

Quantum Thinking Limited

量子思維有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2022

CHARACTERISTICS OF 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 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 announcement, 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 announcement.

*This announcement, for which the directors (the “**Directors**”) of Quantum Thinking 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.*

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2022

The board (the “**Board**”) of Directors of the Company hereby presents the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2022 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2021 (the “**Previous Period**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	3	32,800	41,242
Cost of sales		<u>(28,921)</u>	<u>(37,805)</u>
Gross profit		3,879	3,437
Other income	4	2,416	9,608
Gain on disposal of subsidiaries	13	233	20,124
Distribution costs		(217)	(213)
Administrative expenses		(26,251)	(25,584)
Impairment loss on financial assets		(878)	(309)
Finance costs	5	<u>(1,102)</u>	<u>(718)</u>
(Loss)/profit before taxation		(21,920)	6,345
Income tax credit	6	<u>5</u>	<u>15</u>
(Loss)/profit for the year	7	<u>(21,915)</u>	<u>6,360</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(18,189)	16,703
Non-controlling interests		<u>(3,726)</u>	<u>(10,343)</u>
		<u>(21,915)</u>	<u>6,360</u>

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<u>247</u>	<u>524</u>
Other comprehensive income for the year		<u>247</u>	<u>524</u>
Total comprehensive (expense)/income for the year		<u>(21,668)</u>	<u>6,884</u>
Total comprehensive (expense)/income for the year attributable to:			
Owners of the Company		<u>(17,719)</u>	17,894
Non-controlling interests		<u>(3,949)</u>	<u>(11,010)</u>
		<u>(21,668)</u>	<u>6,884</u>
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted (HK cents)	9	<u>(1.34)</u>	<u>1.23</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 HK\$'000	2021 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		1,503	3,524
Right-of-use assets		1,374	1,940
Intangible assets		14	28
Goodwill		–	–
		<hr/>	<hr/>
Total non-current assets		2,891	5,492
		<hr/>	<hr/>
Current assets			
Trade and other receivables	<i>10</i>	23,870	8,830
Contract assets		574	225
Financial assets at fair value through profit or loss		22,894	28,623
Bank balances and cash		7,978	18,847
		<hr/>	<hr/>
Total current assets		55,316	56,525
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	<i>11</i>	53,503	34,349
Lease liabilities		1,355	1,654
Contract liabilities		–	690
Financial liabilities at fair value through profit or loss		–	–
Income tax payable		18	23
		<hr/>	<hr/>
Total current liabilities		54,876	36,716
		<hr/>	<hr/>
Net current assets		440	19,809
		<hr/>	<hr/>
Total assets less current liabilities		3,331	25,301
		<hr/> <hr/>	<hr/> <hr/>

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	<u>80</u>	<u>409</u>
Net assets	<u>3,251</u>	<u>24,892</u>
Equity		
Share capital	135,625	135,625
Reserves	<u>(124,918)</u>	<u>(107,212)</u>
Equity attributable to owners of the Company	10,707	28,413
Non-controlling interests	<u>(7,456)</u>	<u>(3,521)</u>
Total equity	<u>3,251</u>	<u>24,892</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	135,625	99,935	(5,630)	(201,517)	28,413	(3,521)	24,892
Loss for the year	-	-	-	(18,189)	(18,189)	(3,726)	(21,915)
Other comprehensive income/(expense)							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	-	-	470	-	470	(223)	247
Total comprehensive income/(expense) for the year	-	-	470	(18,189)	(17,719)	(3,949)	(21,668)
Acquisition of a subsidiary (note 12)	-	-	-	-	-	(460)	(460)
Disposal of subsidiary (note 13)	-	-	13	-	13	474	487
At 31 March 2022	135,625	99,935	(5,147)	(219,706)	10,707	(7,456)	3,251

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital	Share premium	Translation reserve	Accumulated losses	Total		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2020	135,625	99,935	(5,448)	(218,220)	11,892	(21,333)	(9,441)
Profit/(loss) for the year	-	-	-	16,703	16,703	(10,343)	6,360
Other comprehensive income/(expense)							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	-	-	1,191	-	1,191	(667)	524
Total comprehensive income/(expense) for the year	-	-	1,191	16,703	17,894	(11,010)	6,884
Disposal of subsidiaries (note 13)	-	-	(1,373)	-	(1,373)	28,822	27,449
At 31 March 2021	135,625	99,935	(5,630)	(201,517)	28,413	(3,521)	24,892

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL INFORMATION

Quantum Thinking Limited (the “**Company**”) was incorporated in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands as an exempted company with limited liability on 8 May 2000 and its shares are listed on the GEM of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 24 July 2000.

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is situated at Room 1403, 14/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Happy On Holdings Limited (“**Happy On**”), which was incorporated in the British Virgin Islands.

The Company is an investing holding company. Its major operating subsidiaries are mainly engaged in the provision of system development services and other value-added technical consultation services and trading of hardware products.

The functional currency of the Company and the subsidiaries incorporated in Hong Kong are Hong Kong dollars (“**HK\$**”) while that of the subsidiaries established in the People’s Republic of China (the “**PRC**”) are Renminbi (“**RMB**”). For the purpose of presenting the consolidated financial statements, the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) adopted HK\$ as its presentation currency which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“**HKFRSs**”)

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) where are effective for the Group’s financial year beginning 1 April 2021:

Amendments to HKFRS 16	COVID-19-Related Rent Concessions
Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16	Interest Rate Benchmark Reform — Phase 2

The application of the amendments to HKFRSs in the current year has had no material effect on the Group’s financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ²
Amendments to HKAS 8	Definition of Accounting Estimates ²
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ²
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Amendment to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2022

² Effective for annual periods beginning on or after 1 January 2023

³ Effective for annual periods beginning on or after a date to be determined

The directors of the Company anticipate that the application of the new and amendments to HKFRSs will have no material impact on the results and the financial position of the Group.

3. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from system development service, consultancy service, maintenance and other services and sales of hardware products. An analysis of the Group's revenue for the year is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Services		
• System development	15,118	19,068
• Consultancy	2,676	1,815
• Maintenance and others	—	298
— Sales of hardware	15,006	20,061
	<u>32,800</u>	<u>41,242</u>

Set out below is the disaggregation of the Group's revenue from contracts with customers within the scope of HKFRS 15:

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2022			
Timing of revenue recognition			
At a point in time	–	15,006	15,006
Over time	17,794	–	17,794
	<u>17,794</u>	<u>15,006</u>	<u>32,800</u>
	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2021			
Timing of revenue recognition			
At a point in time	–	20,061	20,061
Over time	21,181	–	21,181
	<u>21,181</u>	<u>20,061</u>	<u>41,242</u>

Transaction price allocated to the remaining performance obligations

As at 31 March 2022, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$146,000 (2021: HK\$9,428,000). The amount represents revenue expected to be recognised in the future from software development contracts. The Group will recognise this revenue as the service is completed, which is expected to occur within one to five years.

Information reported to the directors of the Company, being the chief operating decision maker (the “CODM”), for the purpose of resource allocation and assessment of segment performance focuses on types of services provided. No operating segments identified by the CODM has been aggregated in arriving at the reportable segments of the Group.

Specifically, the Group's reportable segments are as follows:

- System development, consultancy, maintenance and other services (“**Services**”); and
- Sales of hardware products.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

For the year ended 31 March 2022

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>17,794</u>	<u>15,006</u>	<u>32,800</u>
Segment loss	<u>(5,967)</u>	<u>(2,156)</u>	<u>(8,123)</u>
Unallocated income			1,447
Unallocated corporate expenses			(13,701)
Unallocated finance costs			(1,047)
Impairment loss on other receivables			<u>(496)</u>
Loss before taxation			<u>(21,920)</u>

For the year ended 31 March 2021

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>21,181</u>	<u>20,061</u>	<u>41,242</u>
Segment profit/(loss)	<u>2,985</u>	<u>(2,382)</u>	603
Unallocated income			3,352
Gain on disposal of subsidiaries			20,124
Unallocated corporate expenses			(16,829)
Unallocated finance costs			(596)
Impairment loss on other receivables			<u>(309)</u>
Profit before taxation			<u>6,345</u>

The accounting policies of the operating segments are the same as the Group's accounting policies. Segment profit/(loss) represents the profit/(loss) of each segment without allocation of central administration costs, directors' emoluments, other income and finance costs. This is the measure reported to the directors of the Company with respect to the resource allocation and performance assessment.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Segment assets

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Services	13,562	5,883
Sales of hardware	10,138	6,441
	<hr/>	<hr/>
Total segment assets	23,700	12,324
Corporate and other assets	34,507	49,693
	<hr/>	<hr/>
Total assets	58,207	62,017
	<hr/> <hr/>	<hr/> <hr/>

Segment liabilities

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Services	11,621	4,023
Sales of hardware	8,468	4,240
	<hr/>	<hr/>
Total segment liabilities	20,089	8,263
Corporate and other liabilities	34,867	28,862
	<hr/>	<hr/>
Total liabilities	54,956	37,125
	<hr/> <hr/>	<hr/> <hr/>

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to operating segment, other than intangible assets, unallocated deposits, prepayments and other receivables, financial assets at fair value through profit or loss, bank balances and cash and other corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to operating segments, other than unallocated other payables and accruals, income tax payable and other corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment liabilities.

Other segment information

For the year ended 31 March 2022

	Services HK\$'000	Sales of hardware HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts include in the measure of segment loss or segment assets:				
Addition to non-current assets (<i>Note</i>)	17	–	3	20
Depreciation and amortisation	3,396	518	687	4,601
Impairment loss on trade receivables	218	158	–	376
Impairment loss on other receivables	–	–	496	496
Impairment loss on contract assets	6	–	–	6
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	(10)	(10)
Finance costs	53	2	1,047	1,102
Income tax credit	–	–	(5)	(5)

For the year ended 31 March 2021

	Services HK\$'000	Sales of hardware HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts include in the measure of segment profit/(loss) or segment assets:				
Addition to non-current assets (<i>Note</i>)	58	102	10	170
Depreciation and amortisation	2,232	1,386	1,867	5,485
Impairment loss on other receivables	–	–	309	309
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	–	–	(200)	(200)
Finance costs	44	78	596	718
Income tax credit	–	–	(15)	(15)

Note: Non-current assets excluded goodwill for the years ended 31 March 2022 and 2021.

Geographical information

During the years ended 31 March 2022 and 2021, the Group's operations are mainly located in the PRC.

Substantially all of the Group's operation are in the PRC, no geographical information is presented.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total revenue of the Group is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Company A ¹	11,286	16,487
Company B ²	8,599	10,165
Company C ²	6,227	8,012

¹ Revenue from services segment.

² Revenue from sales of hardware segment.

4. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from bank deposits	10	200
Investment income from financial assets designated as at FVTPL	701	820
Income from waived of lease repayment	140	128
Government grants (<i>note</i>)	969	7,083
Gain on lease modification	–	631
Others	596	746
	<u>2,416</u>	<u>9,608</u>

Note: During the year ended 31 March 2022, included in the government grants are recognised government grant of approximately HK\$969,000 (2021: HK\$6,724,000) related to the government grants from the PRC local government authorities in respect of subsidising the Group's scientific and technological and operating activities, which were immediately recognised as other income for the year as the Group fulfilled all the relevant granting criteria.

The remaining government grants for the year ended 31 March 2021 of approximately HK\$359,000 (2022: nil) in respect of COVID-19-related subsidies which related to Employment Support Scheme provided by the Government of Hong Kong Special Administrative Region under the Anti-Epidemic Fund. Government grants has been recognised as other income on a systematic basis over the periods in which the Group recognises the staff costs for which the government grants are intended to compensate. The Group recognised as other income for the year as the Group recognised all the relevant granting criteria.

5. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on late settlement of litigation claims	976	566
Interests on lease liabilities	126	152
	<u>1,102</u>	<u>718</u>

6. INCOME TAX CREDIT

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Over provision in prior years:		
PRC Enterprises Income Tax (“EIT”)	<u>5</u>	<u>15</u>

Notes:

- (a) No Hong Kong Profits Tax has been provided for the years ended 31 March 2022 and 2021 as the Company did not have any assessable profits subject to Hong Kong Profits Tax.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The income tax expenses can be reconciled to the (loss)/profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit before taxation	<u>(21,920)</u>	<u>6,345</u>
Tax at the domestic income tax rate of 16.5% (2021: 16.5%)	(3,617)	1,047
Tax effect of expenses not deductible for tax purposes	34	1,036
Tax effect of income not taxable for tax purposes	(457)	(3,405)
Tax effect of tax losses not recognised	5,449	3,805
Utilisation of tax losses previously not recognised	–	(3)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(1,409)	(2,480)
Over-provision in prior years	<u>(5)</u>	<u>(15)</u>
Income tax credit for the year	<u>(5)</u>	<u>(15)</u>

7. (LOSS)/PROFIT FOR THE YEAR

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/profit for the year has been arrived at after charging:		
Directors' and chief executive's emoluments	3,212	1,837
Salaries, wages, allowances and other benefits	5,529	7,986
Contributions to retirement benefits scheme (excluding directors', chief executive's and supervisors' emoluments)	<u>717</u>	<u>297</u>
Total staff costs	<u>9,458</u>	<u>10,120</u>
Auditor's remuneration	550	450
Depreciation of plant and equipment	2,151	3,395
Depreciation of right-of-use assets	2,436	2,077
Amortisation of intangible assets	14	13
Impairment loss on trade receivables	376	–
Impairment loss on other receivables	496	309
Impairment loss on contract assets	6	–
Amount of inventories recognised as an expense	14,210	18,639
Lease rentals for office premises (<i>note i</i>)	22	5
Net exchange loss	<u>7</u>	<u>1</u>

Note:

(i) The amounts represent lease rentals relating to short-term leases under HKFRS 16.

8. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2022 and 2021, nor has any dividend been proposed since the end of the reporting period.

9. (LOSS)/EARNINGS PER SHARE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
(Loss)/earnings		
(Loss)/earnings for the purpose of basic and diluted (loss)/earnings per share, representing (loss)/profit for the year attributable to owners of the Company	<u>(18,189)</u>	<u>16,703</u>
	2022	2021
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share ('000 shares)	<u>1,356,250</u>	<u>1,356,250</u>

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2022 and 2021.

10. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables	19,069	5,493
Less: loss allowance for trade receivables	<u>(383)</u>	<u>–</u>
	<u>18,686</u>	<u>5,493</u>
Deposits	1,063	1,056
Prepayments	2,602	1,454
Loan receivables	379	–
Other receivables	<u>1,953</u>	<u>1,136</u>
	24,683	9,139
Less: loss allowance for loan and other receivables	<u>(813)</u>	<u>(309)</u>
	<u><u>23,870</u></u>	<u><u>8,830</u></u>

As at 31 March 2022, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$19,069,000 (2021: HK\$5,493,000).

There was approximately HK\$376,000 (2021: nil) impairment loss recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2022 (2021: nil).

The Group normally allows a credit period of not more than 120 days to its customers, although an extension of the credit period is not uncommon for customers who have a long term relationship with the Group. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of this and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The following is an aged analysis of trade receivables, net of loss allowance for trade receivables, presented based on the invoice date, which approximates revenue recognition date at the end of each reporting period.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	1,972	3,674
91 to 180 days	4,451	1,819
181 to 365 days	12,257	–
Over 365 days	<u>6</u>	<u>–</u>
	<u><u>18,686</u></u>	<u><u>5,493</u></u>

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECL. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the allowance based on past due status is not further distinguished between the Group's different customer bases.

11. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables	19,275	4,696
Accruals	737	543
Other payables (<i>note i</i>)	33,491	29,110
	<u>53,503</u>	<u>34,349</u>

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within 90 days	3,392	3,544
91 to 180 days	4,303	1,152
181 to 365 days	11,297	–
Over 365 days	283	–
	<u>19,275</u>	<u>4,696</u>

The average credit period granted by its suppliers ranging from 30 to 120 days. The Group has financial risk management in place to ensure that all payables are settled within the credit timeframe.

Note:

- (i) Included in the amount of other payables as at 31 March 2022, approximately RMB21,812,000 (equivalent to HK\$26,920,000 (2021: RMB20,725,000 (equivalent to HK\$24,563,000))) represented the amounts due to former subsidiaries of which amounted to approximately RMB4,656,000 (equivalent to HK\$5,746,000 (2021: RMB3,851,000 (equivalent to HK\$4,565,000))) related to interest payables to a former subsidiary of the Company, Beijing Huaqin World Technology Company Limited* (“**Beijing Huaqin**”) 北京華勤天地科技有限公司. The amount is unsecured, interest-free and repayment on demand.

* For identification purpose only

12. ACQUISITION OF A SUBSIDIARY

On 18 June 2021, an indirect non-wholly owned subsidiary of the Company, Shenzhen CITIC Cyber Security Authentication Co., Ltd.* (深圳市中信網安認證有限公司) (“**CITIC Cyber Security**”) entered into a share transfer agreement (as amended and restated by a supplemental agreement dated 22 June 2021) with, among others, an independent third party (the “**Vendor**”), pursuant to which CITIC Cyber Security agreed to acquire, and the Vendor agreed to sell, 70% of the equity interest in Zhongzhisuxun Technology Development Co., Ltd.* (中智速訊科技發展有限公司) (“**Zhongzhisuxun Technology Development**”), at the consideration of RMB7,000 (equivalent to approximately HK\$8,000).

No acquisition-related costs have been recognised as an expense during the year ended within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised as at the date of acquisition are as follows:

	<i>HK\$'000</i>
Plant and equipment	3
Trade and other receivables	2,080
Cash and cash equivalents	14
Trade and payables	(2,998)
	<u>(901)</u>
	<i>HK\$'000</i>
Consideration transferred	8
Plus: non-controlling interests (51% in Zhongzhisuxun Technology Development)	(460)
Less: net identified liabilities assumed	901
	<u>449</u>
Goodwill arising from acquisition	<u>449</u>

The non-controlling interests in Zhongzhisuxun Technology Development recognised at the acquisition date was measured at their proportionate share of net liabilities acquired and amounted to approximately HK\$460,000.

Net cash inflow on acquisition of Zhongzhisuxun Technology Development

	<i>HK\$'000</i>
Cash paid on acquisition	(8)
Cash and cash equivalent balances acquired	14
	<u>6</u>

* For identification purpose only

13. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Zhongzhisuxun Technology Development

On 28 February 2022, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group for the disposal of entire equity interest in Zhongzhisuxun Technology Development, an indirectly partially owned subsidiary of the Company, at a cash consideration of RMB1 (equivalent to HK\$1).

	<i>HK\$'000</i>
Consideration:	
Other receivables	_*
	<u> </u>
	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Goodwill	449
Trade and other receivables	2,280
Bank balances and cash	12
Trade and other payables	<u>(3,461)</u>
Net liabilities disposed of	<u> </u> <u>(720)</u>
	<i>HK\$'000</i>
Gain on disposal of a subsidiary	
Consideration receivable	_*
Net liabilities disposed of	720
Non-controlling interests	(474)
Reclassification of cumulative translation reserve upon disposal of the subsidiary	<u>(13)</u>
	<u> </u> <u>233</u>
	<i>HK\$'000</i>
Net cash outflow arising on disposal:	
Cash consideration received	_*
Less: bank balances and cash disposed of	<u>(12)</u>
	<u> </u> <u>(12)</u>

Zhongzhisuxun Technology Development did not contribute significant revenue, profit and cashflows to the Group for the year.

* The amount shown as zero is due to rounding less than HK\$1,000.

(b) Disposal of China Mobile Payment Technology Group Company Limited (“China Mobile”) and its subsidiaries

China Mobile was an indirect wholly-owned subsidiary of the Company up on 19 August 2020. It held 90% equity interests in Hua Strong Network Science and Technology Company Limited* (“**Hua Strong**”) 華天網路科技有限公司 which in turn held 51% equity interests in Beijing Huaqin and controlled the board of directors of Beijing Huaqin (hereafter collectively referred to as the “**China Mobile group**”).

The directors of the Group resolved to dispose of the entire equity interests in China Mobile as management was in view that results of the business were behind their expectation. As at 31 March 2020, assets and liabilities of the China Mobile group had been classified as assets classified as held for sales and liabilities associated with assets classified as held for sale and were presented separately in the consolidated statement of financial position.

On 19 August 2020, the Group disposed 100% of the entire share capital of China Mobile, at consideration of HK\$50,000, to an independent third party. The net liabilities of the China Mobile group at the date of disposal were as follows:

	<i>HK\$'000</i>
Consideration:	
Other receivables	<u>50</u>
	<i>HK\$'000</i>
Analysis of assets and liabilities over which control was lost:	
Plant and equipment	33
Trade and other receivables	2,285
Financial assets at fair value through profit or loss	6,660
Restricted cash	127
Bank balances and cash	130
Trade and other payables	<u>(79,204)</u>
Net liabilities disposed of	<u>(69,969)</u>
	<i>HK\$'000</i>
Gain on disposal of the China Mobile Group:	
Consideration receivable	50
Net liabilities disposed of	69,969
Liabilities assumed upon disposal of subsidiaries	(22,446)
Non-controlling interests	(28,822)
Reclassification of cumulative translation reserve upon disposal of the subsidiaries	<u>1,373</u>
	<u>20,124</u>

* For identification purpose only

HK\$'000

Net cash outflow arising on disposal:

Cash consideration received	–
Less: restricted cash, bank balances and cash disposed of	(257)
	<u>(257)</u>

The disposal did not constitute a discontinued operation as it did not represent a major line of business or geographical area of operation.

(i) *Assets and liabilities of the China Mobile Group*

The following assets and liabilities were reclassified as held for sale in relation to the group of subsidiaries as at 31 March 2020.

	As at 31 March 2020 HK\$'000
Assets classified as held for sale	
Plant and equipment	33
Trade and other receivables	1,303
Financial assets at fair value through profit or loss	6,559
Bank balances and cash	230
	<u>8,125</u>
Liabilities associated with assets classified as held for sale	
Trade and other payables (<i>notes i, ii and iii</i>)	76,704

Notes:

- (i) Included in the amount of other payables as at 31 March 2020, approximately of HK\$194,000 represented the amount due to Mr. Chan Foo Wing, the ultimate beneficial owner of the Company. The amount is unsecured, interest-free and repayment on demand.
- (ii) Included in the amount of other payables as at 31 March 2020, approximately of HK\$10,932,000 represented the amount due to an independent third party, 北京瑞智恒達網絡科技有限公司. The amount is unsecured, interest-free and repayment on demand.
- (iii) Included in the amount of other payables as at 31 March 2020, approximately of HK\$2,353,000 represented the amount payable to several former employees of Beijing Huaqin due to the litigations in respect of the termination of employment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In order to get through the difficult operating environment and capitalize on China's booming digital economy, the Group continued to forge ahead with its business transformation and diversification during the Reporting Period. It was branching out into the businesses of providing digital solutions for cyber security and providing AI services and solutions.

For instance, during the fourth quarter of the Reporting Period, the Company's 70%-held Shenzhen CITIC Cyber Security Authentication Co., Ltd.* (深圳市中信網安認證有限公司) ("CITIC Cyber Security") signed a contract to build an infrastructure for real-name system management based on eCitizen digital identity verification technology for a technology development company. CITIC Cyber Security will provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support. A wholly-owned subsidiary of CITIC Cyber Security signed an agreement to authorize a website of a technology company that builds a smart city to replicate digitally, issue and disseminate on information network the video content of an education course. That wholly-owned subsidiary of CITIC Cyber Security also signed a contract to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for a culture industry company.

During the third quarter of the Reporting Period, CITIC Cyber Security signed separate contracts to design a total solution and system for AI-based recognition and facial recognition system for an automated fare collection system of a metro company in China on behalf of a robotics and industrial automation device company, to conduct overhauls and tests of the cyber security of a corporate cultural exchange organizing and corporate management consulting company and to provide cyber security services for it. CITIC Cyber Security also signed separate contracts to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for an equity exchange and a property development and management firm. It also undertook a project of testing software on behalf of a technology company.

CITIC Cyber Security had earlier entered into an agreement dated 30 September 2020 to form a joint venture company with China's three major telecommunications carriers, namely China Mobile Communications Group Co., Ltd., China United Network Communications Group Company Limited and China Telecommunications Corporation, and Beijing Chinese Shield Anicert Technology Development Co., Ltd., which is a wholly-owned subsidiary of Beijing Zhongdun Security Technology Development Co., a state-owned public security technology company (For further details, please refer to the Company's announcement dated 10 February 2021 and circular dated 26 May 2021 published on the website of Hong Kong Exchanges and Clearing Limited). As at 31 March 2022, the joint venture company has not been established. The joint venture company will be positioned as a digital technology company which provides financial institutions, government departments and enterprises with digital solutions for cyber security. It will leverage the three telecommunications carriers' service capabilities and customer bases as well as the advantages of subscriber identification module ("SIM") such as convenience and strong capabilities for computing and data storage to enable the public to log in and authorize transactions with convenience and cyber security. The joint venture company will initially introduce its services into transportation, mobile public services and transactions at banks.

* For identification purpose only

For CITIC Cyber Security, these breakthroughs in business development are built on its past achievements as it had already undertaken projects to apply eCitizen (or “e 公民” in Chinese, which is its proprietary product for electronic identity authentication that enables users of services to safely log in, sign digitally and have their personal data protected in online transactions) to some banks’ financial services and electronic signature and to conduct information verification for other companies.

During the Reporting Period, CITIC Cyber Security continued to conduct information verification for a securities brokerage, a certificate authority and a mainland China-based full-service investment banking enterprise through websites, application programming interface (“API”) or terminals. It was also fulfilling a contract to build a unified digital authentication system, carry out application integration and operate and maintain such system for an information technology subsidiary of a China-based transportation infrastructure design and construction firm.

CITIC Cyber Security had earlier signed an agreement with the Shenzhen branch of a PRC-based bank to jointly promote each other’s respective services, namely CITIC Cyber Security’s internet electronic identity authentication and the bank’s financial services in June 2019. Under this agreement, eCitizen would be applied to the bank’s financial services. In June 2019, CITIC Cyber Security also reached an agreement with a Shenzhen-based certificate authority to cooperate in combining eCitizen SIM card and digital certificates and in applying the two combined technologies to such fields as electronic signature. In January 2020, CITIC Cyber Security signed a contract to develop and implement on behalf of another PRC-based bank a platform for signing, managing and auditing contracts electronically.

Other businesses that the Group engaged in during the Reporting period included subleasing co-working spaces of an office building in Shenzhen to mainly financial technology start-ups; the supply of electrical and electronic components, namely inductors and master control chips; the research and development of various systems and devices, including a navigation and positioning system for unmanned vehicles and aircraft that can be operated in combination with cameras, Global Navigation Satellite System (“GNSS”) or maps; an intelligent cloud platform system for distant interaction; a cross-platform, high-performance player; a simplified version of an enterprise resource planning (“ERP”) system; and an information security system with multiple licences for small and medium-sized financial holding companies.

1. Business of office rental which is bundled with information technology services and office administration services in Shenzhen

CITIC Cyber Security subleased co-working spaces of an office building in Shenzhen to mainly financial technology start-ups. The office rental is bundled with its information technology services and some office administration services. During the fourth quarter of the Reporting Period, the total number of tenants was 37.

2. Research and development of various systems and devices

During the Reporting Period, the Group was fulfilling a contract to conduct research and development of various systems and devices on behalf of an information technology solution provider for the period from 15 October 2020 to 14 October 2021. Such systems and devices included a navigation and positioning system for unmanned vehicles and aircraft that can be operated in combination with cameras, GNSS or maps; an intelligent cloud platform system for distant interaction; a cross-platform, high-performance player; a simplified version of an ERP system; and an information security system with multiple licences for small and medium-sized financial holding companies.

3. Development and implementation of a platform for electronically signing, managing and auditing contracts

CITIC Cyber Security developed and implemented on behalf of a PRC-based bank a platform for signing, managing and auditing contracts electronically. The contract was nearly completed during the fourth quarter of the Reporting Period.

4. Conducting information verification for other companies

During the Previous Period, CITIC Cyber Security had signed two separate contracts to conduct information verification for a securities brokerage and a certificate authority through websites, API or terminals. Previously, it signed an agreement with a Shenzhen-based information technology system developer in June 2020 to conduct information verification on behalf of a mainland China-based full-service investment bank.

5. Construction of a unified digital authentication system, application integration and operation and maintenance of the system

In July 2020, CITIC Cyber Security signed a contract to build a unified digital authentication system, carry out application integration and operate and maintain such system for an information technology subsidiary of a China-based transportation infrastructure design and construction firm. CITIC Cyber Security provided both services and hardware for its client during the Reporting Period.

6. Provision, installation, operation and maintenance of intelligent bookcases

During the Reporting Period, CITIC Cyber Security and its wholly-owned subsidiary signed three separate contracts to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for an equity exchange, a property development and management firm and a culture industry company.

7. Building infrastructure for real-name system management based on eCitizen digital identity verification technology

In March 2022, CITIC Cyber Security signed a contract to build an infrastructure for real-name system management based on eCitizen digital identity verification technology for a technology development company. CITIC Cyber Security will provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support.

8. Authorizing a website to replicate digitally, issue and disseminate on information network the video content of an education course

In January 2022, a wholly-owned subsidiary of CITIC Cyber Security signed an agreement to authorize a website of a technology company that builds a smart city to replicate digitally, issue and disseminate on information network the video content of an education course.

PROSPECT

In view of the pandemic resurgence that affected China's economy and the United States government's continued sanctions against certain Chinese technology companies, the Group is cautious about the outlook for business. It expects its projects to be scaled down although their progress will be normal.

To cope with the difficult operating environment, the Group has been stepping up its business transformation and diversification. It will adopt a two-pronged business strategy — to keep fostering its business of back-end information technology software and system development such as that for information verification and, at the same time, develop its business of front-end information technology software and system development such as that for wearable devices. The front-end business will enable the Group to build its brand in the end-user market and thus create its brand awareness.

The Group will leverage its advantage in cooperating with state-owned enterprises to actively capitalize on China's booming digital economy. For instance, it has already been diversifying into internet electronic identity authentication, electronic signature and AI services and solutions. Such initiatives not only can broaden the income stream to help the Group get through the difficult business environment but also can add impetus to the Group's business development for the long term.

During the Reporting Period, the Company's wholly-owned subsidiary, Shenzhen YBDS IT Co., Ltd.* (深圳市韻博信息科技有限公司), signed a framework agreement to provide training in and consultancy on robotic process automation (“**RPA**”) for a software and information technology service company. Such training in and consultancy on RPA will enable a leading telecommunications company to provide some AI-based customer services such as answering customer enquiries about outstanding fees and unused quota of data transmission without involving any manpower. Such AI services and solutions not only can replace manual workers in simple and routine jobs and thus can relieve the pressure of the rising labour cost, but also can lay the foundation of big data analytics, which can help companies to promote certain new services or products among target customers.

During the Previous Period, CITIC Cyber Security entered into an agreement to form a digital technology joint venture company that would provide financial institutions, government departments and enterprises with digital solutions for cyber security.

By pursuing its two-pronged business strategy of fostering both the back-end and front-end businesses of information technology software and system development, the Group aims to consolidate the foundation for its business development and fully capitalize on the upgrading and transformation of China's industries.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company raised net proceeds of approximately HK\$100 million through a subscription (the “**Subscription**”) on 5 August 2013 by issuing 450,000,000 ordinary shares of the Company at a subscription price of HK\$0.225 per ordinary share of the Company to Happy On Holdings Limited (“**Happy On**”). Immediately after the completion of the Subscription, Happy On held 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company.

As stipulated in the circular of the Company dated 11 July 2013, such proceeds were to be applied in (i) paying and contributing to the registered capital, increased registered capital and further investment in Guangzhou YBDS and Beijing YBDS IT Co., Ltd.*(北京韻博港信息科技有限公司) (“**Beijing YBDS**”), the two indirect wholly-owned subsidiaries of the Company, especially for Beijing YBDS in order to meet the minimum capital threshold requirement when submitting bids for the proposed projects offered by relevant telecommunications service providers in the PRC; and (ii) general working capital of the Company.

During the year ended 31 March 2015, the Company applied approximately HK\$19,785,000 of the proceeds to pay up the outstanding remaining increased registered capital of Guangzhou YBDS. As the Company acquired China Mobile Payment Technology Group Company Limited on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, Beijing YBDS was no longer needed and had been deregistered on 17 June 2016. As stated in the announcement dated 23 December 2014, the part of proceeds of approximately HK\$45.5 million originally earmarked for Beijing YBDS registered capital and the capital increase, together with the remaining balance of the proceeds were then added to the Company's capital for new potential projects and general working capital purposes. As at 31 March 2022, there was an unutilised amount of net proceeds of approximately HK\$30,872,000.

* For identification purpose only

For details, please refer to the announcements of the Company dated 3 June 2013, 5 August 2013, 20 August 2014 and 23 December 2014, and the circulars dated 11 July 2013 and 10 November 2014.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$32,800,000, representing a decrease of approximately 20% when compared with that in the Previous Period of approximately HK\$41,242,000.

Loss attributable to owners of the Company for the Reporting Period was approximately HK\$18,189,000 compared with profit attributable to owners of the Company of approximately HK\$16,703,000 for the Previous Period.

SEGMENTAL INFORMATION

Business segments

During the Reporting Period, when compared with the Previous Period, revenue generated from hardware sales has increased by approximately 44%, while revenue from services has increased by approximately 68%.

Geographical segments

The provision of system development services and other value-added technical consultation services and hardware-related business mainly caters for the PRC market. Revenue from the Hong Kong segment represented nil of the total revenue (Previous Period: nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2022, the shareholders' funds of the Group amounted to approximately HK\$10,707,000. Current assets were approximately HK\$55,316,000, mainly comprised of cash and cash equivalents of approximately HK\$7,978,000, financial assets at fair value through profit or loss of approximately HK\$22,894,000 and trade and other receivables of approximately HK\$23,870,000. Current liabilities mainly comprised trade and other payables of approximately HK\$53,503,000. The net asset value per share was approximately HK\$0.002. The Group's gearing ratio, expressed as a percentage of bank borrowings and long term debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.01:1 (as at 31 March 2021: 1.54:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group mainly operates in Hong Kong and China. The Group's assets and liabilities are principally denominated in Hong Kong dollar and Renminbi. The currency exchange rate risk of the Group is immaterial, and the Group did not engage in any hedging activities. However, the management will monitor foreign exchange exposure and consider hedging significant currency exposure should the need arise.

CONTINGENT LIABILITIES

As at 31 March 2021 and 2022, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2021 and 2022, the Group had no charges on the Group's asset.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2022, the Group had 34 employees (including 7 Directors). (31 March 2021: 27 employees (including 6 Directors)). The total remuneration paid to employees, including Directors, for the Reporting Period was approximately HK\$9,458,000 (Previous Period: HK\$10,120,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double pay is paid based on each individual employee's performance as recognition of and reward for their contributions. Other benefits accruing to the employees include contributions made to statutory mandatory provident fund scheme and a group medical scheme. We also subsidise our employees for pursuing further studies in related fields.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

Save as disclosed in this announcement, the Group did not have any significant investments held or any material acquisitions or disposals of subsidiaries or associated companies during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "**Code Provisions**") in the Corporate Governance Code and Corporate Governance Report (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the Code Provisions set out in the Code throughout the financial year ended 31 March 2022 (the "**Reporting Period**") except for the deviations from Code Provisions A.1.8 (now rearranged as C.1.8) and A.2.1 (now rearranged as C.2.1) of the Code as explained as follows:

Code Provision A.1.8 (now rearranged as C.1.8)

Code Provision A.1.8 (now rearranged as C.1.8) stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

During the Reporting Period, the board (the "**Board**") of Directors considered that under the current situations of close management of the Group and business scale, the possibility of actual litigation against the Directors is very low. The Company will consider reviewing various insurance cover proposals and will make such an arrangement as appropriate.

Code Provision A.2.1 (now rearranged as C.2.1)

Code Provision A.2.1 (now rearranged as C.2.1) stipulates that the roles of chairman and chief executive officer should be separate.

The executive Directors, namely, Mr. Cai Dan, Mr. Wang Xiaoqi, Ms. Ho Ching and Mr. Ho Yeung focus on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Reporting Period.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established in May 2000, and the Company had adopted a revised specific terms of reference on 10 January 2019 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

Currently, the Audit Committee comprises Mr. Tse Yee Hin, Tony, Mr. Lau Chor Ki and Mr. Wong Kin Kee, all of whom are the independent non- executive Directors. Mr. Tse Yee Hin, Tony is the current chairman of the Audit Committee.

The primary duties of the Audit Committee are to review the Group's audit findings, accounting policies and standards, changes of accounting rules (if any), compliance to the GEM Listing Rules, internal and audit control, and cash flow forecast.

The Audit Committee has reviewed the audited consolidated results of the Group for the Reporting Period, the risk management and internal control systems of the Group.

The Group's unaudited quarterly and half-yearly results and audited annual results for the Reporting Period have been reviewed by the Audit Committee which is of the view that such financial statements have been prepared in compliance with the applicable accounting standards and that adequate disclosures have been made.

The Board and the Audit Committee considered the internal control and risk management mechanism of the Group to be operating effectively for the Reporting Period.

SCOPE OF WORK OF UNITAX PRISM (HK) CPA LIMITED

The figures in respect of the preliminary announcement of the Group's results for the Reporting Period have been agreed by the Company's auditors, UniTax Prism (HK) CPA Limited (formerly known as Prism CPA Limited), to the amounts set out in the Group's audited consolidated financial statements for the Reporting Period. The work performed by UniTax Prism (HK) CPA Limited in this respect was limited and did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by UniTax Prism (HK) CPA Limited on this preliminary announcement.

By order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Director

Hong Kong, 20 June 2022

As at the date of this announcement, the executive Directors are Mr. Wang Xiaoqi, Mr. Ho Yeung, Mr. Cai Dan and Ms. Ho Ching; and the independent non-executive Directors are Mr. Lau Chor Ki, Mr. Tse Yee Hin, Tony and Mr. Wong Kin Kee.

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 at least 7 days from the date of its posting and on the Company's website at <http://www.8050hk.com>.