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 2018

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

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

*This announcement, for which the directors (the "**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 GEM of the Stock Exchange (the "**GEM Listing Rules**") for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2018

The board of directors (the "**Board**") of the Company hereby presents the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2018, together with the comparative figures for the year ended 31 March 2017, as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2018

	Note	**2018** *HK$'000*	2017 *HK$'000*
Revenue	*4*	**17,258**	28,561
Cost of sales and services		**(10,628)**	(22,274)
Gross profit		**6,630**	6,287
Other income	*5*	**5,287**	3,045
Distribution costs		**(4,579)**	(11,107)
Administrative expenses		**(20,041)**	(65,258)
Loss before income tax	*6*	**(12,703)**	(67,033)
Income tax credit/(expense)	*7*	**431**	(251)
Loss for the year from continuing operations		**(12,272)**	(67,284)
Discontinued operations, net of tax	*9*	**–**	773
Loss for the year		**(12,272)**	(66,511)
Loss for the year attributable to:			
Owners of the Company		**(8,519)**	(39,606)
Non-controlling interests		**(3,753)**	(26,905)
		(12,272)	(66,511)
(Loss)/Profit for the year attributable to owners of the Company arises from			
Continuing operations		**(8,519)**	(39,625)
Discontinued operations		**–**	19
		(8,519)	(39,606)

	Note	2018 HK$'000	2017 HK$'000
Loss per share attributable to the owners of the Company			
Basic loss per share: (HK cents)			
From continuing operations	*10*	**(0.63)**	(2.92)
From discontinued operations	*10*	**–**	–
From loss of the year	*10*	**(0.63)**	(2.92)
Diluted loss per share: (HK cents)			
From continuing operations	*10*	**(0.63)**	(2.92)
From discontinued operations	*10*	**–**	–
From loss of the year	*10*	**(0.63)**	(2.92)
Loss for the year		**(12,272)**	(66,511)
Other comprehensive expense			
Exchange differences arising on translation of foreign operations that will be reclassified subsequently to profit or loss		**2,159**	(3,841)
Other comprehensive expense for the year, net of tax		**2,159**	(3,841)
Total comprehensive expense for the year		**(10,113)**	(70,352)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(5,142)**	(42,930)
Non-controlling interests		**(4,971)**	(27,422)
		(10,113)	(70,352)
Total comprehensive (expense)/income for the period attributable to owners of the Company arises from			
Continuing operations		**(5,142)**	(42,949)
Discontinued operations		**–**	19
		(5,142)	(42,930)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2018

	Note	2018 HK$'000	2017 HK$'000
Non-current assets			
Property, plant and equipment		**987**	2,383
Intangible assets		**393**	394
Goodwill		**–**	–
Prepayment of leasehold improvement		**1,267**	–
		2,647	2,777
Current assets			
Inventories		**–**	–
Trade and other receivables	*11*	**46,208**	20,444
Financial assets designated at fair value through profit or loss		**24,365**	40,590
Cash and cash equivalents		**76,790**	129,822
Restricted cash		**42,063**	–
		189,426	190,856
Current liabilities			
Trade and other payables	*12*	**141,054**	131,693
Tax payable		**522**	1,330
		141,576	133,023
Net current assets		**47,850**	57,833
Total assets less current liabilities		**50,497**	60,610
Net assets		**50,497**	60,610
EQUITY			
Equity attributable to the owners of the Company			
Share capital		**135,625**	135,625
Reserves		**(70,971)**	(65,926)
		64,654	69,699
Non-controlling interests		**(14,157)**	(9,089)
Total equity		**50,497**	60,610

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2018

	Attributable to the owners of the Company							
	Share capital	**Share premium**	**Warrant reserve**	**Translation reserve**	**Accumulated losses**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
As at 1 April 2016	135,625	99,935	900	(2,377)	(121,454)	112,629	18,160	130,789
Comprehensive expense								
Loss for the year	–	–	–	–	(39,606)	(39,606)	(26,905)	(66,511)
Other comprehensive expense								
Exchange differences arising on translation of foreign operations	–	–	–	(3,324)	–	(3,324)	(517)	(3,841)
Total comprehensive expense for the year	–	–	–	(3,324)	(39,606)	(42,930)	(27,422)	(70,352)
Transaction with owners								
Disposal of subsidiaries	–	–	–	–	–	–	173	173
Total transaction with owners	–	–	–	–	–	–	173	173
As at 31 March 2017 and 1 April 2017	**135,625**	**99,935**	**900**	**(5,701)**	**(161,060)**	**69,699**	**(9,089)**	**60,610**
Comprehensive expense								
Loss for the year	**–**	**–**	**–**	**–**	**(8,519)**	**(8,519)**	**(3,753)**	**(12,272)**
Other comprehensive expense								
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**3,377**	**–**	**3,377**	**(1,218)**	**2,159**
Total comprehensive expense for the year	**–**	**–**	**–**	**3,377**	**(8,519)**	**(5,142)**	**(4,971)**	**(10,113)**
Transaction with owners								
Deemed disposal of the partial investment in a subsidiary, Shenzhen Anxin	**–**	**–**	**–**	**–**	**(266)**	**(266)**	**266**	**–**
Acquisition of additional investment in a subsidiary, Shenzhen Anxin	**–**	**–**	**–**	**–**	**363**	**363**	**(363)**	**–**
Release upon expiry of warrants	**–**	**–**	**(900)**	**–**	**900**	**–**	**–**	**–**
Total transaction with owners	**–**	**–**	**(900)**	**–**	**997**	**97**	**(97)**	**–**
As at 31 March 2018	**135,625**	**99,935**	**–**	**(2,324)**	**(168,582)**	**64,654**	**(14,157)**	**50,497**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2018

1. GENERAL INFORMATION

Quantum Thinking Limited (formerly known as Yunbo Digital Synergy Group Limited) (the "**Company**") 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, Wan Chai, Hong Kong.

The Company's shares are listed on the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company and its subsidiaries (collectively referred to as the "**Group**") are principally engaged in the provision of system development 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 other things.

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

The consolidated financial statements are presented in thousands of unit of Hong Kong dollars ("**HK$'000**") unless otherwise stated, these consolidated financial statements for the year ended 31 March 2018 were approved for issue by the board of directors on 13 June 2018.

2. BASIS OF PREPARATION

These annual consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements also comply with the applicable disclosure requirements of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the "**GEM Listing Rules**").

The significant accounting policies that have been used in preparation of the consolidated financial statements are summarised below. These policies have been consistently applied to all the years presented unless otherwise stated. The adoption of new or amended HKFRSs and the impacts on the Group's consolidated financial statements, if any, are disclosed in note 3 to the consolidated financial statements.

The consolidated financial statements have been prepared under the historical cost basis except for financial assets designated at fair value through profit or loss. The measurement basis is fully described in the accounting policies below.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates.

3. ADOPTION OF NEW OR AMENDED HKFRSS

In the current year, the Group has applied for the first time the following new and amended HKFRSs issued by the HKICPA, which are relevant to the Group's operations and effective for the Group's consolidated financial statements for the annual period beginning on 1 April 2017:

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12 included in Annual Improvements to HKFRSs 2014–2016 Cycle	Disclosure of Interests in Other Entities

The adoption of the amendments to HKFRSs has no material impact on how the financial performance and financial position for the current and prior periods have been prepared and presented.

The Group had not applied any new standard or interpretation that is not yet effective for current accounting period.

Issued but not yet effective HKFRSs

At the date of authorisation of these consolidated financial statements, certain new and amended HKFRSs have been published but are not yet effective, and have not been adopted early by the Group.

HKFRS 9	Financial Instruments[1]
HKFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
HKFRS 16	Leases[2]
HKFRS 17	Insurance Contracts[3]
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration[1]
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions[1]
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts[1]
Amendments to HKFRS 9	Prepayment Features with Negative Compensation[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures[2]
Amendments to HKAS 40	Transfers of Investment Property[1]
Amendments to HKFRSs	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015–2017 Cycle[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 Effective date not yet determined

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRSs that are expected to have impact on the Group's accounting policies is provided below. Other new and amended HKFRSs are not expected to have a material impact on the Group's consolidated financial statements.

4. REVENUE AND SEGMENT INFORMATION

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Revenue:		
Hardware	**3,462**	20,539
Services		
— System development	**10,846**	7,378
— Consultancy	**2,225**	33
— Maintenance	**613**	532
— Others	**112**	79
	13,796	8,022
	17,258	28,561

Management has determined the operating segments based on the reports reviewed by the executive directors that are used to make operating decisions. Executive directors are considered as the chief operating decision makers ("**CODM**").

The CODM review the Group's financial information from hardware and services perspectives. The reportable segments are classified in a manner consistent with the information reviewed by the CODM.

The CODM assess the performance of the operating segments based on a measure of reportable segment profit/(loss). This measurement basis excludes other income and unallocated expenses.

Segment assets mainly exclude assets that are managed on a centralised basis. Segment liabilities mainly exclude liabilities that are managed on a centralised basis.

In respect of geographical segment reporting, sales are based on the countries in which customers are located, and non-current assets are based on the countries where the assets are located.

The segment results for the year ended 31 March 2018 are as follows:

	Hardware *HK$'000*	Services *HK$'000*	Unallocated* *HK$'000*	Total *HK$'000*
Continuing operations				
Revenue from external customers	**3,462**	**13,796**	**–**	**17,258**
Reportable segment (loss)/profit	**(8,211)**	**2,163**	**(11,942)**	**(17,990)**
Bank interest income				**153**
Other income				**5,134**
Loss before income tax				**(12,703)**
Income tax credit *(note 7)*				**431**
Loss for the year				**(12,272)**
Depreciation of property, plant and equipment	**788**	**152**	**212**	**1,152**
Amortisation of intangible assets	**–**	**–**	**1**	**1**
Impairment loss on				
— trade receivables	**3,261**	**–**	**–**	**3,261**
— other receivables	**150**	**–**	**700**	**850**
Reversal of impairment loss on				
— other receivables	**(1,533)**	**–**	**–**	**(1,533)**
— inventories	**(1,403)**	**–**	**–**	**(1,403)**
Loss on written off of property, plant and equipment	**375**	**–**	**–**	**375**

* Unallocated expenses mainly include operating lease charges in respect of rented premises and headquarter expenses and allowance expenses.

The segment results for the year ended 31 March 2017 are as follows:

	Hardware *HK$'000*	Services *HK$'000*	Unallocated* *HK$'000*	Total *HK$'000*
Continuing operations				
Revenue from external customers	20,539	8,022	–	28,561
Reportable segment loss	(21,451)	(5,978)	(42,649)	(70,078)
Bank interest income (restated)				350
Other income (restated)				2,695
Loss before income tax				(67,033)
Income tax expense *(note 7)*				(251)
Loss for the year				(67,284)
Depreciation of property, plant and equipment	861	–	205	1,066
Amortisation of intangible assets	–	–	1	1
Addition to non-current assets	946	–	55	1,001
Loss on written off of inventories	11,712	–	–	11,712
Impairment loss on				
— trade receivables	2,464	–	–	2,464
— other receivables	3,991	–	–	3,991
— intangible assets	–	692	–	692
— inventories	12,581	–	–	12,581
— goodwill	3,552	–	–	3,552

* Unallocated expenses mainly include operating lease charges in respect of rented premises and headquarter expenses and allowance expenses.

The segment assets and liabilities as at 31 March 2018 are as follows:

	Hardware	**Services**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
Segment assets	**1,759**	**6,788**	**8,547**
Unallocated assets*			**183,526**
Total assets			**192,073**
Segment liabilities	**101,731**	**10,185**	**111,916**
Unallocated liabilities*			**29,660**
Total liabilities			**141,576**

The segment assets and liabilities as at 31 March 2017 are as follows:

	Hardware	Services	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment assets	18,445	394	18,839
Unallocated assets*			174,794
Total assets			193,633
Segment liabilities	100,823	4,000	104,823
Unallocated liabilities*			28,200
Total liabilities			133,023

* Unallocated assets mainly include property, plant and equipment, other receivables, financial assets designated at fair value through profit or loss, restricted cash, and cash and cash equivalents. Unallocated liabilities mainly include certain other payables and accruals and tax payable.

The revenue from external customers of the Group by geographical segments is as follows:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Revenue:		
Hong Kong	**–**	–
PRC	**17,258**	28,561
	17,258	28,561

Five (2017: Four) external customers contribute more than 10% revenue of the Group. Revenues of approximately HK$17,146,000 (2017: HK$25,222,000) are derived from these customers for the year ended 31 March 2018. These revenues are attributable to hardware segment and service segment.

As at 31 March 2018, accounts receivable from these external customers accounted for 78% (2017: 56%) of the Group's total accounts receivable.

An analysis of the non-current assets of the Group by geographical segments is as follows:

	2018	2017
	HK$'000	*HK$'000*
Non-current assets:		
Hong Kong	**638**	851
PRC	**2,009**	1,926
	2,647	2,777

5. OTHER INCOME

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Interest income on short-term bank deposits	**153**	350
Investment income from financial assets at fair value through profit or loss	**1,739**	2,275
Reversal of write-down of inventories	**1,403**	–
Reversal of impairment loss on other receivables	**1,533**	–
Others	**459**	420
	5,287	3,045

6. LOSS BEFORE INCOME TAX

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

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Auditor's remuneration	**414**	681
Cost of inventories sold	**1,806**	13,705
Depreciation of property, plant and equipment	**1,152**	1,066
Amortisation of intangible assets	**1**	1
Employee benefit expense	**8,430**	20,045
Net foreign exchange loss/(gain)	**509**	(566)
Operating lease charges in respect of rental premises	**370**	3,264
Impairment of intangible asset	**–**	692
Impairment loss on trade receivables	**3,261**	2,464
Impairment loss on other receivables	**850**	3,991
Reversal of write-down of inventories	**(1,403)**	–
Reversal of impairment loss on other receivables	**(1,533)**	–
Write-down of inventories to net realisable value	**–**	12,581
Impairment of goodwill	**–**	3,552
Loss on written off of property, plant and equipment	**375**	–
Loss on disposal of intangible assets	**–**	18
Loss on written off on inventories	**–**	11,712

7. INCOME TAX (CREDIT)/EXPENSE

No provision for Hong Kong profits tax has been made for the year as the Group had incurred losses for taxation purpose (2017: nil as the Group had incurred losses for taxation purpose). The PRC enterprise income tax has been provided for at the rate of 25% (2017: 25%) on the estimated assessable profit for the year.

	2018	2017
	HK$'000	*HK$'000*
PRC enterprise income tax		
Current year	**538**	1,866
Over-provision in prior year	**(969)**	(1,615)
Income tax (credit)/expense	**(431)**	251

Reconciliation between income tax expense and accounting loss at the applicable tax rate is as follows:

	2018	2017
	HK$'000	*HK$'000*
Continuing operations		
Loss before income tax	**(12,703)**	(67,033)
Tax on loss before income tax, calculated at Hong Kong profits tax rate of 16.5% (2017: 16.5%)	**(2,096)**	(11,059)
Tax effect of non-deductible expenses	**1,192**	586
Tax effect of non-taxable income	**(7)**	(2)
Tax effect of unrecognised tax losses	**2,130**	10,444
Utilisation of previously unrecognised tax losses	**(173)**	–
Over-provision in prior years	**(969)**	(1,615)
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(508)**	1,897
Income tax (credit)/expense	**(431)**	251

8. DIVIDENDS

The board of directors does not recommend the payment of a final dividend for the year ended 31 March 2018 (2017: nil).

9. DISPOSAL OF SUBSIDIARIES

On 14 November 2016, the Group disposed of its entire 100% equity interests in the 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 which is within the hardware segment at the date of disposal were as follows:

	As at 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:

	HK$'000
Current assets	
Cash and cash equivalents	266
Trade and other receivables	776
	1,042
Non-current assets	
Property, plant and equipment	19
Current liabilities	
Trade and other payables	(1,980)
Net liabilities	(919)

Analysis of the result of discontinued operations is as follows:

	2017
	HK$'000
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 year 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**

An analysis of the net inflow of cash and cash equivalents in respect of the disposal is as follows:

	HK$'000
Cash consideration received	**–**
Less: Cash and cash equivalents disposed of	**(266)**
Net cash outflow on disposal of subsidiaries	**(266)**

10. LOSS PER SHARE

Basic loss per share for the year (from continuing operations) is calculated by dividing the loss attributable to owners of the Company of approximately HK$8,519,000 (2017: loss of approximately HK$39,625,000) by the weighted average number of 1,356,250,000 (2017: 1,356,250,000) ordinary shares in issue during the year.

Diluted loss per share for the years 2018 and 2017 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.

No basic and diluted loss per share from discontinued operation was presented for the year 2018 since no discontinued operations arose in the year.

11. TRADE AND OTHER RECEIVABLES

	2018	2017
	HK$'000	*HK$'000*
Trade receivables	**8,154**	18,445
Prepayments, deposits and other receivables	**38,054**	1,999
	46,208	20,444

The credit period granted by the Group to its customers generally ranged from 0 to 120 days (2017: 0 to 120 days). At the reporting date, the ageing analysis of the Group's trade receivables (net of provision for impaired receivables) based on invoice date is as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**6,110**	364
31–60 days	**–**	22
61–90 days	**–**	215
91–180 days	**–**	7,864
181–365 days	**–**	460
Over 365 days	**2,044**	9,520
	8,154	18,445

The movement in the provision for impairment of trade receivables is as follows:

	2018	2017
	HK$'000	*HK$'000*
Balance at the beginning of the year	**(2,408)**	–
Provision for the year	**(3,261)**	(2,464)
Exchange realignment	**(455)**	56
Balances at the end of the year	**(6,124)**	(2,408)

The ageing analysis of the Group's trade receivables based on due date is as follows:

	2018	2017
	HK$'000	*HK$'000*
Neither past due nor impaired	**6,110**	364
1–30 days past due	**–**	23
31–60 days past due	**–**	215
61–90 days past due	**–**	5,564
91–180 days past due	**–**	2,299
181–365 days past due	**–**	460
Over 365 days past due	**2,044**	9,520
	2,044	18,081
	8,154	18,445

Receivables that were neither past due nor impaired related to customers for whom there were no recent history of default. Receivables that were past due but not impaired related to customers that have a good track record of credit with the Group.

As at 31 March 2018, HK$3,261,000 of provision for impairment was recognised in the consolidated statement of profit or loss and other comprehensive income (2017: HK$2,464,000) because of lost of customers' contacts. The impairment was firstly assessed individually for individual significant or long outstanding balances, and the remaining balances were grouped for collective assessment according to their ageing and historical default rates as these customers were of similar credit risk characteristics.

All amounts are short term and hence the carrying values of the Group's trade and other receivables are considered to be a reasonable approximation of fair values. The other receivables were neither past due nor impaired. The Group did not hold any collateral as security or other credit enhancements over the trade and other receivables.

12. TRADE AND OTHER PAYABLES

	2018	2017
	HK$'000	*HK$'000*
Trade payables	**111,046**	100,407
Other payables and accruals	**29,139**	26,868
Sales deposits received	**869**	4,418
	141,054	131,693

At 31 March 2018 and 2017, all trade and other payables are short term and hence the carrying values of the Group's trade and other payables are considered to be a reasonable approximation of fair value.

The Group was granted by its suppliers credit periods ranging from 30–180 days. Based on the invoice dates, the ageing analysis of the trade payables were as follows:

	2018	2017
	HK$'000	*HK$'000*
0–30 days	**4,225**	–
31–60 days	**–**	–
61–90 days	**–**	–
91–180 days	**–**	9,537
181–365 days	**–**	19,541
Over 365 days	**106,821**	71,329
	111,046	100,407

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

To tap the huge potential of the PRC's rapidly growing market for digital payments, Quantum Thinking Limited has shifted its focus to the business of developing systems and solutions for online/offline digital payments since 2015. It has been pursuing the strategy for building up an ecosystem of online/offline digital payments in which the comprehensive, online shopping platforms are connected to the digital payment system for public utilities with a technology for unified communications. Therefore, the Group has been stepping up efforts to form partnerships with various telecommunications and information technology companies to jointly develop or supply systems and solutions for online/offline digital payments.

For the year ended 31 March 2018 (the "**Reporting Period**"), the Group's business of developing systems and solutions for online/offline digital payments recorded a turnover of approximately HK$13,796,000, up by 72% from approximately HK$8,022,000 for the year ended 31 March 2017 (the "**Previous Period**").

On the other hand, the fierce competition in the overcrowded market for the distribution of Ethernet passive optical network ("**E-PON**") and gigabit passive optical network ("**G-PON**") equipment had severely weighed on the bottom line of the industry players. Moreover, the Group's failure to win a tender for the supply of E-PON and G-PON equipment to China Telecom Corporation Limited ("**China Telecom**") in Beijing also led to a significant decline in revenue from this line of business. Revenue from the Group's business of distributing residential gateway products plunged to approximately HK$3,462,000 for the Reporting Period from approximately HK$9,746,000 for the Previous Period. To cope with the situation, the Group had shifted its focus to the business of developing systems and solutions for online/offline digital payments although it continued to fulfil the remaining orders that had been previously placed with it for supplying E-PON and G-PON equipment.

Overall, the Group's turnover decreased by approximately 40% to approximately HK$17,258,000 for the Reporting Period as the surge in revenue from the higher-margin business of developing systems and solutions for online/offline digital payments offset part of the steep decline in revenue from the lower-margin business of distributing residential gateway products. This, coupled with impairment loss of approximately HK$4,111,000, loss on written off of property, plant and equipment of approximately HK$375,000 for the Reporting Period in contrast to the impairment loss of approximately HK$23,280,000, and loss on written off of inventories of approximately HK$11,712,000 for the Previous Period, the substantial decrease in costs due to the much smaller scale of the business of distributing residential gateway products, helped to narrow the loss attributable to the owners of the Company (including its continuing and discontinued operations) to approximately HK$8,519,000 for the Reporting Period from approximately HK$39,606,000 for the Previous Period.

Business of developing systems and solutions for online/offline digital payments

During the Reporting Period, the Group made progress in a number of ongoing projects and entered into agreements with various business partners over new projects as it continued to build up its business of developing systems and solutions for online/offline digital payments. It has decided to take things to the next level by pursuing the strategy for building up an ecosystem of online/offline digital payments in which the comprehensive, online shopping platforms are connected to the digital payment system for public utilities with a technology for unified communications.

1. *Cooperation with China Mobile (Shenzhen) Company Limited* (中國移動(深圳)有限公司) ("**China Mobile Shenzhen**") — Development and construction of unified payment system and platform, and the provision of Product Business Operation Support Systems ("**PBOSS**") solution of the Internet of Things for monitoring and managing such system and platform*

   The Company, through its wholly-owned subsidiary Guangzhou YBDS IT Co., Ltd.* (廣州韻博信息科技有限公司) ("**Guangzhou YBDS**"), cooperated with China Mobile Shenzhen in developing and constructing unified payment system and platform. The system and platform enable mobile wallet users to make mobile payments such as that of phone bills and to redeem credit points and gift cards. The project was in the fourth phase during the Reporting Period. The Group also provided repair and maintenance services for such system. In addition, the Group provided the Internet of Things PBOSS solution for monitoring and managing such system, and the work was in the second phase during the Reporting Period. The Group derived an after-tax income of approximately RMB1,926,000 (equivalent to approximately HK$2,270,000) from its cooperation with and provision of services and solution for China Mobile Shenzhen during the Reporting Period.

   As a pivotal supplier of systems and solutions for payment systems in PRC, Guangzhou YBDS intends to replicate the unified payment system and platform and then sell them to other units and/or subsidiaries of China Mobile Ltd. (stock code: 941) in 31 provinces in the PRC.

2. *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**") — Construction of an e-commerce network platform for payment and clearing, and installation of point-of-sale ("**POS**") terminals*

   Guangzhou YBDS continued its partnership with Shanghai CT E-commerce to construct an e-commerce network platform for payment and clearing, and to install and lease out POS terminals at more than 100 outlets of a retail chain in Beijing. During the Reporting Period, Guangzhou YBDS and Shanghai CT E-commerce extended their market coverage to the surrounding areas of Beijing. They plan to install and lease out the POS terminals at the outlets of the businesses in other service industries such as a convenience store chain.

* *For identification purpose only*

3. *Development of software for a comprehensive payment platform of a leading property developer in the PRC*

   In previous year, Guangzhou YBDS had signed an agreement to develop software for the first phase of the construction of a comprehensive payment platform of a leading property developer in the PRC for the property developer's commercial properties and e-commerce. The platform will enable the club members or users of the property developer's commercial properties to digitise consumption points, gift cards, coupons and other membership services so as to create a delightful experience of faster, smoother shopping. In the fourth quarter of the Reporting Period, Shenzhen YBDS IT Co., Ltd* (深圳市韻博信息科技有限公司) ("**Shenzhen YBDS**"), the Company's another indirect, wholly-owned subsidiary, has become the vendor in this project. The project undertaken under the agreement was completed in March 2018. During the Reporting Period, the project generated an after-tax income of approximately RMB6,274,000 (equivalent to approximately HK$7,398,000) for the Group. Shenzhen YBDS will assist that property developer in leveraging its traditional real estate business as a springboard to internet-enabled businesses. It will do so by establishing an e-commerce platform on which the developer can provide comprehensive online services that can complement its offline services.

4. *Operation, maintenance and repair of China Mobile Communications Corporation's instant messaging and social media platform Fetion (飛信)*

   Guangzhou YBDS signed an agreement on 16 June 2016 to operate, maintain and repair China Mobile Communications Corporation's instant messaging and social media platform Fetion. Guangzhou YBDS recorded an after-tax income of approximately RMB1,519,000 (equivalent to approximately HK$1,791,000) from the project during the Reporting Period. Fetion had been upgraded through integrated communications, that is, through the integration of communications services and information technology services. The first phase of the project was completed during the Reporting Period.

5. *Cooperation with Shanghai Huateng Software Systems Co., Ltd. (上海華騰軟件系統有限公司) ("**Shanghai Huateng**") — Provision of technical support and localisation of an automatic system for vending and checking tickets of an intercity railway between Qingdao and Haiyang at the section in Oceantec Valley (藍色矽谷核心區) in Qingdao*

   In 2015, the Company, through its indirect subsidiary, Hua Strong Network Science and Technology Limited Company* (華天網絡科技有限公司), signed an agreement to cooperate with Shanghai Huateng in the provision of technical support and localisation of an automatic system for vending and checking tickets of an intercity railway between Qingdao and Haiyang cities at the section in Oceantec Valley (藍色矽谷核心區) in Qingdao. As at 31 March 2018, approximately 20% of the project had been completed. The Group earned an after-tax income of approximately RMB1,887,000 (equivalent to approximately HK$2,225,000) during the Reporting Period.

* *For identification purpose only*

Business of distributing residential gateway products

It has been difficult to make decent profit in the PRC's overcrowded, intensely competitive industry of distributing residential gateway products. Back in the year of 2015, the Company's wholly-owned subsidiary China Mobile Payment Technology Group Company Limited ("**China Mobile Payment**") did not win any tenders for the supply of E-PON and G-PON equipment to China Telecom. The situation resulted in substantial decreases in both the sales volume and the average selling price of the equipment, hence a steep decline in revenue from the Group's business of distributing residential gateway products in subsequent financial years. For the Reporting Period, revenue from this line of business dropped to approximately HK$3,462,000 from approximately HK$9,746,000 for the Previous Period.

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 Beijing YBDS IT Co., Ltd* (北京韻博港信息科技有限公司) ("**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 2015, 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.

* *For identification purpose only*

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.

FINANCIAL REVIEW

For the Reporting Period, the Group recorded a revenue of approximately HK$17,258,000, representing a decrease of approximately 40% when compared with the Previous Period (form continuing operations) of approximately HK$28,561,000.

Loss attributable to owners of the Company for the Reporting Period (including continuing and discontinued operations) was approximately HK$8,519,000 compared with loss attributable to owners of the Company of approximately HK$39,606,000 for the Previous Period.

SEGMENTAL INFORMATION

Business segments

During the Reporting Period, when compared with the Previous Period, revenue generated from hardware sales (from continuing operations) decreased by approximately 83%, while revenue from services (from continuing operations) increased by approximately 72%.

Geographical segments

The provision of system development services and other value-added technical consultation services and hardware-related business mainly caters for the PRC market. Revenue from the Hong Kong segment represented nil of the total revenue (2017: nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2018, the shareholders' funds of the Group amounted to approximately HK$64,654,000. Current assets were approximately HK$189,426,000, mainly comprising cash and cash equivalents of approximately HK$76,790,000 and trade and other receivables of approximately HK$46,208,000. Current liabilities mainly comprised trade and other payables of approximately HK$141,054,000. The net asset value per share was approximately HK$0.037. The Group's gearing ratio, expressed as a percentage of bank borrowings and longterm debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.34:1 (as at 31 March 2017: 1.43:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

For the year ended 31 March 2018, the Group was only exposed to limited currency exchange rate fluctuation risks as virtually all of the Group's monetary assets and liabilities were denominated in Hong Kong dollars as it conducts its business transactions principally in this currency. The currency exchange rate risk of the Group is therefore considered to be immaterial, and the Group did not engage in any hedging activity.

COMMITMENTS

As at 31 March 2018, the Group had operating lease commitments in respect of rented premises and equipment of approximately HK$182,000 (2017: HK$184,000). As at 31 March 2018 and 2017, the Group had no significant capital commitment.

CONTINGENT LIABILITIES

As at 31 March 2018 and 2017, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2018 and 2017, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2018, the Group had 52 employees (including 5 Directors) (2017: 72 employees (including 5 Directors)). The total remuneration paid to employees, including Directors, for the year ended 31 March 2018 was approximately HK$8,430,000 (2017: HK$20,045,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double pay is paid based on each individual employee's performance as recognition of and reward for their contributions. Other benefits accruing to the employees include contributions made to statutory mandatory provident fund scheme and a group medical scheme. We also subsidise our employees for pursuing further studies in related fields.

SIGNIFICANT INVESTMENTS

For the year ended 31 March 2018, save as disclosed in the "Future prospect and plans for material investments or acquisition of capital assets" section below, the Group had no significant investments.

FUTURE PROSPECT AND PLANS FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS

In the PRC, the popularity with digital and mobile payments has surged on the back of the increasing market penetration of the smartphone and aggressive business expansion of e-commerce and internet conglomerates. The momentum of these developments is expected to continue. This can translate into plentiful business opportunities for information technology solution providers who can enable and support systems for digital and mobile payments.

The Group has already geared up to the bright prospect as it has been cooperating with various firms such as telecommunications companies, an e-commerce technology firm, more than 100 outlets of a retail chain, a leading property developer and a state-owned high-tech company in developing and operating systems and solutions for online/offline digital payments.

The business of developing systems and solutions for online/offline digital payments is the Group's growth driver. To take things to a whole new level, the Group has already mapped out a strategy for building up an ecosystem of online/offline digital payments in which the comprehensive, online shopping platforms are connected to the digital payment system for public utilities with a technology for unified communications. Working towards this goal, the Group built on its cooperation with various business partners by making progress in ongoing projects and by starting new ones during the year.

To step up its work on the comprehensive, online shopping platforms with a built-in payment system, the Group, through its wholly-owned subsidiary Guangzhou YBDS, has signed an agreement over strategic cooperation with a leading property developer and Shanghai CT E-commerce to enable the digitisation of consumption points, gift cards, coupons and other membership services. The cooperation is aimed at enhancing the users' experience of ordering for a comprehensive range of services and products on that property developer's online platform at the commercial and residential properties that it has developed. This will enable the property developer to diversify into e-commerce. Guangzhou YBDS will continue to work on the first phase of this project in the financial year ending 31 March 2019. Guangzhou YBDS is now negotiating with that property developer about the provision of technical support services for the latter in the construction of the second phase of its comprehensive, online shopping platforms.

The Group also intends to develop digital systems that enable citizens to pay for public utilities, including the services of electricity, natural gas, water, sewage, telephone and transportation, etc. The Group has started off this line of business by undertaking the construction of a smart traffic platform in Urumqi, Xinjiang that comprises systems for a traffic control centre, the comprehensive monitoring of the traffic, traffic signal control and communication network as well as technical support for the security of such systems. The Group plans to replicate the smart traffic platform and sell it to other provinces in the PRC. The Group had also undertaken another project of providing an information technology solution for digital payments for public transportation — cooperation with Shanghai Huateng in provision of technical support and localisation of an automatic system for vending and checking tickets of an intercity railway between Qingdao and Haiyang at the section in Oceantec Valley in Qingdao. The project will continue in the financial year ending 31 March 2019.

In November 2017, the Group signed an agreement to construct the fifth phase of the unified payment platform of China Mobile Shenzhen, furthering their cooperation in that area.

As to the project of operation, maintenance and repair of Fetion, Guangzhou YBDS is now negotiating with China Mobile Communications Corporation about the second phase of the project.

To enhance its technological capability to develop systems and solutions for online/offline digital and mobile payments, the Group, through its indirect, wholly owned subsidiary, Shenzhen YBDS Information System Services Co., Ltd.* (深圳雲博信息系統服務有限公司) ("**Shenzhen YBDS System**"), entered into two sale and purchase agreements with Dynamic Telecom Limited (動網電訊有限公司) ("**Dynamic Telecom**") and 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.* (深圳市量子認證有限公司)) ("**CITIC Cyber Security**"), respectively, on 28 February 2018 to increase its equity stake in Shenzhen Anxin Certification System Co., Ltd.* (深圳市安信認證系統有限公司) ("**Shenzhen Anxin**") (formerly known as Shenzhen Qianhai YBDS IT Co., Ltd.* (深圳市前海雲博信息科技有限公司)) to 100%. Shenzhen Anxin will carry out research and development of a large-scale database system, system integration and other value-added technology services, and the development of a comprehensive payment system platform.

On 28 February 2018, Shenzhen Anxin and Shenzhen Quantum Technology Information Co., Ltd.* (the "**Vendor**") entered into a memorandum of understanding, pursuant to which Shenzhen Anxin intended to purchase and the Vendor intended to sell 70% of the entire equity interest in CITIC Cyber Security. Investing in CITIC Cyber Security, whose main business involves the provision of authentication services in connection with network electronic identities, developing systems of eID issuance and authentication services with SIM cards as their carriers, launching platforms which serve for internet electronic identity authentications, and provision of identity authentication and behavior verification services for holders of the SIMeID card and online applications, would serve as an opportunity for the Group to develop its business in this area by utilising the network and resources of CITIC Cyber Security. Therefore, the Group decided to acquire from each of Dynamic Telecom and CITIC Cyber Security, for a consideration of RMB1.00 each, their equity interests in Shenzhen Anxin, which became wholly owned by the Company again, and to negotiate with the Vendor for Shenzhen Anxin's proposed acquisition of 70% of the entire equity interest in CITIC Cyber Security. The Company also intends to further increase the registered capital of Shenzhen Anxin to RMB50,000,000 in the future so as to support its operation and research and development of a large-scale database system and in other relevant areas.

* *For identification purpose only*

All these developments will serve as the solid foundations for the Group's business in the future. It will continue to explore opportunities to cooperate with other companies engaged in various types of businesses in developing an ecosystem of the online/offline digital payments.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions ("**Code Provisions**") set out in the Corporate Governance Code (the "**Code**") as set out in Appendix 15 to the GEM Listing Rules. The Company has complied with the Code Provisions set out in the Code throughout the year ended 31 March 2018 except for the deviations from Code Provisions A.1.8 and A.2.1 of the Code as explained as follows:

Code Provision A.1.8

Code Provision A.1.8 stipulates that the Company should arrange appropriate insurance cover in respect of legal action against its directors.

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

Code Provision A.2.1

Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separated.

The executive Directors, namely, Mr. Wang Xiaoqi and Mr. Ho Yeung are 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.

The Board will continue to monitor and review the Company's corporate governance practices to ensure compliance with the Code.

The Board conducted reviews of the system of internal controls of the Group to ensure an effective and adequate internal controls system is in place. The Board also convened meetings to discuss financial, operational and risk management controls.

Code Provision C.2

The Board has conducted a review of its risk management and internal control systems under Code Provision C.2 of Appendix 15 of the GEM Listing Rule.

The Board has engaged independent consultants to execute the internal audit and risk management functions. The Board reviews risk management and internal control systems on an annual basis and when necessary.

A review of the effectiveness of the risk management and internal control systems has been conducted and the Company considers them effective and adequate during the period under review.

However, an issue arose on 1 June 2017 when Mr. Ho Yeung ("**Mr. Ho**") was appointed as an executive Director that the Company failed to maintain a sufficient public float of not less than 25% of the total issued share capital of the Company as required under the GEM Listing Rules due to inadvertent oversight. On 6 July 2017, Mr. Ho had completed the disposal of an aggregate of 25,618,000 ordinary shares of the Company, representing approximately 1.889% of the total issued share capital of the Company to an independent third party (the "**Disposal**"). Immediately upon completion of the Disposal, 349,895,729 ordinary shares of the Company, representing approximately 25.799% of the total issued share capital of the Company, were held by the public. Accordingly, the minimum public float of 25% of the total issued share capital of the Company as required under Rule 11.23(7) of the GEM Listing Rules has been restored. For details, please refer to the announcements of the Company dated 1 June 2017, 13 June 2017 and 10 July 2017.

The management of the Company will take measures to prevent similar incident from occurring in the future by taking active steps to observe the public float requirement from time to time.

MAINTENANCE OF PUBLIC FLOAT

During the period from 1 June 2017 to 6 July 2017, the Company did not fulfil the minimum public float requirement (i.e. at least 25% of the Company's issued shares being taken by the public) as set out under Rule 11.23(7) of the GEM Listing Rules. Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this announcement, the Company has maintained sufficient public float as required under the GEM Listing Rules.

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 year ended 31 March 2018.

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 as of 11 November 2016 in accordance with Rules 5.28 to 5.33 of the GEM Listing Rules.

Currently, the Audit Committee comprised Mr. Tse Yee Hin, Tony, Mr. Lau Chor Ki and Mr. Wong Kin Kee, all of whom are 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 year ended 31 March 2018, the risk management and the internal control system of the Group.

During the year, the Group's unaudited quarterly and half-yearly results and audited annual results for the year ended 31 March 2018 have been reviewed by the Audit Committee and it 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 year ended 31 March 2018.

SCOPE OF WORK OF GRANT THORNTON HONG KONG LIMITED

The figures in respect of the preliminary announcement of the Group's results for the year ended 31 March 2018 have been agreed by the Company's auditors, Grant Thornton Hong Kong Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Grant Thornton Hong Kong 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 Grant Thornton Hong Kong Limited on this preliminary announcement.

By Order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Director

Hong Kong, 13 June 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 Mr. Lau Chor Ki, Mr. Tse Yee Hin, Tony and Mr. Wong Kin Kee.