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QUANTONG HOLDINGS LIMITED

全通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

UNAUDITED ANNUAL 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.

*This announcement, for which the directors (the “**Director(s)**”) of Quantong Holdings Limited (the “**Company**” and together with its subsidiaries, 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 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.*

UNAUDITED ANNUAL RESULTS

The board of Directors (the “**Board**”) hereby presents the unaudited consolidated financial results of the Group for the year ended 31 March 2022 together with the comparative audited figures for the previous financial year. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 March 2022 has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$’000 (Unaudited)	2021 <i>HK\$’000</i> <i>(Audited)</i>
Revenue	5	67,123	104,601
Cost of services		<u>(65,753)</u>	<u>(120,414)</u>
Gross profit/(loss)		1,370	(15,813)
Other income	6	3,249	5,553
Administrative expenses		(14,731)	(17,423)
Finance costs	8	<u>(1,671)</u>	<u>(1,678)</u>
Loss before income tax	7	(11,783)	(29,361)
Income tax expense	9	<u>(40)</u>	<u>(89)</u>
Loss for the year attributable to the owners of the Company		(11,823)	(29,450)
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		<u>93</u>	<u>—</u>
Total comprehensive expense for the year attributable to the owners of the Company		<u>(11,730)</u>	<u>(29,450)</u>
		HK cents	HK cents
Losses per share			
— Basic and diluted	11	<u>(1.48)</u>	<u>(3.68)</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	Notes	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
ASSETS AND LIABILITIES			
Non-current asset			
Property, plant and equipment		—	5,398
Current assets			
Contract assets		19,131	7,014
Trade and other receivables	12	38,782	10,509
Cash and cash equivalents		2,206	1,191
		<u>60,119</u>	<u>18,714</u>
Total assets		<u>60,119</u>	<u>24,112</u>
Current liabilities			
Trade and other payables	13	50,600	22,493
Other borrowings	14	21,316	14,783
Amount due to a shareholder		26,693	—
Loan from a related party		15,050	—
Lease liabilities		—	2,819
Provision for taxation		284	102
		<u>113,943</u>	<u>40,197</u>
Net current liabilities		<u>(53,824)</u>	<u>(21,483)</u>
Total assets less current liabilities		<u>(53,824)</u>	<u>(16,085)</u>
Non-current liabilities			
Other borrowings	14	—	4,497
Amount due to a shareholder		—	7,655
Loan from a related party		—	15,050
Lease liabilities		—	625
Deferred tax liabilities		—	224
		<u>—</u>	<u>28,051</u>
NET LIABILITIES		<u>(53,824)</u>	<u>(44,136)</u>
DEFICITS			
Equity attributable to owners of the Company			
Share capital		8,000	8,000
Reserves		<u>(61,824)</u>	<u>(52,136)</u>
TOTAL DEFICITS		<u>(53,824)</u>	<u>(44,136)</u>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2022

1. GENERAL

The Company was incorporated in the Cayman Islands, as an exempted company with limited liability under the Companies Law (2004 revision) Chapter 22 of the Cayman Islands. The registered office of the Company is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands, and the Company's head office and principal place of business is Room 502, Tai Tung Building, 8 Fleming Road, Wan Chai, Hong Kong. The Company is an investment holding company. The Group is principally engaged in foundation and other construction works and supply and installation of new energy charging piles in Hong Kong and in the People's Republic of China (the "PRC").

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSS")

(a) Adoption of new/revised HKFRSs — effective on 1 April 2021

The Hong Kong Institute of Certified Public Accountants ("HKICPA") has issued a number of new HKFRSs and amendments to HKFRSs that are first effective for the current accounting period of the Group. Set out below are those that are relevant to the Group's consolidated financial statements:

Amendments to HKAS 39, HKFRS 4,
HKFRS 7, HKFRS 9 and HKFRS 16
Amendment to HKFRS 16
Amendment to HKFRS 16

Interest Rate Benchmark Reform — Phase 2
Covid-19-Related Rent Concessions
Covid-19-Related Rent Concessions beyond
30 June 2021

The application of the amendments to HKFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

(b) New or amended HKFRSs that have been issued but are not yet effective

The following new or amended HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

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
HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and HK 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: Proceed before Intended Use ¹
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract ¹
Annual Improvements to HKFRSs 2018–2020	Amendments to HKFRS 1 First-time Adoption of HKFRSs, HKFRS 9 Financial Instruments, HKFRS 16 Leases, and HKAS 41 Agriculture 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 No mandatory effective date yet determined but available for adoption

3. BASIS OF PRESENTATION AND PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations (hereinafter collectively referred to as the “**HKFRS**”) and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements include applicable disclosures required by the GEM Listing Rules.

(b) Basis of preparation and going concern assumption

The consolidated financial statements have been prepared on a historical cost basis.

The Group generated a net loss of approximately HK\$11,823,000 for the year ended 31 March 2022. In addition, the Group had net current liabilities and net liabilities of approximately HK\$53,824,000 as at 31 March 2022. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The consolidated financial statements have been prepared on a going concern basis as the Directors, based on a cash flow forecast of the Group prepared by them covering a period up to 30 June 2023 (the “**Cash Flow Forecast**”), are satisfied that the Group will be able to meet its financial obligations as and when they fall due.

Should the use of the going concern basis in preparation of the consolidated financial statements be considered to be inappropriate, adjustments would have to be made to write down the carrying amounts of the Group's assets to their net realisable values, to provide for any further liabilities which might arise and to re-classify non-current assets and liabilities to current assets and liabilities. The effect of these adjustments have not been reflected in these consolidated financial statements.

(c) Functional and presentation currencies

The consolidated financial statements are presented in Hong Kong Dollars (“**HK\$**”), which is also the functional currency of the Company, and all values are rounded to the nearest thousands, except when otherwise indicated.

4. SEGMENT INFORMATION

Operating segments

The Group was principally engaged in the provision of foundation and other construction works and supply and installation of new energy charging piles in Hong Kong and the PRC in the year ended 31 March 2022. The executive directors have been identified as the chief operating decision-maker (“**CODM**”), responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

The reportable operating segments and their results are as below:

- provision of foundation and other construction works; and
- provision of services in supply and installation of new energy charging piles.

In the year ended 31 March 2021, the Group was principally engaged in the provision of foundation business as a foundation subcontractor in Hong Kong and the CODM focused on the operating results of the Group as a whole, as the Group's resources were integrated and no discrete operating segment financial information was available. Accordingly, no operating segment information was presented in the year ended 31 March 2021. All revenue was recognised in the year ended 31 March 2021 over time.

Year ended 31 March 2022	Foundation and other construction works HK\$'000 (Unaudited)	Supply and installation of new energy charging piles HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue	62,594	4,529	67,123
Cost of services	(63,205)	(2,548)	(65,753)
Impairment losses on financial assets and contract assets	(1,277)	(69)	(1,346)
Segment results	(1,888)	1,912	24
Unallocated income			3,249
Unallocated corporate expenses			(13,385)
Finance costs			(1,671)
Loss before income tax			(11,783)
Income tax expense			(40)
Loss for the year			(11,823)

Timing of revenue recognition

Year ended 31 March 2022	Foundation and other construction works HK\$'000 (Unaudited)	Supply and installation of new energy charging piles HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
At a point in time	–	4,529	4,529
Over time	62,594	–	62,594
			67,123

Geographical information

Substantially all of the Group's non-current assets are located in Hong Kong, based on the location of assets. Therefore, no non-current assets information about geographical location is presented.

The Group's revenue was principally derived from Hong Kong and the PRC, based on the location of the customers.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Hong Kong	55,588	104,601
The PRC	11,535	–
	67,123	104,601

Information about major customers

Revenue attributed from customers that accounted for 10% or more of the Group's total revenue during the year is all from foundation and other construction works segment as follows:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Customer A	19,397	85,881
Customer B	N/A	11,414
Customer C	16,138	N/A
Customer D	18,525	N/A
Customer E	7,006	N/A

N/A: The relevant revenue for the years ended 31 March 2022 or 2021, did not exceed 10% of the Group's revenue.

5. REVENUE

The Group's revenue represents amounts received and receivable from contract work performed for the years ended 31 March 2022 and 2021.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Foundation and other construction works	62,594	104,601
Supply and installation of new energy charging piles	4,529	–
	67,123	104,601

The following table provides information about trade receivables and contract assets from contracts with customers for the years ended 31 March 2022 and 2021.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade receivables (<i>Note 12</i>)	35,983	8,514
Contract assets	19,408	7,061

6. OTHER INCOME

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Gain on disposal of property, plant and equipment, net	1,647	2,509
Gain on early termination of a lease contract	1,164	–
Loss on written off of property, plant and equipment	(16)	–
Rental income from leasing machineries	–	159
Covid-19 related rent concessions (<i>Note (i)</i>)	–	60
Sales of wasted materials	437	–
Government grants (<i>Note (ii)</i>)	–	2,813
Others	17	12
	<u>3,249</u>	<u>5,553</u>

Notes:

- (i) The Group has early adopted Amendment to HKFRS 16 and applied the practical expedient not to assess whether a rent concession occurring as a direct consequence of the COVID-19 pandemic is a lease modification.
- (ii) During the year ended 31 March 2021, the Group received government grants from the Anti-epidemic Fund set up by the Government of the Hong Kong Special Administrative Region (the “**HKSAR Government**”) under a One-off Subsidy Scheme as financial support for its businesses.

7. LOSS BEFORE INCOME TAX

Loss before income tax is arrived after charging/(crediting):

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Depreciation charge:		
— Owned properties, plant and equipment	676	2,910
— Right-of-use assets	644	2,115
	<u>1,320</u>	<u>5,025</u>
Auditor's remuneration	900	610
Impairment loss of property, plant and equipment	–	3,665
Loss on written off of property, plant and equipment	16	1,488
Provision of/(reversal of) impairment loss on contract assets	230	(312)
Provision of/(reversal of) impairment loss on trade receivables	929	(1,178)
Provision of/(reversal of) impairment loss on other receivables	187	(807)
Employee benefit expenses	<u>8,916</u>	<u>25,183</u>

8. FINANCE COSTS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Interest on loan from other borrowings	283	1,409
Interest on loan from a shareholder loan	1,334	—
Interest on lease liabilities	54	269
	<u>1,671</u>	<u>1,678</u>

9. INCOME TAX EXPENSE

The amount of income tax expense in the consolidated statement of comprehensive income represents:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Current tax		
— Hong Kong profits tax	—	—
— PRC Enterprise Income tax (“EIT”)	284	—
	<u>284</u>	<u>—</u>
Deferred tax	(244)	89
	<u>(244)</u>	<u>89</u>
Income tax expense	<u>40</u>	<u>89</u>

Hong Kong profits tax is calculated at 16.5% (2021: 16.5%) of the estimated assessable profits for the year ended 31 March 2022. According to the Inland Revenue (Amendment) Bill 2017, which was substantively enacted after passing its Third Reading in the Legislative Council on 28 March 2018, the two-tiered profits tax regime is first effective for the year of assessment 2018/19. Profits tax rate for the first HK\$2 million of assessable profits of corporation is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%.

The basic tax rate of the Group’s PRC subsidiaries is 25% under the law of the PRC on Enterprise Income Tax (the “EIT Law”) and implementation regulations of the EIT Law.

No provision for Hong Kong profits tax was made for the year ended 31 March 2022 as the group entities which are subject to Hong Kong profits tax incurred losses for the year.

10. DIVIDEND

No dividend has been paid or declared by the Company during the years ended 31 March 2022 and 2021.

11. LOSSES PER SHARE

The calculation of the basic losses per share attributable to the ordinary equity holders of the Company is based on the following data:

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Loss		
Loss for the purpose of calculating basic losses per share	<u>(11,823)</u>	<u>(29,450)</u>
	Number of shares '000	Number of shares '000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic losses per share	<u>800,000</u>	<u>800,000</u>

There were no potential ordinary shares in issue for the years ended 31 March 2022 and 2021. Accordingly, the diluted losses per share presented is the same as the basic losses per share.

12. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Trade receivables (<i>Note (a)</i>)	35,983	8,514
Other receivables	9,646	7,078
Prepayments	15	330
Deposits	<u>297</u>	<u>630</u>
	45,941	16,552
Less: provision of impairment loss	<u>(7,159)</u>	<u>(6,043)</u>
	<u>38,782</u>	<u>10,509</u>

(a) Trade receivables

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Trade receivables, gross (<i>Note</i>)	35,983	8,514
Less: provision of impairment loss	<u>(1,208)</u>	<u>(279)</u>
Trade receivables, net	<u>34,775</u>	<u>8,235</u>

Note: Trade receivables were non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances. The Group grants an average credit period of 30 days to its trade customers.

The following is an analysis of trade receivables by age, net of loss allowance, presented based on the invoice dates:

	2022 <i>HK\$'000</i> (Unaudited)	2021 <i>HK\$'000</i> (Audited)
Current or less than one month	13,578	7,047
One to three months	7,196	745
More than three months but less than one year	12,351	443
More than one year	<u>1,650</u>	<u>–</u>
	<u>34,775</u>	<u>8,235</u>

13. TRADE AND OTHER PAYABLES

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Trade payables (<i>Note (a)</i>)	45,422	18,104
Accruals	5,178	4,389
	<u>50,600</u>	<u>22,493</u>

Notes:

- (a) An ageing analysis of trade payables as at the end of the reporting period, based on invoice dates, is as follows:

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Current or less than one month	8,332	1,779
One to three months	28,436	4,682
More than three months but less than one year	4,157	5,740
More than one year	4,497	5,903
	<u>45,422</u>	<u>18,104</u>

The Group's trade payables are non-interest bearing and generally have payment terms of 0 to 45 days.

14. OTHER BORROWINGS

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Current:		
Mr. Zhang Weijie (“ Mr. Zhang ”)	11,334	11,334
Mr. Wong Chin To (“ Mr. Wong ”)	7,814	1,268
Mr. Tse Chun Kit (“ Mr. Tse ”)	2,168	2,181
	<u>21,316</u>	<u>14,783</u>
Non-current:		
Mr. Tse	–	4,497
	<u>–</u>	<u>4,497</u>

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review and Outlook

The Group has been engaging in foundation works business as a subcontractor and other construction works in Hong Kong for over 10 years. During the year ended 31 March 2022, the overall construction industry in Hong Kong was still in face of challenges. The outbreak of the COVID-19 pandemic has been lasting for over two years and results in serious and unanticipated disruptions in business operation and the Hong Kong economy. Furthermore, the construction industry in Hong Kong is fragmented with increasing number of market players, resulting keen competitions in the market and lower gross margin of construction projects. Nevertheless, after enhancement of cost control made by the Group, for the year ended 31 March 2022, the Group recorded overall gross profit margin of approximately 2.0% as compared to the gross loss margin of approximately 15.1% for the year ended 31 March 2021.

Despite the unfavourable conditions in Hong Kong economy and the construction industry such as keen competition due to the growing number of market players, continuously increasing construction costs due to labour shortage, increasingly stringent regulatory controls and rising construction material and operation costs, the Directors are of the view that the market conditions of the construction industry will start to improve and consider that with the Group's business presence and good reputation in the market, the Group is well-positioned to compete with its competitors against such challenges that are commonly faced by all industry players.

In addition to continue the existing foundation works and other construction works business, the Group also explores other suitable business opportunities with a view to diversify its business. During the year ended 31 March 2022, the Group started to engage in provision of supply and installation of new energy charging piles in the PRC and recorded gross profit in this business segment. The Directors consider the new business will be the first step in the business diversification and expansion of the Group's business portfolio. The Group will proactively explore new opportunities to benefit the Company and its shareholders as a whole in long run.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 31 March 2022 was approximately HK\$67.1 million, representing a decrease of approximately HK\$37.5 million or 35.9% as compared to the revenue for the year ended 31 March 2021. The decrease in revenue was primarily due to the decrease in number of sizable projects tendered by the Group during the year and thereby contributed less revenue to the Group during the year ended 31 March 2022.

Cost of services

The Group's cost of services decreased from approximately HK\$120.4 million for the year ended 31 March 2021 to approximately HK\$65.8 million for the year ended 31 March 2022, representing a decrease of approximately HK\$54.7 million or 45.4%. Such decrease was due to the enhancement of cost control to avoid the late penalty compensation, additional direct cost for delayed project completion and unexpected costs of testing for certain projects caused by unpredictable matters as incurred during the year ended 31 March 2021.

Gross Profit and Gross Profit Margin

For the year ended 31 March 2022, the Group recorded gross profit of approximately HK\$1.4 million (2021: gross loss of approximately HK\$15.8 million) and gross profit margin of approximately 2.0% (2021: gross loss margin of approximately 15.1%). The gross profit and gross profit margin of the Group for the year ended 31 March 2022 was due to the decrease in cost of services as explained above.

Administrative Expenses

The administrative expenses decreased by approximately HK\$2.7 million or 15.5% from approximately HK\$17.4 million for the year ended 31 March 2021 to approximately HK\$14.7 million for the year ended 31 March 2022. The decrease was mainly due to the effect of provision for impairment loss of property, plant and equipment of approximately HK\$3,665,000 and legal and professional fees incurred in relation to the one-off cash offer transaction in respect of shares of the Company during the year ended 31 March 2021.

Finance Costs

Finance costs of the Group were approximately HK\$1.7 million for both years ended 31 March 2022 and 2021. Finance costs consist of interest on loans from other borrowings, interest on loan from a shareholder loan and interest on lease liabilities.

Loss for the year attributable to Owners of the Company

Net loss for the year ended 31 March 2022 was approximately HK\$11.8 million (2021: approximately HK\$29.5 million). Such decrease in loss was mainly due to gross profit of approximately HK\$1.4 million recorded during the year ended 31 March 2022 as compared to gross loss of approximately HK\$15.8 million recorded during the year ended 31 March 2021 as explained above.

Liquidity, Financial Resources and Capital Structure

The Company's shares were successfully listed on GEM on 10 August 2015 (the "Listing"). There has been no change in the capital structure of the Group since the date of the Listing and up to the date of this announcement.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Current assets	60,119	18,714
Current liabilities	113,943	40,197
Current ratio	0.53	0.47

The current ratio of the Group as at 31 March 2022 was approximately 0.53 times as compared to that of approximately 0.47 times as at 31 March 2021.

As at 31 March 2022, the Group had total cash and cash equivalents of approximately HK\$2.2 million (2021: approximately HK\$1.2 million).

As at 31 March 2022 and 31 March 2021, the Group had other borrowings, amount due to a shareholder/then directors, loan from a related party/then directors and lease liabilities in total of approximately HK\$63.1 million and HK\$45.4 million, respectively.

Gearing Ratio

The Group monitors capital using a gearing ratio, which is net debt divided by total capital. Net debts are calculated as the total of lease liabilities, amount due to a shareholder loan from a related party and other borrowings and less cash and cash equivalents. Capital represents the total of equity and net debts of the Group.

	2022 HK\$'000 (Unaudited)	2021 HK\$'000 (Audited)
Total debt	63,059	45,429
Less: Cash and cash equivalents	(2,206)	(1,191)
Net debt	60,853	44,238
Capital	(7,029)	102
Gearing ratio	9	434

Treasury Policies

The Group adopts a conservative approach towards its treasury policies. The Group's credit risk is primarily attributable to contract assets, trade receivables and deposits with banks. The credit risk of the Group's contract assets and trade receivables is concentrated since approximately 99.3% of which was derived from five major customers as at 31 March 2022 (2021: approximately 98.7%). As the customers of the Group are reputable corporations, the credit risk is considered to be low. The Group's major bank balances are deposited with banks with good reputation and hence the management does not expect any losses from non-performance by these banks. In relation to the management of liquidity risk, the Group's policy is to regularly monitor the liquidity requirements in order to maintain sufficient reserves of cash and adequate committed lines of funding from major banks to meet the liquidity requirements in short and long term.

Dividend

The Board does not recommend any final dividend for the year ended 31 March 2022 (2021: Nil).

Contingent Liabilities

The Group did not have any significant contingent liabilities as at 31 March 2022.

Pledge of Assets

As at 31 March 2022, the Group had no assets pledged for bank borrowings or for other purpose.

Capital Commitments

As at 31 March 2022, the Group did not have other significant capital commitments.

Material Acquisitions and Disposals of Subsidiaries and Affiliated Companies

During the year ended 31 March 2022, the Group did not have any material acquisitions and disposal of subsidiaries and affiliated companies.

Significant Investments held by the Group

During the year ended 31 March 2022, there was no significant investment held by the Group.

Future Plan for Material Investments and Capital Assets

The Group did not have any concrete plan for material investments or capital assets as at 31 March 2022.

Foreign Currency Exposure

As most of the Group's business transactions, assets and liabilities are principally denominated in Hong Kong dollars, the Group's exposure to exchange rate risk is limited.

Employees and Remuneration Policy

As at 31 March 2022, the Group employed a total of 20 staff (2021: 50 staff). The total employee remuneration, including remuneration of the Directors, for the year ended 31 March 2022 amounted to approximately HK\$8.9 million (2021: approximately HK\$25.2 million).

The Group entered into separate labour contracts with each of the employees in accordance with the applicable labour laws in Hong Kong. The Group provides its staff with various benefits including discretionary bonus, contributory provident fund and medical insurance. The Group also provides and sponsors various types of training to employees and offer options that may be granted to employees under the share option scheme.

EVENT AFTER THE REPORTING PERIOD

Proposed Change of Company Name

On 2 June 2022, the Board proposed to change the English name and Chinese name of the Company from “Quantong Holdings Limited” and “全通控股有限公司” to “China Hongbao Holdings Limited” and “中國紅包控股有限公司”, respectively (the “**Proposed Change of Company Name**”).

The Proposed Change of Company Name is subject to the following conditions:

- (i) the passing of a special resolution by the shareholders of the Company to approve the Proposed Change of Company Name at the upcoming annual general meeting of the Company; and
- (ii) approval being granted by the Registrar of Companies in the Cayman Islands for the Proposed Change of Company Name and the new name being entered in the register of companies by the Registrar of Companies in the Cayman Islands.

Subject to the satisfaction of the above conditions, the Proposed Change of Company Name will take effect upon the date on which the Registrar of Companies in the Cayman Islands issues a certificate of incorporation on change of name confirming that the new name has been registered. The Company will comply with the necessary filing procedures in Hong Kong and the Cayman Islands.

For further information, please refer to the announcement of the Company dated 2 June 2022.

UNAUDITED ANNUAL RESULTS

The unaudited annual results of the Group for the year ended 31 March 2022 and the unaudited financial position of the Group at that date are set out in the unaudited consolidated financial statements in this announcement.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code (the “**CG Code**”) as set out in Appendix 15 to the GEM Listing Rules as its corporate governance practices. During the year ended 31 March 2022, to the best knowledge of the Board, the Company has complied with the applicable code provisions of the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for dealing in securities of the Company by the Directors on terms no less exacting than the required standards of dealings set out in Rules 5.48 to 5.68 of the GEM Listing Rules (the “**Required Standard of Dealings**”). The Company had also made specific enquiry to all the Directors and each of them was in compliance with the Required Standard of Dealings throughout the year under review. Further, the Company was not aware of any non-compliance with the Required Standard of Dealings by the Directors throughout the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year ended 31 March 2022, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) was established on 6 July 2015. The chairman of the Audit Committee is Mr. Chow Chun To, an independent non-executive Director, and other members include Ms. Wong Chi Yan and Mr. Kung Wai Chiu Marco, independent non-executive Directors. The written terms of reference of the Audit Committee are posted on the website of the Stock Exchange and on the Company's website.

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has complied with Rule 5.28 of the GEM Listing Rules with three members comprising independent non-executive Directors only and at least one of the members of the Audit Committee is an independent non-executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

During the year ended 31 March 2022, the Audit Committee has held 5 meetings, including to review and comment on the Company's 2021 annual results, interim results and quarterly results as well as the Company's material control procedures and risk management system.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the year ended 31 March 2022 has not been completed as the outbreak of COVID-19 has delayed the process of audit procedures for auditing the annual results for the year ended 31 March 2022 performed by BDO Limited, the Company's auditors (the "**Auditors**"), especially for the subsidiaries in Shaanxi Province. The Company is still in the progress of providing certain information, such as alternative supporting documents for non-reply external confirmations, supporting documents for subsequent settlement of receivable and payable balances, supporting documents for financial forecast, to the Auditors to complete the audit procedures. The process of gathering information and documents has been delayed due to the lockdown in the places of operation of subsidiaries and shorten office hours of staff of the local government authorities which are affected by the COVID-19 guidelines and measures. As such, additional time would be required for conducting audit field work to verify the original supporting documents and collecting the bank confirmation(s). The unaudited annual results contained herein have not been agreed with the Auditors. An announcement relating to the audited results for the year ended 31 March 2022 will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

The unaudited annual results of the Group for the year ended 31 March 2022 had been reviewed by the Audit Committee.

FURTHER ANNOUNCEMENT

Following the completion of the auditing process, the Company will issue further announcement in relation to the audited results for the year ended 31 March 2022 as agreed by the Auditors and the material differences (if any) as compared with the unaudited annual results contained herein. In addition, the Company will issue further announcement(s) as and when necessary if there are other material development in the completion of the auditing process.

DELAY OF PUBLICATION OF AUDITED ANNUAL RESULTS AND ANNUAL REPORT

This unaudited annual results announcement is published on the websites of the Stock Exchange at www.hkexnews.hk and the Company at www.quantongholdings.com. The preliminary audited annual results and annual report of the Company are expected to be published on the above websites on 22 July 2022 and 29 July 2022, respectively, and the annual report of the Company will be despatched to the shareholders of the Company.

The financial information contained herein in respect of the annual results of the Group has not been audited and has not been agreed with the Auditors. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Quantong Holdings Limited
Cheng Jun
Chairman and Executive Director

Hong Kong, 29 June 2022

As at the date of this announcement, the Board comprises Mr. Cheng Jun and Mr. Ji Zhendong, as executive Directors; and Mr. Chow Chun To, Mr. Kung Wai Chiu Marco and Ms. Wong Chi Yan as independent non-executive Directors.

This announcement will remain on the website of the Stock Exchange at www.hkexnews.hk on the “Latest Listed Company Information” page for at least 7 days from the date of its posting and will be published on the Company’s website at www.quantongholdings.com.