

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited 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.

QUANTONG HOLDINGS LIMITED

全通控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8316)

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.*

FINANCIAL RESULTS

Reference is made to the announcement (the “**Unaudited Annual Results Announcement**”) of the Company dated 29 June 2022 regarding the publication of the Company’s unaudited consolidated financial results for the year ended 31 March 2022.

Further to the publication of the Unaudited Annual Results Announcement, the board of Directors (the “**Board**”) hereby announces the audited consolidated financial results of the Group for the year ended 31 March 2022, together with the comparative figures for the year ended 31 March 2021 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2022

	<i>Notes</i>	2022 HK\$’000	2021 <i>HK\$’000</i> (re-presented)
Revenue	4	76,887	104,601
Cost of sales		<u>(73,910)</u>	<u>(120,414)</u>
Gross profit/(loss)		2,977	(15,813)
Other income	5	3,187	5,553
Administrative expenses		(13,305)	(19,720)
Finance costs	7	(1,502)	(1,678)
(Provision of)/reversal of impairment loss on trade receivables, net		(1,078)	1,178
(Provision of)/reversal of impairment loss on other receivables, net		(48)	807
(Provision of)/reversal of impairment loss on contract assets, net		<u>(414)</u>	<u>312</u>
Loss before income tax	6	(10,183)	(29,361)
Income tax expense	8	<u>(236)</u>	<u>(89)</u>
Loss for the year		(10,419)	(29,450)
Other comprehensive income			
Item that may be reclassified subsequently to profit or loss:			
Exchange difference arising on translation of foreign operations		<u>93</u>	<u>–</u>
Loss and total comprehensive income for the year attributable to the owners of the Company		<u>(10,326)</u>	<u>(29,450)</u>
		HK cents	HK cents
Losses per share			
— Basic and diluted	10	<u>(1.30)</u>	<u>(3.68)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2022

	<i>Notes</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		–	5,398
Current assets			
Contract assets		16,231	7,014
Trade and other receivables	11	45,754	10,509
Cash and cash equivalents		2,206	1,191
		64,191	18,714
Total assets		64,191	24,112
Current liabilities			
Trade and other payables	12	50,675	22,493
Other borrowings	13	24,067	14,783
Amount due to a shareholder		18,151	–
Loan from a related party		15,050	–
Lease liabilities		–	2,819
Provision for taxation		460	102
		108,403	40,197
Net current liabilities		(44,212)	(21,483)
Total assets less current liabilities		(44,212)	(16,085)
Non-current liabilities			
Other borrowings	13	–	4,497
Amount due to a shareholder		7,627	7,655
Loan from a related party		–	15,050
Lease liabilities		–	625
Deferred tax liabilities		–	224
		7,627	28,051
NET LIABILITIES		(51,839)	(44,136)
DEFICITS			
Equity attributable to owners of the Company			
Share capital		8,000	8,000
Reserves		(59,839)	(52,136)
TOTAL DEFICITS		(51,839)	(44,136)

NOTES TO THE 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 and the Group is principally engaged in the foundation and other constructions business and supply and installation new energy charging pile in Hong Kong and 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 HKFRS 9, HKAS 39, Interest Rate Benchmark Reform — Phase 2
HKFRS 7, HKFRS 4, and HKFRS 16

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group's consolidated 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.

HKFRS 17	Insurance Contracts and related Amendments ²
Amendments to HKFRS 3	Reference to 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) 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 improvement to HKFRSs 2018–2020 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 are in the process of making an assessment of the impact of these new or revised HKFRSs is expected to be in the period of initial adoption. Up to date when the consolidated financial statements were approved and authorised for issue by the board of directors of the Company, the directors of the Company did not aware of any aspect of these new or revised HKFRSs which are likely to have a significant impact on the preparation or presentation on the Group's consolidated financial statements.

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 under the historical cost basis.

The Group incurred a net loss of approximately HK\$10,419,000 for the year ended 31 March 2022. In addition, the Group had net current liabilities and net liabilities of approximately HK\$44,212,000 and HK\$51,839,000, respectively, as at 31 March 2022 while the Group only had cash and cash equivalents of approximately HK\$2,206,000 on the same date. 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 that is prepared by them covering a period from 1 April 2022 to 30 June 2023 (the “**Cash Flow Forecast**”), and assuming that Mr. Xing Yuan (“**Mr. Xing**”) and Mr. Fu Yik Lung (“**Mr. Fu**”) (as defined below) would fulfill their undertakings, are satisfied that the Group will have sufficient working capital to finance its operation and to meet its financial obligations as and when they fall due. In preparing the Cash Flow Forecast, the directors have taken account of the following:

- (i) Subsequent to the year end, Mr. Xing, a former executive director of the Company and the beneficial owner of the ultimate parent of the Company, has undertaken not to demand repayment of the current portion of amount due from the Company of HK\$18,151,000 as at 31 March 2022 within eighteen months from 31 March 2022.
- (ii) In July 2022, Mr. Xing entered into two loan facility agreements with two financial institutions in Hong Kong and the PRC for the amounts of HK\$50 million and RMB50 million (equivalent approximately to HK\$62 million) available for withdrawal in the coming 18 months since the agreement dates, respectively (the “**Loan Facilities**”) and made the Loan Facilities available to the Company and pursuant to the terms of the Loan Facilities, funds are exclusively for the Company and made available upon its request.
- (iii) Subsequent to the year end, Mr. Fu, a related party of the Company, has undertaken not to demand repayment of the amount due from the Company of HK\$15,050,000 as at 31 March 2022, within eighteen months from 31 March 2022.

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. REVENUE AND 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 for 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.

In the current year, the Group commenced the business in the supply and installation of new energy charging piles in the PRC and the Group reorganised its internal reporting structure which resulted in changes to the composition of its reportable segments. Prior year segment disclosures have been represented to conform to the current year's presentation.

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.

Year ended 31 March 2022

	Foundation and other construction works <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue	72,358	4,529	76,887
Cost of sales	(71,365)	(2,545)	(73,910)
Impairment loss on financial assets and contract assets	(1,414)	(126)	(1,540)
Segment results	(421)	1,858	1,437
Unallocated income			3,187
Unallocated corporate expenses			(13,305)
Finance costs			(1,502)
Loss before income tax			(10,183)
Income tax expense			(236)
Loss for the year			<u>(10,419)</u>

Year ended 31 March 2021

	Foundation and other construction works <i>HK\$'000</i> (re-presented)	Supply and installation of new energy charging piles <i>HK\$'000</i> (re-presented)	Total <i>HK\$'000</i> (re-presented)
Revenue	104,601	–	104,601
Cost of sales	(120,414)	–	(120,414)
Reversal of impairment loss on financial assets and contract assets	2,297	–	2,297
Segment results	(13,516)	–	(13,516)
Unallocated income			5,553
Unallocated corporate expenses			(19,720)
Finance costs			(1,678)
Loss before income tax			(29,361)
Income tax expense			(89)
Loss for the year			<u>(29,450)</u>

Other segment information

The following other segment information is included in the measure of segment profit or loss:

Year ended 31 March 2022

	Foundation and other construction works <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Depreciation of property, plant and equipment	1,362	–	1,362
Gain on disposal of property, plant and equipment	(1,550)	–	(1,550)
Loss on written off of property, plant and equipment	16	–	16
Provision of impairment loss on trade receivables, net	952	126	1,078
Provision of impairment loss on other receivables, net	48	–	48
Provision of impairment loss on contract assets, net	414	–	414

Year ended 31 March 2021

	Foundation and other construction works <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Impairment of property, plant and equipment	3,665	–	3,665
Gain on disposal of property, plant and equipment	(2,509)	–	(2,509)
Depreciation of property, plant and equipment	5,025	–	5,025
Loss on written off of property, plant and equipment	1,488	–	1,488
Reversal of impairment loss on trade receivables, net	(1,178)	–	(1,178)
Reversal of impairment loss on other receivables, net	(807)	–	(807)
Reversal of impairment loss on contract assets, net	(312)	–	(312)

Segment assets and liabilities

Year ended 31 March 2022

	Foundation and other construction works <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	<u>57,513</u>	<u>4,417</u>	<u>61,930</u>
Other receivables			55
Cash and cash equivalents			<u>2,206</u>
Consolidated total assets			<u><u>64,191</u></u>
Liabilities			
Segment liabilities	<u>45,548</u>	<u>-</u>	<u>45,548</u>
Other payables			5,127
Other borrowings			24,067
Amount due to a shareholder			25,778
Loan from a related party			15,050
Provision for taxation			<u>460</u>
Consolidated total liabilities			<u><u>116,030</u></u>

Year ended 31 March 2021

	Foundation and other construction works <i>HK\$'000</i>	Supply and installation of new energy charging piles <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets			
Segment assets	<u>22,757</u>	<u>–</u>	<u>22,757</u>
Other receivables			164
Cash and cash equivalents			<u>1,191</u>
Consolidated total assets			<u><u>24,112</u></u>
Liabilities			
Segment liabilities	<u>21,548</u>	<u>–</u>	<u>21,548</u>
Other payables			4,389
Other borrowings			19,280
Amount due to a shareholder			7,655
Loan from a related party			15,050
Deferred tax liabilities			224
Provision for taxation			<u>102</u>
Consolidated total liabilities			<u><u>68,248</u></u>

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

- all assets are allocated to operating and reportable segments, other than certain unallocated other receivables and cash and cash equivalents.
- all liabilities are allocated to operating and reportable segments, other than certain unallocated other payables, other borrowings, amount due to a shareholder, loan from a related party, deferred tax liabilities and provision for taxation.

Disaggregation of revenue from contract with customers

The following analysis of revenue under HKFRS 15 is disaggregated by timing of revenue recognition.

Year ended 31 March 2022

	Foundation construction works HK\$'000	Other construction works HK\$'000	Supply and installation of new energy charging piles HK\$'000	Total HK\$'000
Revenue recognised				
At a point in time	–	–	4,529	4,529
Over time	<u>54,305</u>	<u>18,053</u>	<u>–</u>	<u>72,358</u>
	<u><u>54,305</u></u>	<u><u>18,053</u></u>	<u><u>4,529</u></u>	<u><u>76,887</u></u>

Year ended 31 March 2021

	Foundation construction works HK\$'000	Other construction works HK\$'000	Supply and installation of new energy charging piles HK\$'000	Total HK\$'000
Revenue recognised				
Over time	<u>104,601</u>	<u>–</u>	<u>–</u>	<u>104,601</u>
	<u><u>104,601</u></u>	<u><u>–</u></u>	<u><u>–</u></u>	<u><u>104,601</u></u>

Geographical information

As at 31 March 2021, 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 (2022: nil).

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

	2022 HK\$'000	2021 HK\$'000
Hong Kong	<u>54,305</u>	104,601
The PRC	<u>22,582</u>	–
	<u><u>76,887</u></u>	<u><u>104,601</u></u>

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	2021
	HK\$'000	HK\$'000
Customer A	18,116	85,881
Customer B	N/A	11,414
Customer C	16,138	N/A
Customer D	18,525	N/A
Customer E	18,053	N/A

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

The following table provides information about trade receivables and contract assets from contracts with customers.

	2022	2021
	HK\$'000	HK\$'000
Trade receivables (<i>Note 11(a)</i>)	40,431	8,514
Contract assets	16,692	7,061

The Group has applied the practical expedient to its contracts for foundation and other construction services and therefore, the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for construction production that had an original expected duration of one year or less.

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on revenue related to the provisions of the foundation business. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group provides the invoice to the customers.

The above amount also does not include any amounts of completion bonuses that the Group may earn in the future by meeting conditions set out in the Group's construction contracts with customers, unless at the reporting date it is highly probable that the Group will satisfy the conditions for earning those bonuses. During the years ended 31 March 2022 and 2021, the Group did not have any contracts with completion bonuses.

5. OTHER INCOME

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Gain on disposal of property, plant and equipment, net	1,550	2,509
Gain on early termination of lease contract	1,164	–
Rental income from leasing machineries	–	159
Covid-19 related rent concessions (<i>Note i</i>)	–	60
Government grants (<i>Note ii</i>)	–	2,813
Others	473	12
	<u>3,187</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. There are no unfilled conditions or other contingencies attaching to these grants.

6. LOSS BEFORE INCOME TAX

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Depreciation charge:		
— Owned property, plant and equipment	718	3,388
— Right-of-use assets	644	1,637
	<u>1,362</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
Lease payments in respect of land and buildings:		
— Short-term lease	92	–
Provision of/(reversal of) impairment loss on trade receivables, net	1,078	(1,178)
Provision of/(reversal of) impairment loss on other receivables, net	48	(807)
Provision of/(reversal of) impairment loss on contract assets, net	414	(312)
Employee benefit expenses	8,902	25,183
	<u>8,902</u>	<u>25,183</u>

7. FINANCE COSTS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest on loan from other borrowings	697	1,409
Interest on lease liabilities	54	269
Imputed interest for shareholder loans	751	–
	<u>1,502</u>	<u>1,678</u>

8. INCOME TAX EXPENSE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current tax		
Hong Kong profits tax	–	–
PRC Enterprise Income Tax	460	–
	<u>460</u>	<u>–</u>
Deferred tax	(224)	89
	<u>236</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 (the “**Bill**”), profits tax rate for the first HK\$2 million of assessable profits of corporations is lowered to 8.25% with the excess assessable profits continue to be taxed at 16.5%.

No provision for Hong Kong profits tax was made for the year ended 31 March 2022 (2021: nil) as the group entities which are subject to Hong Kong profits tax either incurred losses for the year or had tax losses brought forward to set off with the assessable profits for the year.

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. For the current year, certain subsidiaries of the Group qualified as small and micro enterprises and enjoy the reduction of the applicable tax rate to 10%.

The income tax expense for the year can be reconciled to the loss before income tax per the consolidated statement of comprehensive income as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loss before income tax	<u>(10,183)</u>	<u>(29,361)</u>
Tax calculated domestic income tax rates of 16.5% (2021: 16.5%)	(1,681)	(4,845)
Effect of different tax rates of subsidiaries operating in other jurisdictions	329	–
Tax effect of non-deductible expenses	1,214	1,517
Tax effect of non-taxable income	(195)	(796)
Tax effect of deductible temporary difference not recognised	358	3,416
Tax effect of tax loss not recognised	791	797
Income tax at concessionary rate	<u>(580)</u>	<u>–</u>
Income tax expense	<u><u>236</u></u>	<u><u>89</u></u>

9. DIVIDEND

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

10. 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>	2021 <i>HK\$'000</i>
Loss		
Loss for the purpose of calculating basic losses per share	<u>(10,419)</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><u>800,000</u></u>	<u><u>800,000</u></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.

11. TRADE AND OTHER RECEIVABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables (<i>Note (a)</i>)	40,431	8,514
Other receivables (<i>Note (b)</i>)	7,702	7,078
Prepayments (<i>Note (b)</i>)	4,493	330
Deposits (<i>Note (b)</i>)	297	630
	<u>52,923</u>	<u>16,552</u>
Less: provision of impairment loss	<u>(7,169)</u>	<u>(6,043)</u>
	<u><u>45,754</u></u>	<u><u>10,509</u></u>

(a) Trade receivables

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade receivables, gross (<i>Note</i>)	40,431	8,514
Less: provision of impairment loss	<u>(1,357)</u>	<u>(279)</u>
Trade receivables, net	<u><u>39,074</u></u>	<u><u>8,235</u></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 of contract works. Application for progress payments of contract works is made on a regular basis.

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>	2021 <i>HK\$'000</i>
Current or less than one month	27,684	7,047
One to three months	9,654	745
More than three months but less than one year	<u>1,736</u>	<u>443</u>
	<u><u>39,074</u></u>	<u><u>8,235</u></u>

The movements in provision for impairment loss of trade receivables are as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
At 1 April	279	1,457
Provision of/(reversal of) impairment loss on trade receivables, net	<u>1,078</u>	<u>(1,178)</u>
At 31 March	<u><u>1,357</u></u>	<u><u>279</u></u>

The Group periodically measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss individually. The estimated loss rates are estimated based on various factors including the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions, the number of days past due, adjusted for forward-looking factors (e.g. forecast GDP) and specific consideration (such as credit rating and reputation etc.) to the debtors and the economic environment and an assessment of both the current conditions at the reporting period as well as the forecast of future conditions.

(b) Other receivables, prepayments and deposits

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Other receivables (<i>Note (i)</i>)	7,702	7,078
Prepayments	4,493	330
Deposits (<i>Note (ii)</i>)	<u>297</u>	<u>630</u>
	12,492	8,038
Less: provision of impairment loss	<u>(5,812)</u>	<u>(5,764)</u>
	<u><u>6,680</u></u>	<u><u>2,274</u></u>

Notes:

- (i) As at 31 March 2022, other receivables mainly comprised sales proceeds of machineries and motor vehicles of approximately HK\$258,000 (2021: HK\$100,000); advance payments to subcontractors of approximately HK\$6,710,000 (2021: HK\$6,507,000); rental receivables of approximately HK\$725,000 (2021: HK\$361,000); and other receivables of staff advance of approximately HK\$nil (2021: HK\$91,000).
- (ii) As at 31 March 2022 and 2021, deposits mainly comprised rental deposits of office, warehouse, carpark and machinery.

The 12-month ECLs was determined based on historical settlement records and past experience with these debtors as well as credit risk and other market factors. As at 31 March 2022, the recognition of ECLs increased from HK\$5,764,000 to HK\$5,812,000 (2021: decreased from HK\$6,571,000 to HK\$5,764,000).

12. TRADE AND OTHER PAYABLES

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Trade payables (<i>Note (a)</i>)	45,548	18,104
Accruals (<i>Note (b)</i>)	5,127	4,389
	<u>50,675</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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current or less than one month	32,035	1,779
One to three months	7,148	4,682
More than three months but less than one year	1,867	5,740
More than one year	4,498	5,903
	<u>45,548</u>	<u>18,104</u>

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

- (b) As at 31 March 2022, accruals mainly comprised (i) accrued expenses for subcontractors of approximately HK\$nil (2021: HK\$2,236,000); (ii) accrued salary and wages of approximately HK\$2,515,000 (2021: HK\$828,000); and (iii) accrued audit fee of approximately HK\$900,000 (2021: HK\$611,000). The balances of accruals are non-interest bearing and have average payment terms of one to three months.

13. OTHER BORROWINGS

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current:		
Mr. Zhang Weijie (“ Mr. Zhang ”) (<i>Note (a)</i>)	11,446	11,334
Mr. Wong Chin To (“ Mr. Wong ”) (<i>Note (b)</i>)	8,018	1,268
Mr. Tse Chun Kit (“ Mr. Tse ”) (<i>Note (c)</i>)	4,603	2,181
	<u>24,067</u>	<u>14,783</u>
Non-current:		
Mr. Tse (<i>Note (c)</i>)	–	4,497
	<u>–</u>	<u>4,497</u>

At the end of the reporting date, total current and non-current other borrowings were scheduled to repay as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year and on demand	24,067	14,783
Between one and two year	–	4,497
Between two and five year	–	–
	<u>24,067</u>	<u>19,280</u>

Notes:

- (a) Mr. Zhang, a former director of the Company, granted two loans to the Company at principal amount of HK\$3,477,000 and HK\$3,787,000, respectively, on 31 March 2018. The loans are unsecured, with interest rate at 5% per annum and repayable on demand. As at 31 March 2022, the accumulated loan interest payable is approximately HK\$1,488,000 (2021: HK\$1,376,000). The remaining balance of other borrowings represent cash advances from Mr. Zhang of HK\$2,694,000 (2021: HK\$2,694,000) and are unsecured, interest-free and repayable on demand.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan borrowings	7,264	7,264
Interest payable	1,488	1,376
Cash advances	2,694	2,694
	<u>11,446</u>	<u>11,334</u>

- (b) Mr. Wong, a director of Pak Wing Construction, granted several loans to Pak Wing Construction Company Limited (“**Pak Wing Construction**”), a wholly-owned subsidiary of the Company, to support the operation of Pak Wing Construction. The loans are unsecured, with interest rate at 5% per annum and repayable on demand. The accumulated loan interest payable is approximately HK\$360,000 (2021: HK\$20,000) and repayable on demand. The remaining balance of other borrowings represents other cash advances from Mr. Wong of HK\$9,000 (2021: HK\$22,000) and are unsecured, interest free and repayable on demand.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Loan borrowings	7,649	1,226
Interest payable	360	20
Cash advances	9	22
	<u>8,018</u>	<u>1,268</u>

- (c) Amount due to Mr. Tse, a former director of Pak Wing Construction, comprises the loans balance of approximately HK\$2,168,000 (2021: HK\$4,468,000), accumulated interest payable of the loans of approximately HK\$1,722,000 (2021: HK\$1,497,000) and cash advances to Pak Wing Construction at amount of approximately HK\$713,000 (2021: HK\$713,000).

As at 31 March 2022, loans from Mr. Tse are unsecured, with fixed interest rate at a range of 3%–5% per annum, and are repayable within one year from the balance sheet date (2021: repayable in June 2021 and September 2022). The corresponding loan interests of approximately HK\$1,722,000 are repayable within one year from the balance sheet date (2021: HK\$1,497,000 are repayable in June 2021 and September 2022). Cash advance from Mr. Tse is unsecured, interest free and repayable on demand.

	2022	2021
	HK\$'000	HK\$'000
Loan borrowings	2,168	4,468
Interest payable	1,722	1,497
Cash advances	713	713
	4,603	6,678
Less: Non-current other borrowings	–	(4,497)
Current other borrowings	4,603	2,181

MATERIAL DIFFERENCES BETWEEN 2022 UNAUDITED AND AUDITED ANNUAL RESULTS

As the financial information contained in the 2022 Unaudited Annual Results Announcement has neither been audited nor agreed with the Company's auditor as at the date of its publication and subsequent adjustments have been made to such information, shareholders and potential investors of the Company are advised to pay attention to the material differences between the unaudited annual results set out in the 2022 Unaudited Annual Results Announcement and the audited annual results disclosed in this announcement, the principal details and reasons are set out below:

	<i>Notes</i>	2022 <i>HK\$'000</i> (unaudited)	2022 <i>HK\$'000</i> (audited)	Variance <i>HK\$'000</i>
Consolidated statement of comprehensive income (Extract)				
Revenue	1	67,123	76,887	9,764
Cost of sales	2	(65,753)	(73,910)	(8,157)
Gross profit	3	1,370	2,977	1,607
Other income	4	3,249	3,187	(62)
Administrative expenses	5	(14,731)	(13,305)	1,426
Finance costs	6	(1,671)	(1,502)	169
Provision of impairment loss on trade receivables, net	7	–	(1,078)	(1,078)
Provision of impairment loss on other receivables, net	7	–	(48)	(48)
Provision of impairment loss on contract assets, net	7	–	(414)	(414)
Loss before income tax		(11,783)	(10,183)	1,600
Income tax expense	8	(40)	(236)	(196)
Loss for the year		(11,823)	(10,419)	1,404
Other comprehensive income				
Item that may be reclassified subsequently to profit or loss:				
Exchange difference arising on translation of foreign operations		93	93	–
Loss and total comprehensive income for the year attributable to the owners of the Company		(11,730)	(10,326)	1,404
		<i>HK cents</i>	<i>HK cents</i>	<i>HK cents</i>
Losses per share				
— Basic and diluted		(1.48)	(1.30)	0.18

	Notes	2022 HK\$'000 (unaudited)	2022 HK\$'000 (audited)	Variance HK\$'000
Consolidated statement of financial position (Extract)				
ASSETS AND LIABILITIES				
Current assets				
Contract assets	9	19,131	16,231	(2,900)
Trade and other receivables	10	38,782	45,754	6,972
Cash and cash equivalents		2,206	2,206	–
		<u>60,119</u>	<u>64,191</u>	<u>4,072</u>
Current liabilities				
Trade and other payables	11	50,600	50,675	75
Other borrowings	12	21,316	24,067	2,751
Amount due to a shareholder	13	26,693	18,151	(8,542)
Loan from a related party		15,050	15,050	–
Provision for taxation	14	284	460	176
		<u>113,943</u>	<u>108,403</u>	<u>(5,540)</u>
Total current liabilities		<u>113,943</u>	<u>108,403</u>	<u>(5,540)</u>
Total assets less current liabilities		<u>(53,824)</u>	<u>(44,212)</u>	<u>9,612</u>
Non-current liabilities				
Amount due to a shareholder	15	–	7,627	7,627
		<u>–</u>	<u>7,627</u>	<u>7,627</u>
DEFICITS				
Equity attributable to owners of the Company				
Share capital		8,000	8,000	–
Reserves		(61,824)	(59,839)	1,985
		<u>(53,824)</u>	<u>(51,839)</u>	<u>1,985</u>
TOTAL DEFICITS		<u>(53,824)</u>	<u>(51,839)</u>	<u>1,985</u>

Notes:

1. The change results from the rectification of previous under-recognition of construction income of approximately HK\$9,764,000 for the year ended 31 March 2022.

2. The change results from (i) rectification of previous under-recognition of cost of construction income of approximately HK\$157,000 due to the cut-off error; (ii) and the effect of that as set out in note 1 above, the rectification of previous under-recognition of costs of construction income of approximately HK\$8,000,000 for the year ended 31 March 2022.
3. The changes result from the combined effect of that as set out in notes 1 and 2 above.
4. The change results from (i) the reclassification of tax concession of HK\$20,000 from income tax expense; and (ii) reclassification of certain expenses with administrative nature of approximately HK\$82,000 as administrative expenses.
5. The change results from (i) the said reclassification of as set out in note 4(ii) above; and (ii) the reclassification of provision of impairment loss on trade receivables, net, other receivables and contract assets, net to separate lines in the consolidated statement of comprehensive income.
6. The change results from the combined effect of (i) the rectification of previous over-recognition of borrowings costs of shareholder loan of approximately HK\$583,000; and (ii) the rectification of previous under-recognition of borrowings costs of other borrowing of approximately HK\$414,000 for the year ended 31 March 2022.
7. The change results from (i) the rectification of previous under-recognition of provision of impairment loss on financial assets; and (ii) the effect of that as set out in note 5(ii) above.
8. The change results from the income tax effect of that as set out in notes 3 and 4(i) above.
9. The change results from (i) the reclassification of its balance of approximately HK\$4,480,000 as accounts receivables; (ii) the rectification of previous under-recognition of expected credit losses of approximately HK\$184,000; and (iii) the combined effect of that as set out in notes 1 and 2(ii) above.
10. The change results from (i) the effect of that as set out in note 9(i) above; (ii) the rectification of previous under-recognition of expected credit losses of approximately HK\$10,000; and (iii) the reclassification of its balance of approximately HK\$2,502,000 as trade and other payables.
11. The change results from (i) the combined effect of that as set out in notes 2(i) and 10(iii) above; (ii) the reclassification of its balance of approximately HK\$2,337,000 as other borrowings; and (iii) the reclassification of its balance of approximately HK\$247,000 as amount due to a shareholder.
12. The change results from the combined effect of that as set out in notes 6(ii) and 11(ii) above.
13. The change results (i) from the reclassification of its balance of approximately HK\$8,789,000 as amount due to a shareholder (non-current); and (ii) the effect of that as set out in note 11(iii) above.
14. The change results from the income tax effect of that as set out in note 3 above.
15. The change results from the effect of that as set out in note 13(i) above; and the rectification of previous over-recognition of its balance of approximately HK\$1,162,000.

Save as disclosed in this announcement and the corresponding adjustments in totals, percentages, ratios, comparative and analyses related to the above material differences, all other information contained, in material aspects, in the 2022 Unaudited Annual Results Announcement remains unchanged.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review and outlook

The Group has been engaged 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 3.9% 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\$76.9 million, representing a decrease of approximately HK\$27.7 million or 26.5% 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 sales

The Group's cost of sales decreased from approximately HK\$120.4 million for the year ended 31 March 2021 to approximately HK\$73.9 million for the year ended 31 March 2022, representing a decrease of approximately HK\$46.5 million or 38.6%. 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\$3.0 million (2021: gross loss of approximately HK\$15.8 million) and gross profit margin of approximately 3.9% (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 sales as explained above.

Administrative expenses

The administrative expenses decreased by approximately HK\$6.4 million or 32.5% from approximately HK\$19.7 million for the year ended 31 March 2021 to approximately HK\$13.3 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\$3.7 million 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\$1.5 million and approximately HK\$1.7 million for the years ended 31 March 2022 and 2021, respectively. Finance costs consist of interest on loans from other borrowings, interest on loan from a shareholder 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\$10.4 million (2021: approximately HK\$29.5 million). Such decrease in loss was mainly due to gross profit of approximately HK\$3.0 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 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current assets	64,191	18,714
Current liabilities	108,403	40,197
Current ratio	0.59	0.47

The current ratio of the Group as at 31 March 2022 was approximately 0.59 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 and loan from a related party and lease liabilities in total of approximately HK\$64.9 million and HK\$45.4 million, respectively. The scheduled repayment date of the Group were as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Within one year	57,268	17,602
Between one and two years	7,627	27,827
Between two and five years	—	—
	64,895	45,429

Gearing ratio

The Group monitors capital using a gearing ratio, which is net debt divided by total equity/(deficit). 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.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Total debts	64,895	45,429
Less: Cash and cash equivalents	(2,206)	(1,191)
Net debt	62,689	44,238
Total deficit	(51,839)	(44,136)
Gearing ratio	(120.93%)	(100.23%)

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 99.9% 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.

Capital structure

The shares of the Company were successfully listed on GEM of the Stock Exchange on 10 August 2015. There has been no change in the capital structure of the Group since then. The share capital of the Group only comprises ordinary shares.

As at 31 March 2022, the Company's issued share capital was HK\$8 million, representing 800,000,000 issued ordinary shares of HK\$0.01 each.

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

For the Group's operation in Hong Kong, the major revenue and expenses are denominated in Hong Kong dollars. For the Group's operation in the PRC, the major revenue and expenses are denominated in Renminbi, which would expose the Group to foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, the management of the Company monitors foreign exchange exposure and will consider hedging significant foreign currency exposure when the need arises.

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 and in PRC. 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.

Segment Information

Segmental information is presented for the Group as disclosed in Note 4 to the consolidated financial statements in this announcement.

EVENTS 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 extraordinary general meeting of the Company to be held on 10 August 2022; 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 announcements of the Company dated 2 June 2022 and 12 July 2022.

Proposed amendments to the memorandum and articles of association

On 12 July 2022, the Board proposes to make certain amendments (the “**Proposed Amendments**”) to the existing memorandum of association and articles of association of the Company (the “**Memorandum and Articles of Association**”) and to adopt the second amended and restated Memorandum and Articles of Association incorporating and consolidating all the Proposed Amendments (the “**Second Amended and Restated Memorandum and Articles**”), in order to, among other things, (i) conform to the amended Appendix 3 to the GEM Listing Rules which came into effect on 1 January 2022 and applicable laws of the Cayman Islands; and (ii) replace all references to the existing name of the Company with “China Hongbao Holdings Limited” and “中國紅包控股有限公司” to reflect the changes subsequent to the Proposed Change of Company Name.

The Board considers that the Proposed Amendments and the adoption of the Second Amended and Restated Memorandum and Articles are in the interests of the Company and the shareholders of the Company as a whole. The Proposed Amendments and the adoption of the Second Amended and Restated Memorandum and Articles are subject to the consideration and approval by the shareholders of the Company by way of a special resolution at the extraordinary general meeting of the Company to be held on 10 August 2022, and are conditional upon the Proposed Change of Company Name becoming effective. The Board proposes that the Second Amended and Restated Memorandum and Articles be adopted in substitution for the Memorandum and Articles of Association with effect from 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 names have been registered.

CORPORATE GOVERNANCE PRACTICE

The Company has applied the principles and code provisions in the Corporate Governance Code and Corporate Governance Report (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, except for the deviation from code provision D.2.5 of the CG Code which is explain below:

Pursuant to code provision D.2.5 of the CG Code, the company should have an internal audit function. For the year ended 31 March 2022, the Group has yet to establish its internal audit function. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. The Audit Committee and the Board have considered the internal control review report prepared by an independent consultancy company and communications with the Company’s external auditor in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group’s risk management and internal control systems. The Company considers that sufficient risk management and internal control of the Group can be maintained with the above-mentioned arrangements. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

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 has 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 Dr. Kung Wai Chiu Marco, the 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 five 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.

The Group’s consolidated financial statements for the year ended 31 March 2022 have been reviewed by the Audit Committee. The Audit Committee is of the opinion that the consolidated financial statements of the Group for the year ended 31 March 2022 comply with applicable accounting standards, the GEM Listing Rules and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the results announcement of the Group’s results for the year ended 31 March 2022 have been agreed by the Group’s auditor, BDO Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year ended 31 March 2022. The work performed by BDO Limited in this respect did not constitute an 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 HKICPA and consequently no assurance has been expressed by BDO Limited on the results announcement.

APPRECIATION

The Company would like to thank the Group's customers, suppliers and business partners for their support. Also, the Company would like to offer its highest gratitude to its shareholders for their devotion and to the Group's employees for their loyalty and contributions made during the year.

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

Hong Kong, 29 July 2022

As at the date of this announcement, the Board comprises Mr. Cheng Jun and Mr. Ji Zhendong as executive Directors; Mr. Chow Chun To, Dr. 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.