

Quantum Thinking Limited

量子思維有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

FINAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 MARCH 2024

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FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2024

The board (the “**Board**”) of Directors hereby presents the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2024 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2023 (the “**Previous Period**” or “**previous financial year**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue	<i>4</i>	16,152	18,290
Cost of sales		<u>(15,391)</u>	<u>(16,470)</u>
Gross profit		761	1,820
Other income	<i>5</i>	1,412	1,593
Gain on disposal of a subsidiary	<i>13</i>	19,286	–
Distribution costs		(89)	(48)
Administrative expenses		(13,928)	(18,812)
Impairment loss on financial assets		(1,066)	(427)
Finance costs	<i>6</i>	<u>(478)</u>	<u>(966)</u>
Profit/(loss) before taxation		5,898	(16,840)
Income tax expenses	<i>7</i>	<u>–</u>	<u>–</u>
Profit/(loss) for the year	<i>8</i>	<u>5,898</u>	<u>(16,840)</u>
Profit/(loss) for the year attributable to:			
Owners of the Company		6,604	(10,108)
Non-controlling interests		<u>(706)</u>	<u>(6,732)</u>
		<u>5,898</u>	<u>(16,840)</u>

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<u>1,182</u>	<u>216</u>
Other comprehensive income for the year		<u>1,182</u>	<u>216</u>
Total comprehensive income/(expense) for the year		<u><u>7,080</u></u>	<u><u>(16,624)</u></u>
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		<u>7,066</u>	<u>(10,461)</u>
Non-controlling interests		<u>14</u>	<u>(6,163)</u>
		<u><u>7,080</u></u>	<u><u>(16,624)</u></u>
Profit/(loss) per share attributable to the owners of the Company			
Basic and diluted (HK cents)	<i>10</i>	<u><u>0.49</u></u>	<u><u>(0.75)</u></u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2024

	<i>Notes</i>	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		272	345
Right-of-use assets		697	1,631
Intangible assets		–	1
Goodwill		–	–
Total non-current assets		969	1,977
Current assets			
Trade and other receivables	11	11,770	20,105
Contract assets		188	246
Financial assets at fair value through profit or loss		52	8,210
Bank balances and cash		2,742	3,493
		14,752	32,054
Assets classified as held for sale	14	–	602
Total current assets		14,752	32,656
Current liabilities			
Trade and other payables	12	16,663	20,760
Lease liabilities		724	790
Financial liabilities at fair value through profit or loss		–	–
Income tax payable		15	16
		17,402	21,566
Liabilities associated with assets classified as held for sale	14	–	25,629
Total current liabilities		17,402	47,195
Net current liabilities		(2,650)	(14,539)
Total assets less current liabilities		(1,681)	(12,562)

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Non-current liabilities		
Lease liabilities	—	811
	<u>—</u>	<u>811</u>
Net liabilities	(1,681)	(13,373)
	<u><u>(1,681)</u></u>	<u><u>(13,373)</u></u>
Equity		
Share capital	135,625	135,625
Reserves	(123,701)	(135,379)
	<u>135,625</u>	<u>135,625</u>
	<u>(123,701)</u>	<u>(135,379)</u>
Equity attributable to owners of the Company	11,924	246
Non-controlling interests	(13,605)	(13,619)
	<u>11,924</u>	<u>246</u>
	<u>(13,605)</u>	<u>(13,619)</u>
Capital deficiency	(1,681)	(13,373)
	<u><u>(1,681)</u></u>	<u><u>(13,373)</u></u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2024

	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 April 2023	135,625	99,935	(5,500)	(229,814)	246	(13,619)	(13,373)
Profit/(loss) for the year	-	-	-	6,604	6,604	(706)	5,898
Other comprehensive income							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	-	-	462	-	462	720	1,182
Total comprehensive income for the year	-	-	462	6,604	7,066	14	7,080
	135,625	99,935	(5,038)	(223,210)	7,312	(13,605)	(6,293)
Disposal of subsidiary (note 13)	-	-	4,612	-	4,612	-	4,612
At 31 March 2024	135,625	99,935	(426)	(223,210)	11,924	(13,605)	(1,681)
	Attributable to owners of the Company				Total HK\$'000	Non- controlling interests HK\$'000	Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000			
At 1 April 2022	135,625	99,935	(5,147)	(219,706)	10,707	(7,456)	3,251
Loss for the year	-	-	-	(10,108)	(10,108)	(6,732)	(16,840)
Other comprehensive (expense)/income							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	-	-	(353)	-	(353)	569	216
Total comprehensive expense for the year	-	-	(353)	(10,108)	(10,461)	(6,163)	(16,624)
At 31 March 2023	135,625	99,935	(5,500)	(229,814)	246	(13,619)	(13,373)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2024

1. GENERAL INFORMATION

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

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is situated at Unit 1308, 13/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong at 1 March 2023.

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

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

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

2. BASIS OF PRESENTATION

The Group incurred a net liabilities of approximately HK\$1,681,000 for the year ended 31 March 2024. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.
- The Group made progress in preparing to branch out into a front-end business of selling smartwatches for children. The smartwatches would be installed with the information technology software and system developed by the Group. In addition, it would be bundled with the telecommunication services of a major telecom carrier in China, which can function as a handset for both audio and visual communications, connect to the internet through Wi-Fi and enable the parents to track the wearers through the global positioning system (GPS).
- The substantial shareholder of the Company has agreed to provide a shareholder’s loan to support the Group’s continuing operations.

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

In the current year, the Group has applied, for its first time, the following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) where are effective for the Group’s financial year beginning 1 April 2023:

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	Hong Kong Tax Reform — Pillar Two Model Rules
Amendments to HKFRS 17	Insurance Contracts
Amendments to HKFRS 17	Amendments to HKFRS 17
Amendments to HKFRS 17	Initial Application of HKFRS 17 and HKFRS 9 — Comparative Information

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

New and amendments to HKFRSs issued but not yet effective

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non current and related amendments ¹
Amendments to HKAS 1	Non-current Liabilities with Covenants ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ¹
Amendments to HK Int 5 (Revised)	Hong Kong Interpretation 5 (Revised) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2024

² Effective for annual periods beginning on or after 1 January 2025

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

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

4. REVENUE AND SEGMENT INFORMATION

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Services		
• System development	3,976	14,418
• Consultancy	–	994
— Sales of hardware	929	2,878
— Short messaging service fee	11,247	–
	<u>16,152</u>	<u>18,290</u>

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

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2024				
Timing of revenue recognition				
At a point in time	–	929	11,247	12,176
Over time	3,976	–	–	3,976
	<u>3,976</u>	<u>929</u>	<u>11,247</u>	<u>16,152</u>
For the year ended 31 March 2023				
Timing of revenue recognition				
At a point in time	–	2,878	–	2,878
Over time	15,412	–	–	15,412
	<u>15,412</u>	<u>2,878</u>	<u>–</u>	<u>18,290</u>

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

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

- System development and consultancy services (“**Services**”);
- Sales of hardware products; and
- Short messaging service fee (commenced operation in the Reporting Period).

Segment revenues and results

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

For the year ended 31 March 2024

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>3,976</u>	<u>929</u>	<u>11,247</u>	<u>16,152</u>
Segment (loss)/profit	<u>(4,460)</u>	<u>(1,096)</u>	<u>353</u>	<u>(5,203)</u>
Unallocated income				20,450
Unallocated corporate expenses				(8,722)
Unallocated finance costs				(469)
Impairment loss on other receivables				<u>(158)</u>
Profit before taxation				<u><u>5,898</u></u>

For the year ended 31 March 2023

	Services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>15,412</u>	<u>2,878</u>	<u>18,290</u>
Segment loss	<u>(3,817)</u>	<u>(3,200)</u>	<u>(7,017)</u>
Unallocated income			1,113
Unallocated corporate expenses			(9,578)
Unallocated finance costs			(960)
Impairment loss on other receivables			<u>(398)</u>
Loss before taxation			<u><u>(16,840)</u></u>

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

Segment assets and liabilities

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

Segment assets

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Services	7,808	14,112
Sales of hardware	1,352	2,101
Short messaging service fee	2,753	–
	<hr/>	<hr/>
Total segment assets	11,913	16,213
Assets classified as held for sale	–	602
Corporate and other assets	3,808	17,818
	<hr/>	<hr/>
Total assets	15,721	34,633
	<hr/> <hr/>	<hr/> <hr/>

Segment liabilities

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Services	9,866	13,631
Sales of hardware	1,481	610
Short messaging service fee	540	–
	<hr/>	<hr/>
Total segment liabilities	11,887	14,241
Liabilities associated with assets classified as held for sale	–	25,629
Corporate and other liabilities	5,515	8,136
	<hr/>	<hr/>
Total liabilities	17,402	48,006
	<hr/> <hr/>	<hr/> <hr/>

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

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

Other segment information

For the year ended 31 March 2024

	Services HK\$'000	Sales of hardware HK\$'000	Short messaging service fee HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts include in the measure of segment profit or loss or segment assets:					
Depreciation and amortisation	–	–	–	900	900
Impairment loss on trade receivables	719	138	–	–	857
Impairment loss on contract asset	51	–	–	–	51
Impairment loss on other receivables	–	–	–	158	158

Amounts regularly provided to the chief
operating decision maker but not included
in the measure of segment profit or loss
or segment assets:

Investment income from financial assets designated as at FVTPL	–	–	–	65	65
Interest income	–	–	–	(10)	(10)
Finance costs	–	–	–	478	478

For the year ended 31 March 2023

	Services HK\$'000	Sales of hardware HK\$'000	Unallocated HK\$'000	Total HK\$'000
Amounts include in the measure of segment loss or segment assets:				
Addition to non-current assets (<i>Note</i>)	370	88	1,560	2,018
Depreciation and amortisation	1,125	267	1,061	2,453
Impairment loss on trade receivables	29	–	–	29
Impairment loss on other receivables	–	–	398	398

Amounts regularly provided to the chief
operating decision maker but not included
in the measure of segment loss or segment assets:

Investment income from financial assets designated as at FVTPL	–	–	425	425
Interest income	–	–	(29)	(29)
Finance costs	6	2	958	966

Note: Non-current assets excluded goodwill for the year ended 31 March 2023.

Geographical information

During the years ended 31 March 2024 and 2023, the Group's operations are mainly located in the PRC.

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

Information about major customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Company A ¹	3,976	14,298
Company B ²	<u>11,047</u>	<u>N/A³</u>

¹ Revenue from services segment.

² Revenue from short messaging service fee segment.

³ Revenue from relevant customers was less than 10% of the Group's total revenue for the respective year.

5. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income from bank deposits	10	29
Investment income from financial assets designated as at FVTPL	65	425
Income from waived of lease repayment	–	435
Gain on litigation claim (<i>note b</i>)	1,005	–
Government grants (<i>note a</i>)	109	120
Gain on disposal of plant and equipment	–	534
Others	<u>223</u>	<u>50</u>
	<u>1,412</u>	<u>1,593</u>

Notes:

(a) During the year ended 31 March 2024, government grants are recognised of approximately HK\$109,000 (2023: HK\$Nil) related to the government grants from the PRC local government authorities in respect of subsidising the Group's scientific and technological and operating activities, which were immediately recognised as other income for the year as the Group fulfilled all the relevant granting criteria.

During the year ended 31 March 2023, government grants are recognised of approximately HK\$120,000 for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region.

(b) The income from legal claim was due to the legal case on 20 November 2023 between the Group and an independent third party (the “**Defendant**”), while the following remedies were taken: (i) Immediate payment of intermediary compensation in the amount of RMB974,508 (equivalent to HK\$1,005,000) from the Defendant and (ii) The Defendant should bear the litigation costs and any preservation fees, if applicable. According to the agreement, the Group successfully facilitated the signing of a project contract between the Defendant and a client. The Defendant is therefore obligated to pay the agreed-upon intermediary compensation. Thus, we recognised the payment of intermediary compensation as other income under legal claim.

6. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on late settlement of litigation claims	417	922
Interests on lease liabilities	<u>61</u>	<u>44</u>
	<u>478</u>	<u>966</u>

7. INCOME TAX EXPENSES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current year		
PRC Enterprises Income Tax (“EIT”)	<u>-</u>	<u>-</u>

Notes:

- (a) No Hong Kong Profits Tax has been provided for the years ended 31 March 2024 and 2023 as the Company did not have any assessable profits subject to Hong Kong Profits Tax.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. Moreover, PRC subsidiaries under high tech enterprises are 15% for both years.

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss) before taxation	<u>5,898</u>	<u>(16,840)</u>
Tax at the domestic income tax rate of 16.5% (2023: 16.5%)	973	(2,779)
Tax effect of expenses not deductible for tax purposes	276	161
Tax effect of income not taxable for tax purposes	(3,273)	(195)
Tax effect of tax losses not recognised	4,008	7,003
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(1,984)</u>	<u>(4,190)</u>
Income tax credit for the year	<u>-</u>	<u>-</u>

8. PROFIT/(LOSS) FOR THE YEAR

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Directors' emoluments	2,313	2,804
Employee benefit expense (excluding directors' and chief executive's remuneration)		
— Wages and salaries	3,324	3,843
— Pension scheme contributions	246	528
Total staff costs	<u>5,883</u>	<u>7,175</u>
Auditor's remuneration	480	510
Depreciation of plant and equipment	58	1,023
Depreciation of right-of-use assets	841	1,417
Amortisation of intangible assets	1	13
Impairment loss on trade receivables	857	29
Impairment loss on other receivables	158	398
Impairment loss on contract assets	51	–
Gain on disposal of plant and equipment	–	(534)
Cost of inventories recognised as an expense	880	2,687
Lease rentals for office premises (<i>note i</i>)	10	10
Net exchange loss	<u>10</u>	<u>23</u>

Note:

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

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2024 and 2023, nor has any dividend been proposed since the end of the Reporting Period.

10. EARNINGS/(LOSS) PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit/(loss)		
Profit/(loss) for the purpose of basic and diluted earnings/(loss) per share, representing profit/(loss) for the year attributable to owners of the Company	<u>6,604</u>	<u>(10,108)</u>
	2024	2023
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted profit/(loss) per share ('000 shares)	<u>1,356,250</u>	<u>1,356,250</u>

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2024 and 2023.

11. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables	8,498	15,305
Less: loss allowance for trade receivables	(1,212)	(384)
	7,286	14,921
Deposits	2,545	3,732
Prepayments	1,341	752
Other receivables	1,711	1,686
	12,883	21,091
Less: loss allowance for other receivables	(1,113)	(986)
	11,770	20,105

As at 31 March 2024, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$8,498,000 (2023: HK\$15,305,000).

There was approximately impairment loss on trade receivables of HK\$857,000 (2023: HK\$29,000) recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2024.

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

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	162	8,457
91 to 180 days	107	9
181 to 365 days	4,418	6,344
Over 365 days	2,599	111
	7,286	14,921

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

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

12. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	7,441	13,877
Accruals	637	1,042
Other payables (<i>note i</i>)	8,585	5,841
	<u>16,663</u>	<u>20,760</u>

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 90 days	154	8,923
91 to 180 days	102	1
181 to 365 days	5,228	4,691
Over 365 days	1,957	262
	<u>7,441</u>	<u>13,877</u>

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

Note:

(i) Details of other payables are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Advances from third parties	3,295	3,320
Payables for staff cost	89	354
Amounts due to director (<i>note a</i>)	3,000	–
Others	2,201	2,167
	<u>8,585</u>	<u>5,841</u>

(a) The amounts due to a director are unsecured, interest-free and repayable on February 2025.

13. DISPOSAL OF A SUBSIDIARY

On 19 September 2023, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group for the disposal of entire equity interest in Guangzhou YBDS IT Co., Ltd* (廣州韻博信息科技有限公司) (“**Guangzhou YBDS**”), an indirectly owned subsidiary of the Company, at a cash consideration of RMB1 (equivalent to HK\$1).

* *for identification purpose only*

	<i>HK\$'000</i>
Consideration:	
Other receivables	_*
	<u> </u>
	<i>HK\$'000</i>

Analysis of assets and liabilities over which control was lost:

Trade and other receivables	581
Bank balances and cash	3
Trade and other payables	(24,482)
	<u> </u>
Net liabilities disposed of	(23,898)
	<u> </u>
	<i>HK\$'000</i>

Gain on disposal of a subsidiary

Consideration receivable	_*
Net liabilities disposed of	23,898
Reclassification of cumulative translation reserve upon disposal of the subsidiary	(4,612)
	<u> </u>
	19,286
	<u> </u>

* The amount shown as zero is due to rounding less than HK\$500

HK\$'000

Net cash outflow arising on disposal:

Cash consideration received	_*
Less: bank balances and cash disposed of	(3)
	<u> </u>
	(3)
	<u> </u>

Guangzhou YBDS did not contribute significant revenue, profit and cashflows to the Group for the year ended 31 March 2024.

* The amount shown as zero is due to rounding less than HK\$500

14. ASSETS AND LIABILITIES ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 March 2023, the Group has planned to disposed of the entire share capital of Guangzhou YBDS at consideration of RMB1 (equivalent to HK\$1), to an independent third party. The following assets and liabilities were reclassified as held for sale in relation to Guangzhou YBDS as at 31 March 2023.

	<i>HK\$'000</i>
Assets associated with assets classified as held for sale	
Trade and other receivables	544
Bank balances and cash	<u>58</u>
	<u>602</u>
Liabilities associated with assets classified as held for sale	
Trade and other payables (<i>note</i>)	<u>(25,629)</u>

Note: Included in the amount of other payables as at 31 March 2023, approximately of RMB22,426,000 (equivalent to HK\$25,603,000) represented the amount due to an independent third party, Beijing Huaqin World Technology Company Limited* 北京華勤天地科技有限公司 (“**Beijing Huaqin**”). The amount is unsecured, interest-free and repayable on demand. The disposal was completed on 19 September 2023. For details on disposal of subsidiary, please refer to note 13.

* *for identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

To get through the complicated and volatile market conditions, the Group had already been shifting the focus of its business to the operation of information technology systems from the development of such systems. For instance, it started diversifying into the business of value-added services such as short messaging services for businesses in the previous financial year and has since been taking efforts to expand that business. During the Reporting Period, short messaging services accounted for approximately 70% of the Group's total revenue.

The diversification into short messaging services for businesses has enabled the Group to capitalize on the increasing demand for short messaging services from businesses generated by the boom in e-commerce and the logistics industry in China.

The Group started its cooperation with an information technology company in providing a multimedia short messaging service for businesses on behalf of a branch of a major telecommunications carrier of China in Guangdong province in the second half of 2022. It followed that up by signing one more contract with that information technology company during the first quarter of the Reporting Period to provide short messaging services for businesses through the network of that major telecommunications carrier.

The Group continued with its two-pronged business strategy of fostering both the front-end and back-end businesses as part of its ongoing business transformation and diversification which is aimed at mitigating the impact of the difficult business environment, broadening its income stream and fostering growth drivers.

During the Reporting Period, the Group made progress in preparing to branch out into a front-end business of selling smartwatches for children. The smartwatches, which would be installed with the information technology software and system developed by the Group and would be bundled with the telecommunication services of a major telecom carrier in China, can function as a handset for both audio and visual communications, connect to the internet through Wi-Fi and enable the parents to track the wearers through the global positioning system (GPS). The Group would be an agent for the distribution of the smartwatches and considered beginning with the markets of two provinces, namely Liaoning and Guangdong of mainland China. Distribution of the first batch of the smartwatches for children by the Group began in mid-May 2024 in Beijing.

In the back-end business, the Group continued to run its businesses of information technology software and system development for information verification, artificial intelligence (“**AI**”) services and solutions and robotic process automation (“**RPA**”), serving disparate clients, including a securities brokerage, a certificate authority, a full-service investment banking enterprise, an information technology subsidiary of a transportation infrastructure design and construction firm and a leading telecommunications company in China.

In the information verification business, the Company’s 70%-held Shenzhen Cyber Security Authentication Co., Ltd. (formerly known as Shenzhen CITIC Cyber Security Authentication Co., Ltd.) (“**Cyber Security**”) had already undertaken projects to apply eCitizen (or “e 公民” in Chinese, which is its proprietary product for electronic identity authentication that enables users of services to safely log in, sign digitally and have their personal data protected in online transactions) to some banks’ financial services and to conduct information verification for other companies.

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

In September 2022, the Group signed a contract to sell two data encryption devices, two server encryption devices and one authenticated encryption device to an information technology firm and to develop software for it. Such devices and services are involved in the information verification conducted for the above-mentioned securities brokerage, certificate authority and mainland China-based full-service investment banking enterprise.

During the fourth quarter of the financial year ended 31 March 2022, Cyber Security signed a contract to build an infrastructure for real-name system management based on eCitizen digital identity verification technology for a technology development company. Cyber Security would provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support.

Cyber Security had earlier entered into an agreement dated 30 September 2020 to form a digital technology joint venture company with China's three major telecommunications carriers and a wholly-owned subsidiary of a state-owned public security technology company (For further details, please refer to the Company's announcement dated 10 February 2021 and circular dated 26 May 2021, which were published on the website of Hong Kong Exchanges and Clearing Limited). The joint venture company will provide financial institutions, government departments and enterprises with digital solutions for cyber security. As at 31 March 2024, the joint venture company has not yet been established.

To diversify into the AI business, the Company's wholly-owned subsidiary, Shenzhen YBDS IT Co., Ltd.* (深圳市韻博信息科技有限公司) (“**Shenzhen YBDS**”) signed a framework agreement during the financial year ended 31 March 2022 to provide training in and consultancy on RPA for a software and information technology service company. Such training in and consultancy on RPA enable a leading telecommunications company to provide some AI-based customer services such as answering customer enquiries about outstanding fees and unused quota of data transmission without involving any manpower. Such AI services and solutions not only can replace manual workers in simple and routine jobs and thus can relieve the pressure of the rising labour cost, but also can lay the foundation of big data analytics, which can help companies to promote certain new services or products among target customers.

In the Group's other businesses, a wholly-owned subsidiary of Cyber Security signed an agreement during the fourth quarter of the financial year ended 31 March 2022 to authorize a website of a technology company that builds a smart city to replicate digitally, issue and disseminate on an information network the video content of an education course.

During the Reporting Period, the Group also engaged in other businesses that included the supply of electrical and electronic components, namely inductors and master control chips; and designing mobile web pages for marketing on behalf of an information technology firm and its client as an end-user and providing technical support for them in running such web pages.

1. Providing short messaging services for businesses

During the Reporting Period, the Group cooperated with an information technology company in providing a multimedia short messaging service for businesses on behalf of a branch of a major telecommunications carrier of China in Guangdong province and in providing short messaging services for businesses through the network of that major telecommunications carrier.

2. Conducting information verification for other companies

During the financial year ended 31 March 2021, Cyber Security had signed two separate contracts to conduct information verification for a securities brokerage and a certificate authority through websites, API or terminals. Previously, it signed an agreement with a Shenzhen-based information technology system developer in June 2020 to conduct information verification on behalf of a mainland China-based full-service investment bank.

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

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

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

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

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

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

6. Designing mobile web pages for marketing

In June 2022, Shenzhen YBDS signed a contract to design mobile web pages for marketing on behalf of an information technology firm and its client as an end-user and to provide technical support for them in running such web pages for the client's marketing campaigns. The services were provided during the Reporting Period.

PROSPECT

The outlook for China's information system solution industry remains cloudy. The business environment is still complicated and difficult as China has yet to show any signs of a full economic recovery while the country's relations with the United States have yet to improve. It is against the backdrop of these uncertainties that the Group has been shifting the focus of its business to the operation of information technology systems from the development of such systems.

Such move has yielded results as the operation of providing short messaging services for businesses generated revenues that accounted for approximately 70% of the Group's total revenue during the Reporting Period, helping to diversify and broaden its income stream. The Group is considering increasing investment in the business of short messaging services in the second half of 2024 so as to expand that operation and increase the revenue, thereby developing it into one of the Group's growth drivers. It also contemplates diversifying into other value-added services such as voice messaging for marketing in the future.

The Group started its front-end business of distributing smartwatches for children in mid-May 2024 in Beijing. Its first batch of the smartwatches were distributed, bundled with the telecommunications services of a major telecom carrier in China. The Group also plans to conduct marketing campaigns for the smartwatches at schools in the second half of 2024.

The Group will continue to run its back-end businesses such as internet electronic identity authentication and AI services and solutions. Such businesses are aimed at capitalizing on China's booming digital economy and the growing trends towards digitalization and automation among businesses.

The two-pronged strategy of fostering both the front-end and back-end businesses as part of the Group's business transformation and diversification will enable it to mitigate the adverse impact of a difficult and complicated business environment and add impetus to its business development for the long term.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

On 19 September 2023, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group for the disposal of the entire equity interest in Guangzhou YBDS at a cash consideration of RMB1, since then, Guangzhou YBDS is no longer a subsidiary of the Company.

Notwithstanding that the allocation of the unutilised amount of the net proceeds as at 31 March 2023 had been revised during the Reporting Period as particularised below, during the year ended 31 March 2024, a total amount of approximately HK\$8,909,000 of the net proceeds from the Subscription was utilised for the purposes as previously disclosed in the supplemental announcement of the Company dated 20 February 2023.

As at 31 March 2024, there was an unutilised amount of net proceeds of approximately HK\$2,794,000, which was intended to be applied for general working capital in the manner set out below. The expected timeline for the intended use of the unutilised net proceeds is as follows:

	Amount utilised during the year ended 31 March 2024 <i>HK\$'000</i> (approximately)	Unutilised net proceeds as at 31 March 2024 <i>HK\$'000</i> (approximately)	Expected timeline for utilising the unutilised net proceeds
New potential projects	–	–	–
General working capital	(8,909)	2,794	End of March 2025
Total	<u>(8,909)</u>	<u>2,794</u>	

The Company continues to stay prudent in applying the net proceeds from the Subscription and has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. During the Reporting Period, the Company was yet to identify any suitable new potential projects. In order to use the Group's financial resources in a more beneficial and effective way and to cope with its business and operational needs, the Company has allocated approximately HK\$3,428,000 of the unutilised net proceeds from the purpose of new potential project to general working capital. The Board estimated that the time for utilising the remaining unutilised net proceeds from the Subscription for general working capital will be by 31 March 2025. The expected timeline for fully utilising the unutilised net proceeds is based on the best estimations of the future market conditions made by the Group and is subject to change based on the current and future development of the market conditions.

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$16,152,000, representing a decrease of approximately 11.69% when compared with that in the Previous Period of approximately HK\$18,290,000.

Profit attributable to owners of the Company for the Reporting Period was approximately HK\$6,604,000 as compared with loss attributable to owners of the Company of approximately HK\$10,108,000 for the Previous Period.

SEGMENTAL INFORMATION

Business segments

During the Reporting Period, when compared with the Previous Period, revenue generated from hardware sales has decreased by approximately 67.72%, while revenue from services has decreased by approximately 74.20%. The Group first recorded the revenue from the segment of short messaging services of approximately HK\$11,247,000 during the Reporting Period.

Geographical segments

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

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2024, the shareholders' funds of the Group amounted to approximately HK\$11,924,000. Current assets were approximately HK\$14,752,000, mainly comprising bank balances and cash of approximately HK\$2,742,000, financial assets at fair value through profit or loss of approximately HK\$52,000, contract assets of approximately HK\$188,000 and trade and other receivables of approximately HK\$11,770,000. Current liabilities mainly comprised trade and other payables of approximately HK\$16,663,000 and lease liabilities of approximately HK\$724,000. The net liability value per share was approximately HK\$0.001. The Group's gearing ratio, expressed as a percentage of bank borrowings and long term debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 0.85:1 (as at 31 March 2023: 1.49:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CONTINGENT LIABILITIES

As at 31 March 2023 and 2024, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2023 and 2024, the Group had no charges on the Group's asset.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2024, the Group had 24 employees (including 6 Directors) (31 March 2023: 29 employees (including 7 Directors, one of which resigned on 31 May 2023)). The total remuneration paid to employees, including Directors, for the Reporting Period was approximately HK\$5,883,000 (Previous Period: HK\$7,175,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double pay is paid based on each individual employee's performance as recognition of and reward for their contributions. Other benefits accruing to the employees include contributions made to statutory mandatory provident fund scheme and a group medical scheme. We also subsidise our employees for pursuing further studies in related fields.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SIGNIFICANT INVESTMENTS

In order to enhance the capital efficiency and to maximise the return from the working capital of the Group, the Group reasonably and strategically utilises the idle funds of the Group to conduct the subscriptions and redemptions of wealth management products for investment purposes.

Going forward, the Group will continue to utilise part of its idle funds to conduct the subscriptions and redemptions of wealth management products, by taking into account of (i) the flexible investment term of each of the wealth management products in which the Group is able to freely subscribe additional or redeem part of the wealth management products to cater the capital needs of the Group's operation; (ii) that the risk associated with the wealth management products is relatively low and the wealth management products are acquired from larger banks; (iii) that the subscriptions and the redemptions offer a better return than the prevailing fixed-term deposit interests rates generally offered by commercial banks in the PRC; and (iv) that the subscriptions and redemptions have no material impact on the operations and working capital of the Group.

The significant investments held by the Group which were classified as financial assets at fair value through other comprehensive income during the year ended 31 March 2024 are as follows:

Name of investment	Cost (HK\$'000) (approximately)	Redemption during the year (HK\$'000) (approximately)	Exchange difference (HK\$'000) (approximately)	Fair value as at 31 March 2024 (HK\$'000) (approximately)	Dividend income during the year (HK\$'000) (approximately)	Percentage to the total assets as at 31 March 2024 (approximately)
中銀日積月累 — 日計劃 BOC Rijiyelei — Daily Plan*	1,190	(1,139)	(51)	—	6	—
中國工商銀行無固定期限超短期 人民幣理財產品 ICBC Ultra-Short-Term RMB Wealth Management Product with No Fixed Term*	4,799	(4,595)	(204)	—	33	—
工銀超短期法人人民幣理財產品 ICBC Ultra-Short-Term Legal Person RMB Wealth Management Product*	457	(438)	(19)	—	1	—
工銀理財 — 法人「添利寶2號」 淨值型理財產品 ICBC Wealth Management • Legal Person “Tianlibao No. 2” Net Value Wealth Management Product*	—	—	—	—	—	—
工銀理財 — 法人「添利寶」淨值型理財產品 ICBC Wealth Management • Legal Person “Tianlibao” Net Value Wealth Management Product*	55	—	(3)	52	—	—
招商銀行日日鑫理財計劃 CMB Ririxin Wealth Management Plan*	1,714	(1,642)	(72)	—	25	—
招商銀行點金系列進取型看漲兩層區間 31天結構性存款 CMB Dianjin Series Aggressive and Bullish Two-layer Range 31 days Structural Deposit*	—	—	—	—	—	—
招商銀行點金系列進取型看漲兩層區間 36天結構性存款 CMB Dianjin Series Aggressive and Bullish Two-layer Range 36 days Structural Deposit*	—	—	—	—	—	—
招商銀行點金系列看跌兩層區間 68天結構性存款 (CMB Dianjin Series Bearish Two-layer Range 68 days Structured Deposit*)	—	—	—	—	—	—
招商銀行朝招金（多元積極型）理財計劃 (CMB Chaozhaojin (multi-active) Wealth Management Plan*)	—	—	—	—	—	—
共贏智匯率掛鉤人民幣結構性存款06930期 Win-win Zhixin Exchange Rate Linked RMB Structured Deposit 06930*	—	—	—	—	—	—
	<u>8,215</u>	<u>(7,814)</u>	<u>(349)</u>	<u>52</u>	<u>65</u>	

Save as disclosed above, the Group did not have other significant investments during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and adopted the code provisions (the “**Code Provisions**”) in the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 to the GEM Listing Rules. The Company has complied with the Code Provisions set out in the Code throughout the Reporting Period except for the deviations from Code Provisions C.1.8 and C.2.1 of the Code as explained as follows:

CODE PROVISION C.1.8

Code Provision C.1.8 stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

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

CODE PROVISION C.2.1

Code Provision C.2.1 stipulates that the roles of chairman and chief executive should be separate.

During the Reporting Period, the executive Directors, namely, Mr. Cai Dan (who resigned on 31 May 2023), Mr. Wang Xiaoqi, Ms. Ho Ching and Mr. Ho Yeung focused on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

AUDIT COMMITTEE

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

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

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

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

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

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

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

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

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

The following is the extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2024. The report includes particulars of a material uncertainty related to going concern without a qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group had net liabilities of approximately HK\$1,681,000 as at that date. These conditions, along with other matters as set forth in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

By Order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Executive Director

Hong Kong, 21 June 2024

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

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the "Latest Listed Company Information" page of the website of the Stock Exchange at <http://www.hkexnews.hk> for at least 7 days from the date of its posting and on the Company's website at <http://www.8050hk.com>.

* *For identification purpose only*