Quantum Thinking Limited
量子思維有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 8050)

THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 31 DECEMBER 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate 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. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, 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 "**Directors**") of Quantum Thinking Limited (formerly known as Yunbo Digital Synergy Group Limited) (the "**Company**") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM (the "**GEM Listing Rules**") of the Stock Exchange 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.*

The board of Directors (the "**Board**") of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the three months and nine months ended 31 December 2017 together with the unaudited comparative figures for the corresponding periods in 2016 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)
For the three months and nine months ended 31 December 2017

		Three months ended 31 December		**Nine months ended 31 December**	
		2017	2016	**2017**	2016
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	Note	**(unaudited)**	(unaudited)	**(unaudited)**	(unaudited)
			(restated)		(restated)
Continuing operations					
Revenue	*3*	**2,958**	8,226	**8,315**	24,072
Cost of sales and services		**(546)**	(4,883)	**(2,807)**	(16,222)
Gross profit		**2,412**	3,343	**5,508**	7,850
Other income		**441**	2,112	**2,723**	3,123
Distribution costs		**(964)**	(3,682)	**(3,360)**	(9,632)
Administrative expenses		**(3,754)**	(19,585)	**(14,253)**	(33,408)
Loss before income tax		**(1,865)**	(17,812)	**(9,382)**	(32,067)
Income tax expense	*4*	**(125)**	2,380	**(141)**	1,121
Loss for the period from continuing operations		**(1,990)**	(15,432)	**(9,523)**	(30,946)
Discontinued operations, net of tax		**–**	74	**–**	26
Loss for the period		**(1,990)**	(15,358)	**(9,523)**	(30,920)
Loss for the period attributable to:					
Owners of the Company		**(1,638)**	(8,007)	**(6,993)**	(18,777)
Non-controlling interests		**(352)**	(7,351)	**(2,530)**	(12,143)
		(1,990)	(15,358)	**(9,523)**	(30,920)

	Note	Three months ended 31 December		Nine months ended 31 December	
		2017	2016	**2017**	2016
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
Loss for the period attributable to owners of the Company arises from					
Continuing operations		**(1,638)**	(8,060)	**(6,993)**	(18,796)
Discontinued operations	*5*	**–**	53	**–**	19
		(1,638)	(8,007)	**(6,993)**	(18,777)
Loss per share attributable to the owners of the Company					
Basic loss per share: (HK cents)					
From continuing operations	*6*	**(0.12)**	(0.59)	**(0.52)**	(1.38)
From discontinued operations	*6*	**–**	–	**–**	–
From loss of the period	*6*	**(0.12)**	(0.59)	**(0.52)**	(1.38)
Diluted loss per share: (HK cents)					
From continuing operations	*6*	**(0.12)**	(0.59)	**(0.52)**	(1.38)
From discontinued operations	*6*	**–**	–	**–**	–
From loss of the period	*6*	**(0.12)**	(0.59)	**(0.52)**	(1.38)
Loss for the period		**(1,990)**	(15,358)	**(9,523)**	(30,920)
Other comprehensive income/(expense)					
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**465**	(2,222)	**1,312**	(4,799)
Other comprehensive income/(expense) for the period, net of tax		**465**	(2,222)	**1,312**	(4,799)
Total comprehensive expense for the period, net of tax		**(1,525)**	(17,580)	**(8,211)**	(35,719)

	Note	Three months ended 31 December		Nine months ended 31 December	
		2017	2016	**2017**	2016
		HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
Total comprehensive expense for the period attributable to:					
Owners of the Company		**(912)**	(10,033)	**(4,999)**	(22,901)
Non-controlling interests		**(613)**	(7,547)	**(3,212)**	(12,818)
		(1,525)	(17,580)	**(8,211)**	(35,719)
Total comprehensive expense for the period attributable to owners of the Company arises from					
Continuing operations		**(912)**	(10,086)	**(4,999)**	(22,920)
Discontinued operations		**–**	53	**–**	19
		(912)	(10,033)	**(4,999)**	(22,901)

Notes:

1. GENERAL INFORMATION

Quantum Thinking Limited (formerly known as Yunbo Digital Synergy Group Limited) (the "**Company**") (together its subsidiaries, the "**Group**") was incorporated in the Cayman Islands on 8 May 2000 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The Company's registered office is situated at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Company's principal place of business is situated at Unit 1201-5, China Resources Building, No. 26 Harbour Road, Wanchai, Hong Kong.

The Company's shares are listed on the Growth Enterprise Market ("**GEM**") of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Group is principally engaged in the provision of system integration services and other value-added technical consultation services and hardware-related business. The Group has also expanded into the People's Republic of China (the "**PRC**") market in the areas of manufacturing of ancillary high-tech software and hardware products; developing and establishing integrated online platforms for distribution of mobile products and provision of value-added services; and setting up joint ventures with multinational companies to introduce and procure mobile application services, among others.

In the opinion of the directors of the Company (the "**Directors**"), the parent and ultimate holding company of the Company is Happy On Holdings Limited ("**Happy On**"), which is incorporated in the British Virgin Islands.

2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group for the nine months ended 31 December 2017 (the "**Condensed Financial Report**") has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2017 (the "**2017 Annual Financial Statements**"). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2017 Annual Financial Statements, except for the adoption of the new or amended HKFRSs which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 April 2017.

The preparation of the Condensed Financial Report in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Condensed Financial Report has been prepared under the historical cost convention, except for financial instruments classified as financial assets designated at fair value through profit or loss which are stated at fair values. The Condensed Financial Report is presented in Hong Kong dollars ("**HK$**") which is also the functional currency of the Company and all values are rounded to the nearest thousands ("**HK$'000**") unless otherwise stated.

3. REVENUE

Revenue represents the net invoiced value of goods sold and net value of services rendered, after allowances for returns and trade discounts.

All significant transactions amongst the companies comprising the Group have been eliminated on consolidation. Revenue recognised during the period is as follows:

	Three months ended 31 December		**Nine months ended 31 December**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
Continuing operations				
Revenue:				
Hardware	**1,462**	6,819	**3,510**	19,352
Services	**1,496**	1,407	**4,805**	4,720
	2,958	8,226	**8,315**	24,072

4. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the three months and nine months ended 31 December 2017 and 2016 as the Group had incurred losses for taxation purpose in Hong Kong. The PRC enterprise income tax has been provided at the rate of 25% (nine months and three months ended 31 December 2016: 25%) on the estimated assessable profit for the nine months and three months ended 31 December 2017.

	Three months ended 31 December		**Nine months ended 31 December**	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited) (restated)	**(unaudited)**	(unaudited) (restated)
Continuing operations				
PRC enterprise income tax				
Current period	**125**	195	**144**	1,454
Over-provision in prior years	**–**	(2,575)	**(3)**	(2,575)
Income tax expenses	**125**	(2,380)	**141**	(1,121)

Deferred tax has not been provided for the Group because the Group had no material temporary differences at the reporting date (31 December 2016: Nil).

5. DISPOSAL OF SUBSIDIARIES

On 14 November 2016, the Group disposed of its entire 100% equity interests in Joy Epoch Limited together with its subsidiary (Norray Professional Computer Limited) (70% equity interest held by Joy Epoch Limited) for a cash consideration of HK$100. The net liabilities of the disposal group at the date of disposal were as follows:

	14 November 2016 *HK$'000*
Gain on disposal, represented by:	
Gross proceed from the Disposal	–
Net Liabilities of the disposal group at the date of disposal	919
Net liabilities attributable to non-controlling interests	(173)
Gain on disposal	746

Analysis of asset and liabilities over the disposed subsidiaries are as follows:

	14 November 2016 *HK$'000*
Current assets	
Cash and cash equivalents	266
Trade and other receivables	776
Inventories	–
	1,042
Non-current assets	
Property, plant and equipment	19
Goodwill	–
	19
Current liabilities	
Trade and other payables	(1,980)
	(1,980)
Net liabilities disposed of	(919)

Analysis of the result of discontinued operations is as follows:

	Nine months ended 31 December 2016 *HK$'000* (unaudited)
Revenue	5,675
Expenses	(5,648)
Profit before tax of discontinued operations	27
Income tax expense	–
Profit after tax of discontinued operations	27
Profit for the period from discontinued operations attributable	
— Owners of the parent	19
— Non-controlling interests	8
	27
Cash flows	
Operating cash flows	225
Investment cash flows	–
Financing cash flows	–
Total cash flows	225

6. LOSS PER SHARE

Basic loss per share (from continuing operations) for the three months and nine months ended 31 December 2017 is calculated by dividing the loss attributable to owners of the Company for the period of approximately HK$1,638,000 and approximately HK$6,993,000 respectively (three months and nine months ended 31 December 2016: loss of approximately HK$8,060,000 and approximately HK$18,796,000 respectively) by the weighted average number of 1,356,250,000 (three months and nine months ended 31 December 2016: weighted average number of 1,356,250,000) ordinary shares in issue during the periods.

Diluted loss per share for the three months and nine months ended 31 December 2016 equals to the basic loss per share as the potential ordinary shares on exercise of warrants were not included in the calculation of diluted loss per share because they are anti-dilutive. 30,000,000 and 60,000,000 of unlisted warrants were expired on 4 June 2017 and on 26 July 2017 respectively. As at the date of this announcement, there are no outstanding warrants.

Details of calculation of loss per share:

	Three months ended 31 December		Nine months ended 31 December	
	2017	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	(unaudited)	**(unaudited)**	(unaudited)
		(restated)		(restated)
Loss attributable to owners of the Company (HK$'000) (From continuing operations)	**(1,638)**	(8,060)	**(6,993)**	(18,796)
Loss attributable to owners of the Company (HK$'000) (From continuing and discontinued operations)	**(1,638)**	(8,007)	**(6,993)**	(18,777)
Weighted average number of ordinary shares in issue during the period (in thousands)	**1,356,250**	1,356,250	**1,356,250**	1,356,250
	HK cents	*HK cents*	***HK cents***	*HK cents*
Basic loss per share				
from continuing operations	**(0.12)**	(0.59)	**(0.52)**	(1.38)
from discontinued operations	**–**	–	**–**	–
	(0.12)	(0.59)	**(0.52)**	(1.38)
Diluted loss per share				
from continuing operations	**(0.12)**	(0.59)	**(0.52)**	(1.38)
from discontinued operations	**–**	–	**–**	–
	(0.12)	(0.59)	**(0.52)**	(1.38)

7. DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2017 (nine months ended 31 December 2016: Nil).

8. RESERVES

For the nine months ended 31 December 2017

	Share premium *HK$'000* (unaudited)	Warrant reserve *HK$'000* (unaudited)	Translation reserve *HK$'000* (unaudited)	Accumulated losses *HK$'000* (unaudited)	Non-controlling interest *HK$'000* (unaudited)	Total *HK$'000* (unaudited)
As at 1 April 2016	99,935	900	(2,377)	(121,454)	18,160	(4,836)
Loss for the period	–	–	–	(18,777)	(12,143)	(30,920)
Other comprehensive expense	–	–	–	–	–	–
Exchange differences arising on translation of foreign operations	–	–	(4,124)	–	(675)	(4,799)
Disposal of subsidiaries	–	–	–	–	173	173
Total comprehensive expense	–	–	(4,124)	(18,777)	(12,645)	(35,546)
As at 31 December 2016	99,935	900	(6,501)	(140,231)	5,515	(40,382)
As at 1 April 2017	**99,935**	**900**	**(5,701)**	**(161,060)**	**(9,089)**	**(75,015)**
Loss for the period	**–**	**–**	**–**	**(6,993)**	**(2,530)**	**(9,523)**
Other comprehensive expense						
Exchange differences arising on translation of foreign operations	**–**	**–**	**1,994**	**–**	**(682)**	**1,312**
Total comprehensive income/(expense)	**–**	**–**	**1,994**	**(6,993)**	**(3,212)**	**(8,211)**
Release upon expiry of warrants	**–**	**(900)**	**–**	**900**	**–**	**–**
As at 31 December 2017	**99,935**	**–**	**(3,707)**	**(167,153)**	**(12,301)**	**(83,226)**

REVIEW AND PROSPECTS

Financial review

For the nine months ended 31 December 2017 (the "**Period**"), the Group recorded revenue (from continuing operation) of approximately HK$8,315,000, representing a decrease of approximately 65% when compared with the corresponding period last year of approximately HK$24,072,000.

Loss before income tax (from continuing operation) of the Group for the Period was approximately HK$9,382,000 compared with loss before income tax of approximately HK$32,067,000 for the corresponding period last year. Loss attributable to owners of the Company (including continuing and discontinued operations) for the Period was approximately HK$6,993,000 compared with loss attributable to owners of the Company (including continuing and discontinued operations) of approximately HK$18,777,000 for the corresponding period last year.

Business review

For the Period, the Group's progress on its existing projects contributed to financial turnover. Turnover for the Period decreased by 65% to approximately HK$8,315,000. Loss attributable to owners of the Company for the Period (including continuing and discontinued operations) was approximately HK$6,993,000, compared to the loss attributable to owners of the Company (including continuing and discontinued operations) of approximately HK$18,777,000 for the nine months ended 31 December 2016.

During the Period, the Group has been restructuring its Ethernet-Passive Optical Network ("**E-PON**") and Gigabit-Passive Optical Network ("**G-PON**") equipment businesses while the market was still saturated with an exploding number of competing suppliers. The Group will bring up new business strategy and re-build new channels for this business segment once the reconstruction is completed.

The project related to platform maintenance and development is maintained by Guangzhou YBDS IT Co., Ltd. (廣州韻博信息科技有限公司) ("**Guangzhou YBDS**"), a wholly owned subsidiary of the Company. Guangzhou YBDS is engaged in the repair and maintenance, and operations of Fetion (飛信) ("**Fetion**"). Fetion, owned by China Mobile Communications Corporation (中國移動通信集團公司), serves as a platform of the Company's social products and services. The project contributed a turnover to the Group and its first phase was completed during the Period.

Guangzhou YBDS has also been developing several projects with China Mobile (Shenzhen) Co., Ltd. (中國移動（深圳）有限公司) ("**China Mobile Shenzhen**"), including the build-out of a unified payment system platform, as well as a monitoring and management system. A phased turnover was recorded during the Period for the monitoring and management system project, while the turnover for the unified payment system platform — currently in its fourth phase — will be recognised in the coming financial periods. The platform enables users to pay phone bills, credit points, gift cards, and other online payments with their mobile wallets. As a pivotal supplier of payment systems in the People's Republic of China ("**PRC**"), Guangzhou YBDS hopes to sell the completed platform to other units and/or subsidiaries of China Mobile Ltd. (stock code: 941) in 31 provinces in the PRC.

Guangzhou YBDS continued its partnership with Shanghai China Telecom Bestpay E-commerce Ltd (天翼電子商務有限公司上海分公司) ("**Shanghai CT E-commerce**") on the build-out of an e-commerce network platform for payments clearing, as well as points-of-sale ("**POS**") terminal installation. During the Period, the Group recorded income from the POS leasing business. Relying on certain retail locations under a certain network in Beijing, the Group has expanded the business to the surrounding areas of Beijing and plans to further expand the POS terminal installation and leasing business to other citizen facilities and related industries, such as convenience stores.

In addition to the business expansion, the Group also sought new opportunities to consolidate its resources across its business and financing channels. On 4 October 2017, Guangzhou YBDS entered into a capital increase agreement (the "**Capital Increase Agreement**") with Dynamic Telecom Ltd. (動網電訊有限公司) ("**Dynamic Telecom**"), Shenzhen CITIC Cyber Security Authentication Co., Ltd.* (深圳市中信網安認證有限公司) (formerly known as Shenzhen Quantum Certification Co., Ltd. (深圳市量子認証有限公司)) ("**Shenzhen CITIC**") and Shenzhen Anxin Certification System Co., Ltd.* (深圳市安信認證系統有限公司) (formerly known as Shenzhen Qianhai YBDS IT Co., Ltd. *(深圳市前海雲博信息科技有限公司)) ("**Shenzhen Anxin**"), to increase their registered capital of Shenzhen Anxin by RMB25 million (equivalent to approximately HK$29.4 million).

On 2 November 2017, the above-mentioned parties entered into a supplemental agreement (the "**Supplemental Agreement**") with Shenzhen YBDS Information System Services Co., Ltd.* (深圳雲博資訊系統服務有限公司) ("**Shenzhen YBDS**"), an indirect wholly-owned subsidiary of the Company. Under the Supplemental Agreement, Guangzhou YBDS transferred its entire equity interests in Shenzhen Anxin (representing 60% of its entire subscribed registered capital) to Shenzhen YBDS for a consideration of RMB1 (the "**Intra-group Transfer**"). The Group's management team believes the Intra-Group Transfer had optimised the Group's structure. Proceeds from the subscription will be used for research and development for a large-scale database system, system integration, and other value-added technology services, as well as the development of a comprehensive payment system platform.

Prospects

With the growing, worldwide use of mobile phones, the Group plans to continue to position its mobile payments platform as its core business. Therefore, to better reflect its current status and future direction, on 7 December 2017, the Company announced to change its name from "Yunbo Digital Synergy Group Limited (雲博產業集團有限公司)" to "Quantum Thinking Limited (量子思維有限公司)", while its stock short name was changed from "YUNBO DIGITAL (雲博產業)" to "QUANTUM THINK (量子思維)". The new name also provides a more appropriate corporate image and identity, which is in the best interests of the Group and shareholders as a whole.

During the coming financial periods, the Group's ongoing projects will continue to benefit its turnover. The smart traffic platform in Urumqi, Xinjiang Province is currently under construction, however, the Group expects revenue for the project to be recognised once it has been delivered.

Specifically, Guangzhou YBDS cooperates in developing a comprehensive payment system platform with a commercial property developer. The turnover for the phase will be recognised after the justification is accomplished. The platform could enable the club members or users of the developer's commercial properties to digitise credit points, gift cards and coupons and other membership services so as to create a faster, smoother and more delightful shopping experience. After building out the comprehensive payment system platform for commercial property, the Group will also partner with this commercial property developer to realise a new model combining traditional real estate and the Internet. Through the partnership, the companies will also build an e-commerce platform to provide an even more comprehensive user experience to clients, to compliment with its offline development.

In November 2017, the Group has entered into an agreement with China Mobile Shenzhen to develop the fifth phase of the unified payments platform. The Group's management views the project as the major project that will attract more users.

In the meantime, the Group's management team will continue to focus on the development of payments platform, for its future development and for the enrichment of services for its customers. The team will continue to align the Group with key competitive players in the telecommunications and multimedia industries, especially state-owned enterprises and governmental institutions. The Group plans to maintain its existing business blueprints, while also pursuing potential resources to expand its coverage for online and offline payment services. We will also seek for more formal partnerships to work together with other enterprises.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

To ensure that the Company is financially stable with sufficient financial resources to continue the development of its proposed projects, the Company had on 5 August 2013, raised net proceeds of approximately HK$100 million through a subscription (the "**Subscription**"). Immediately after the completion of the Subscription, Happy On held 987,888,771 shares of the Company, representing approximately 72.83% of the total issued share capital of the Company.

As stipulated in the circular of the Company dated 11 July 2013, such proceeds were to be applied in the following manner:

(i) approximately HK$30,000,000 will be used to pay up the remaining registered capital of Guangzhou YBDS and 北京韻博港信息科技有限公司 (Beijing YBDS IT Co., Ltd.*) ("**Beijing YBDS**");

(ii) approximately HK$50,000,000 will be used as further investment for contribution towards the total investment amounts of Guangzhou YBDS and Beijing YBDS; and

(iii) the remaining balance as general working capital of the Company.

The Company had previously applied approximately HK$9,400,000 (or approximately RMB7,350,000) and approximately HK$5,500,000 (or approximately RMB4,330,000) of the proceeds to pay up the remaining initial registered capital of RMB20,000,000 and increased registered capital of RMB20,000,000 of Guangzhou YBDS, respectively. During the year ended 31 March 2016, the Company had applied approximately HK$19,785,000 (or approximately RMB15,670,000) of the proceeds to pay up the outstanding remaining increased registered capital of Guangzhou YBDS.

At the time of the Subscription, only 20% of the registered capital or RMB4 million of Beijing YBDS has been paid up with the remaining 80% or RMB16 million due to be paid on or before 18 December 2014. The Company had intended to apply to the Bureau of Foreign Trade and Economic Cooperation of Beijing Municipality (北京市對外貿易經濟合作局) to increase the registered capital of Beijing YBDS from RMB20 million to RMB40 million and its total investment from RMB40 million to RMB80 million. A sum of approximately HK$45.5 million from the proceeds of the Subscription was earmarked for paying up the initial registered capital and increased registered capital of Beijing YBDS (the "**Capital Increase**"). The intent of the Capital Increase was to enable the Group's subsidiaries to meet the minimum capital threshold requirement when submitting bids for proposed projects offered by the relevant telecommunications service providers in the PRC.

Given the Company has acquired China Mobile Payment on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, this corporate action is no longer deemed to be necessary. The Company has already commenced the process of deregistration of Beijing YBDS. De-registration has entered into the final stage and is pending for the approval of PRC authority.

Moreover, the Company intends to apply the aforesaid earmarked proceeds of approximately HK$45.5 million for new potential projects and for general working capital purposes. As at the date of this announcement, the Company has not identified any potential projects.

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

As at 31 December 2017, Mr. Wang Xiaoqi and Mr. Ho Yeung are interested in 382,000 and 18,083,500 ordinary shares of the Company, respectively, representing approximately 0.028% and 1.333% of the total number of ordinary shares of the Company, respectively. Saved as disclosed above, none of the other Directors or their respective associates and the chief executives of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by Directors of the Company as referred to in Rule 5.46 of the GEM Listing Rules.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 December 2017, so far as the Directors are aware of and having made due enquires, the following persons (not being a Director or chief executive of the Company) had, or were deemed to have interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder	Capacity	Number of issued ordinary shares held *(Note 2)*	Approximate percentage of issued share capital as at 31 December 2017 *(Note 3)*
Happy On *(Note 1)*	Beneficial owner	987,888,771 (L)	72.83%
Mr. Chan Foo Wing ("**Mr. Chan**") *(Note 1)*	Interest in a controlled corporation	987,888,771 (L)	72.83%

Notes:

1. As Mr. Chan is the ultimate beneficial owner and the sole director of Happy On, by virtue of the SFO, Mr. Chan is deemed to be interested in the 987,888,771 shares of the Company held by Happy On.

2. "L" means long positions in the shares.

3. Based on 1,356,250,000 shares of the Company in issue as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, so far as the Directors are aware of and having made due enquiries, there were no other persons (other than the Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 31 December 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

OPTIONS TO SUBSCRIBE FOR SHARES IN THE COMPANY

A share option scheme was adopted on 1 August 2011 by the shareholders of the Company under which the Directors may, at their discretion, grant options to themselves and any employees of the Group entitling them to subscribe for shares representing up to a maximum of 10 per cent of the shares in the Company in issue as at the date of approval of the share option scheme. The purpose of the share option scheme is to enable the Company to grant options to participants as incentives and rewards for their contribution to the Company or its subsidiaries.

No options were granted under the share option scheme since its adoption by the Company or outstanding, lapsed, cancelled or exercised at any time during the nine months ended 31 December 2017.

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the nine months ended 31 December 2017.

DIRECTORS' INTEREST IN COMPETING BUSINESS

As at the date of this announcement, none of the Directors, or the initial management shareholders or the substantial shareholders of the Company or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed with or might compete with any business of the Group and had or might have any other conflicts of interest with the Group.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving high standards of corporate governance to safeguard the interests of its Shareholders and enhance its corporate value. The Company's corporate governance practices are based on the principles, code provisions and certain recommended best practices as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 15 to the GEM Listing Rules.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the nine months ended 31 December 2017.

AUDIT COMMITTEE

The Audit Committee (the "**Audit Committee**") was established in May 2000, and the Company had adopted a revised specific terms of reference as of November 2016 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprised three members, namely, Ms. Chan Nga Man, Mr. Lau Chor Ki and Mr. Tse Yee Hin, Tony, all of whom were 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 with the GEM Listing Rules, internal and audit control, risk management and cash flow forecast.

The unaudited consolidated results of the Group for the nine months ended 31 December 2017 have been reviewed by the Audit Committee.

By order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Director

Hong Kong, 14 February 2018

As at the date of this announcement, the executive Directors of the Company are Mr. Wang Xiaoqi and Mr. Ho Yeung; and the independent non-executive Directors of the Company are Ms. Chan Nga Man, Mr. Lau Chor Ki and Mr. Tse Yee Hin, Tony.

This announcement will remain on the "Latest Company Announcements" page of the GEM website at http://www.hkgem.com for at least 7 days from the date of its posting and on Company's website at http://www.8050hk.com.

* *For identification purpose only*