**"), which positions itself as an integrated smart retail provider. Its main business is to provide new retail digital transformation solutions and new retail integrated software service 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. The demand for domestic cloud services and cross-border overseas business has been growing rapidly, the market extends from Mainland China to overseas, and the cloud services business has become the focal point of development.

The Group receives fixed income from the system development and the sales of software and hardware, and also receives agency fees that are based on customer's volume of usage such as transaction payment amount, cloud service usage and SMS traffic. For the three months ended 31 March 2023, the Group's smart retail business generated revenue of approximately HK\$4,407,000 (three months ended 31 March 2022: approximately HK\$3,650,000). The increase in revenue generated for this quarter was mainly due to the economic recovery and gradual resumption of business activities in the PRC following the slowdown of the coronavirus disease 2019 ("**COVID-19**").

Financial Technology Services Business

The Group has ceased the financial technology services business in order to focus the Group's resources on the smart retail business after considering that the financial technology services business had been continuously loss-making and could not cope with the direction of the Group's future development. As such the financial technology services business has been classified as a discontinued operation of the Group. The Group's financial technology services business did not generate any revenue for the three months ended 31 March 2023 (three months ended 31 March 2022: nil).

Sports Training Business

The Group operated Hui So Hung Table Tennis Sports Centre Limited (“**HSH Company**”) to provide table tennis training services to students with different ages and levels in Hong Kong. In April 2022, the Group transferred its 60% shares indirectly held by the Company in HSH Company (an insignificant subsidiary) to Ms. Hui So Hung, who is the other shareholder of the remaining 40% shares of HSH Company, at nil consideration (taking into account of net liabilities position of HSH Company), thereby exiting from the sports training business and classifying it as a discontinued operation. A gain on disposal of the subsidiary of approximately HK\$140,000 was recognised by the Group in the first half of the year ended 31 December 2022. For the three months ended 31 March 2023, the sports training business did not generate any revenue (three months ended 31 March 2022: approximately HK\$66,000).

Lottery Business

For the three months ended 31 March 2023, the Group’s lottery business did not generate any revenue (three months ended 31 March 2022: nil). The Group is closely monitoring the performance of the lottery business and may consider closing this business, as it keeps recording an operating loss.

Financial Review

For the three months ended 31 March 2023, the Group recorded an unaudited consolidated revenue from continuing operations of approximately HK\$4,407,000 (three months ended 31 March 2022: approximately HK\$3,650,000), representing an increase of approximately 21% as compared with that of the corresponding period in 2022. The revenue of the Group was mainly derived from its smart retail business.

The Group's discontinued operations, being its financial technology services business and sports training business, had not incurred any loss attributable to owners of the Company for the three months ended 31 March 2023 (for the three months ended 31 March 2022, the Group's discontinued operations, being its financial technology services business and sports training business, had incurred a net loss attributable to owners of the Company of approximately HK\$328,000).

For the three months ended 31 March 2023, the unaudited consolidated loss attributable to owners of the Company was approximately HK\$3,036,000 (three months ended 31 March 2022: approximately HK\$3,534,000), representing a decrease of approximately 14% as compared with that of the corresponding period of 2022. The decrease was mainly attributable to the Group's smart retail business showing improved results for the three months ended 31 March 2023 and the cost-saving measures of the Group.

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

Capital structure

As at 31 March 2023, the capital structure of the Group consists of equity attributable to owners of the Company of approximately HK\$24,600,000 (as at 31 March 2022: approximately HK\$35,340,000) comprising of issued share capital and reserves. As at 31 March 2023, the Company's total number of issued shares (the "**Shares**") of HK\$0.005 each was 4,686,048,381 (31 March 2022: 4,686,048,381).

Prospects

The Group's business growth will continue to be propelled by its smart retail business. With the trend of more traditional enterprises and institutions migrating to the cloud, the business will be focus on the development of cloud services. At the same time, the Group will closely monitor and may downsize or cease its loss-making lottery business in order to focus its resources on business(es) with growth potential.

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

As at 31 March 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”) (Cap. 571 of the Laws of Hong Kong)), which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), or pursuant to section 352 of the SFO, to be recorded in the register of the Company referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings in securities by directors of listed issuers (the “Required Standard of Dealings”) as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules, were as follows:

Long position in shares of associated corporation

Name of Directors	Name of associated corporation	Capacity and nature of interests	Number of ordinary shares in issue	Approximate percentage of issued shares ⁽¹⁾
Mr. Sun Haitao (“Mr. Sun”)	51 Credit Card	Founder of a discretionary trust who can influence how the trustee exercises his discretion ⁽²⁾	108,159,464	7.96%
		Others ⁽²⁾	50,355,000	3.71%
		Others ⁽²⁾	142,708,272	10.51%
			<u>301,222,736</u>	<u>22.18%</u>

Notes:

- (1) The calculations were based on the number of shares as a percentage of the total number of issued shares of 51 Credit Card (i.e. 1,358,320,188 shares) as at 31 March 2023.
- (2) Rising Sun Limited (the sole shareholder of which is Wukong Ltd., which is beneficially owned by a discretionary trust, Wukong Trust, founded by Mr. Sun), (i) beneficially holds 108,159,464 shares in 51 Credit Card among which 97,297,298 shares were charged in favour of Hangzhou Zhenniu Information Technology Co., Ltd.* ("**Hangzhou Zhenniu**") (an indirect wholly-owned subsidiary of 51 Credit Card), a non-qualified lender; (ii) acts as a general partner and controls 51 Xihu L.P., which in turn holds 50,355,000 shares in 51 Credit Card; and (iii) holds 142,708,272 shares in 51 Credit Card through various voting proxies.

Save as disclosed above, as at 31 March 2023, no other Director or chief executive of the Company had or was deemed to have any interest or short position in any shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Required Standard of Dealings.

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

As at 31 March 2023, so far as was known to the Directors, the persons or entities, other than the Directors or chief executives of the Company, who had or was deemed to have an interest or a short position in the Shares, underlying Shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

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

Names	Capacity and nature of interests	Number of Shares directly or indirectly held and category ⁽⁴⁾	Approximate percentage of issued Shares ⁽¹⁾
Other persons			
Mr. Wang Yonghua ("Mr. Wang") ⁽³⁾	Interest in controlled corporation	365,000,000(L)	7.79%
Tian Tu Capital Co., Ltd.* ("Tian Tu Capital") ⁽³⁾	Interest in controlled corporation	365,000,000(L)	7.79%
Tiantu Investments International Limited ⁽³⁾	Beneficial owner	365,000,000 (L)	7.79%
Mr. Zuo Lei	Beneficial owner	333,690,000 (L)	7.12%

Notes:

- (1) The calculations were based on the number of Shares which each party is interested in (whether directly or indirectly interested or deemed to be interested) as a percentage of the total number of issued Shares (i.e. 4,686,048,381 Shares) as at 31 March 2023.
- (2) 51RENPIN.COM INC. is wholly owned by Shanghai Wuniu, which is in turn wholly owned by Hangzhou Jiahao. Further, contractual arrangements have been entered into between Hangzhou Zhenniu (a company wholly owned by 51 Credit Card (China) Limited, which is in turn wholly owned by 51 Credit Card) and Hangzhou Jiahao so that Hangzhou Zhenniu can control Hangzhou Jiahao. By virtue of the SFO, the above companies are deemed to be interested in those Shares held by 51RENPIN.COM INC., respectively.
- (3) Pursuant to the deed of release dated 9 January 2023 entered into between Tiantu Investments Limited and 51RENPIN.COM INC., 1,834,963,213 shares secured in favour of Tiantu Investments Limited have been discharged. With this regard, Mr. Wang is deemed to be interested in 365,000,000 Shares held by Tiantu Investments International Limited, a company wholly owned by Tian Tu Capital which is owned as to approximately 40.35% by Mr. Wang.
- (4) (L) – Long Position.

Save as disclosed above, so far as was known to the Directors, as at 31 March 2023, there was no person (not being a Director or a chief executive of the Company) who had or was deemed to have an interest or short position in the Shares, underlying shares and debentures of the Company which were recorded in the register required to be kept by the Company under section 336 of the SFO, or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

For the period ended 31 March 2023, the Company had applied and complied with all the code provisions in the corporate governance code (the “**CG Code**”) as set out in Part 2 of Appendix 15 to the GEM Listing Rules, save and except for the following:

CODE PROVISION C.2.1

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

Currently, Mr. Sun being the chairman of the Board, also serves as the function of chief executive officer of the Company (the “**CEO**”) which is deviated from the code provision C.2.1 of the CG Code that the roles of chairman and the CEO are performed by the same individual. The Board considers that Mr. Sun possesses the essential leadership skills to manage the Board and extensive knowledge in the business of the Group. In the opinion of the Directors, through supervision by the Board and the independent non-executive Directors, the same individual performing the roles of chairman and the CEO can achieve the goal of improving the Company’s efficiency in decision making, execution and effectively capturing business opportunities.

The Board will review the effectiveness of this arrangement from time to time. The Company is still looking for a suitable candidate to fill the vacancy of the CEO in order to comply with the CG Code.

AUDIT COMMITTEE

The Group's unaudited consolidated results for the three months ended 31 March 2023 had been reviewed by the audit committee of the Company which was of the opinion that such statements complied with the applicable accounting standards, the GEM Listing Rules and other legal requirements and that adequate disclosures have been made.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the three months ended 31 March 2023.

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

9 May 2023

As at the date of this report, the executive Directors are Mr. Sun Haitao and Ms. Wu Shan; and the independent non-executive Directors are Mr. Song Ke, Ms. Liu Jia and Mr. Yu Tat Chi Michael.

* *The English name(s) has/have been transliterated from its/their respective Chinese name(s) and is/are for identification only.*