

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 2021

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*This announcement, for which the directors (the “**Directors**”) of Quantum Thinking 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 2021

The board (the “**Board**”) of Directors of the Company hereby presents the consolidated results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 March 2021 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2020 (the “**Previous Period**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021

| | <i>Notes</i> | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|--------------|--------------------------------|-------------------------|
| Revenue | <i>4</i> | 41,242 | 26,556 |
| Cost of sales | | <u>(37,805)</u> | <u>(24,986)</u> |
| Gross profit | | 3,437 | 1,570 |
| Other income | <i>5</i> | 9,608 | 2,557 |
| Gain on disposal of subsidiaries | <i>13</i> | 20,124 | – |
| Change in fair value of financial liabilities at fair value through profit or loss | | – | 1,792 |
| Distribution costs | | (213) | (3,470) |
| Administrative expenses | | (25,584) | (35,308) |
| Impairment loss on financial assets | | (309) | – |
| Finance costs | <i>6</i> | <u>(718)</u> | <u>(366)</u> |
| Profit/(loss) before taxation | | 6,345 | (33,225) |
| Income tax credit | <i>7</i> | <u>15</u> | <u>606</u> |
| Profit/(loss) for the year | <i>8</i> | <u>6,360</u> | <u>(32,619)</u> |
| Profit/(loss) for the year attributable to: | | | |
| Owners of the Company | | 16,703 | (26,710) |
| Non-controlling interests | | <u>(10,343)</u> | <u>(5,909)</u> |
| | | <u>6,360</u> | <u>(32,619)</u> |

| | <i>Notes</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|---|--------------|--------------------------------|------------------------|
| Other comprehensive income | | | |
| <i>Items that will not be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences arising on translation of financial statements from functional currency to presentation currency | | <u>524</u> | <u>395</u> |
| Other comprehensive income for the year | | <u>524</u> | <u>395</u> |
| Total comprehensive income/(expense) for the year | | <u><u>6,884</u></u> | <u><u>(32,224)</u></u> |
| Total comprehensive income/(expense) for the year attributable to: | | | |
| Owners of the Company | | <u>17,894</u> | <u>(27,571)</u> |
| Non-controlling interests | | <u>(11,010)</u> | <u>(4,653)</u> |
| | | <u><u>6,884</u></u> | <u><u>(32,224)</u></u> |
| Earnings/(loss) per share attributable to the owners of the Company | | | |
| Basic and diluted (HK cents) | 10 | <u><u>1.23</u></u> | <u><u>(1.97)</u></u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

| | <i>Notes</i> | 2021 HK\$'000 | 2020 HK\$'000 |
|---|--------------|--------------------------------|--------------------------------|
| Non-current assets | | | |
| Plant and equipment | | 3,524 | 6,337 |
| Right-of-use assets | | 1,940 | 6,440 |
| Intangible assets | | 28 | 41 |
| Goodwill | | — | — |
| Total non-current assets | | 5,492 | 12,818 |
| Current assets | | | |
| Trade and other receivables | <i>11</i> | 8,830 | 10,076 |
| Contract assets | | 225 | 1,193 |
| Financial assets at fair value through profit or loss | | 28,623 | 29,035 |
| Bank balances and cash | | 18,847 | 28,030 |
| | | 56,525 | 68,334 |
| Assets classified as held for sale | <i>13</i> | — | 8,125 |
| Total current assets | | 56,525 | 76,459 |
| Current liabilities | | | |
| Trade and other payables | <i>12</i> | 34,349 | 14,656 |
| Lease liabilities | | 1,654 | 3,550 |
| Contract liabilities | | 690 | 251 |
| Financial liabilities at fair value through profit or loss | | — | — |
| Income tax payable | | 23 | 21 |
| | | 36,716 | 18,478 |
| Liabilities associated with assets classified as held for sale | <i>13</i> | — | 76,704 |
| Total current liabilities | | 36,716 | 95,182 |
| Net current assets/(liabilities) | | 19,809 | (18,723) |
| Total assets less current liabilities | | 25,301 | (5,905) |

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Non-current liabilities | | |
| Lease liabilities | <u>409</u> | <u>3,536</u> |
| Net assets/(liabilities) | <u>24,892</u> | <u>(9,441)</u> |
| Equity | | |
| Share capital | 135,625 | 135,625 |
| Reserves | <u>(107,212)</u> | <u>(123,733)</u> |
| Equity attributable to owners of the Company | 28,413 | 11,892 |
| Non-controlling interests | <u>(3,521)</u> | <u>(21,333)</u> |
| Total equity/(deficits) | <u>24,892</u> | <u>(9,441)</u> |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

| | Attributable to owners of the Company | | | | | Non- | |
|---|---------------------------------------|-------------------------------------|---|--|--------------------------|---|--------------------------|
| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Translation reserve <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Total <i>HK\$'000</i> | controlling interests <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| At 1 April 2020 | 135,625 | 99,935 | (5,448) | (218,220) | 11,892 | (21,333) | (9,441) |
| Profit/(loss) for the year | - | - | - | 16,703 | 16,703 | (10,343) | 6,360 |
| Other comprehensive | | | | | | | |
| income/(expense) | | | | | | | |
| Exchange differences arising on translating of financial statements from functional currency to presentation currency | - | - | 1,191 | - | 1,191 | (667) | 524 |
| Total comprehensive income/ (expense) for the year | - | - | 1,191 | 16,703 | 17,894 | (11,010) | 6,884 |
| Disposal of subsidiaries (<i>note 13</i>) | - | - | (1,373) | - | (1,373) | 28,822 | 27,449 |
| At 31 March 2021 | 135,625 | 99,935 | (5,630) | (201,517) | 28,413 | (3,521) | 24,892 |

| | Attributable to owners of the Company | | | | | Non- | |
|---|---------------------------------------|-------------------------------------|---|--|--------------------------|---|--------------------------|
| | Share capital <i>HK\$'000</i> | Share premium <i>HK\$'000</i> | Translation reserve <i>HK\$'000</i> | Accumulated losses <i>HK\$'000</i> | Total <i>HK\$'000</i> | controlling interests <i>HK\$'000</i> | Total <i>HK\$'000</i> |
| At 1 April 2019 | 135,625 | 99,935 | (4,587) | (191,510) | 39,463 | (16,680) | 22,783 |
| Loss for the year | - | - | - | (26,710) | (26,710) | (5,909) | (32,619) |
| Other comprehensive | | | | | | | |
| (expense)/income | | | | | | | |
| Exchange differences arising on translating of financial statements from functional currency to presentation currency | - | - | (861) | - | (861) | 1,256 | 395 |
| Total comprehensive expense for the year | - | - | (861) | (26,710) | (27,571) | (4,653) | (32,224) |
| At 31 March 2020 | 135,625 | 99,935 | (5,448) | (218,220) | 11,892 | (21,333) | (9,441) |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2021

1. GENERAL INFORMATION

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

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company is situated at Room 1403, 14/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.

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

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

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

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

In the current year, the Group has applied, for its first time, the Amendments to References to the Conceptual Framework in Hong Kong Financial Reporting Standards (“**HKFRSs**”) and the following amendments to HKFRSs, which include HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and amendments issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) where are effective for the Group’s financial year beginning 1 April 2020:

| | |
|---|--------------------------------|
| Amendments to HKFRS 3 | Definition of a Business |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform |

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

New and amendments to HKFRSs issued but not yet effective

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

| | |
|---|--|
| HKFRS 17 | Insurance Contracts and related amendments ⁵ |
| Amendments to HKFRS 16 | COVID-19-Related Rent Concessions ¹ |
| Amendments to HKFRS 16 | COVID-19-Related Rent Concessions beyond 30 June 2021 ³ |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and Its Associate or Joint Venture ⁶ |
| Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16 | Interest Rate Benchmark Reform — Phase 2 ² |
| Amendments to HKFRS 3 | Reference to the Conceptual Framework ⁴ |
| Amendments to HKAS 16 | Property, Plant and Equipment — Proceeds before Intended Use ⁴ |
| Amendments to HKAS 37 | Onerous contracts: Cost of fulfilling a contract ⁴ |
| Amendments to HKAS 8 | Definition of Accounting Estimates ⁵ |
| Amendments to HKAS 1 | Classification of liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ⁵ |
| Amendments to HKFRSs | Annual Improvements to HKFRS 2018–2020 cycle ⁴ |

¹ Effective for annual periods beginning on or after 1 June 2020

² Effective for annual periods beginning on or after 1 January 2021

³ Effective for annual periods beginning on or after 1 April 2021

⁴ Effective for annual periods beginning on or after 1 January 2022

⁵ Effective for annual periods beginning on or after 1 January 2023

⁶ Effective date not yet been determined

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on GEM of the Stock Exchange and by the Hong Kong Company Ordinance.

The consolidated financial statements have been prepared on historical cost basis, except for certain financial assets at fair value through profit or loss and financial liabilities at fair value through profit or loss that are measured at fair values at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

4. REVENUE AND SEGMENT INFORMATION

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|--|-------------------------|-------------------------|
| Revenue from contracts with customers within the scope of HKFRS 15 | | |
| Disaggregated by major products | | |
| — Services | | |
| • System development | 19,068 | 11,815 |
| • Consultancy | 1,815 | 698 |
| • Maintenance and others | 298 | 123 |
| — Sales of hardware | 20,061 | 13,920 |
| | <u>41,242</u> | <u>26,556</u> |

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

| | Services <i>HK\$'000</i> | Sales of hardware <i>HK\$'000</i> | Total <i>HK\$'000</i> |
|---|-----------------------------|---|--------------------------|
| For the year ended 31 March 2021 | | | |
| Timing of revenue recognition | | | |
| At a point in time | — | 20,061 | 20,061 |
| Over time | 21,181 | — | 21,181 |
| | <u>21,181</u> | <u>20,061</u> | <u>41,242</u> |
| For the year ended 31 March 2020 | | | |
| Timing of revenue recognition | | | |
| At a point in time | — | 13,920 | 13,920 |
| Over time | 12,636 | — | 12,636 |
| | <u>12,636</u> | <u>13,920</u> | <u>26,556</u> |

Transaction price allocated to the remaining performance obligations

As at 31 March 2021, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is approximately HK\$9,428,000 (2020: HK\$9,634,000). The amount represents revenue expected to be recognised in the future from software development contracts. The Group will recognise this revenue as the service is completed, which is expected to occur within one to five years.

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

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

- System development, consultancy, maintenance and other services (“**Services**”); and
- Sales of hardware products.

Segment revenues and results

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

For the year ended 31 March 2021

| | Services HK\$'000 | Sales of hardware HK\$'000 | Total HK\$'000 |
|-------------------------------------|----------------------|----------------------------------|---------------------|
| Segment revenue | <u>21,181</u> | <u>20,061</u> | <u>41,242</u> |
| Segment profit/(loss) | <u>2,985</u> | <u>(2,382)</u> | <u>603</u> |
| Unallocated income | | | 3,352 |
| Gain on disposal of subsidiaries | | | 20,124 |
| Unallocated corporate expenses | | | (16,829) |
| Unallocated finance costs | | | (596) |
| Impairment loss on financial assets | | | <u>(309)</u> |
| Profit before taxation | | | <u><u>6,345</u></u> |

For the year ended 31 March 2020

| | Services HK\$'000 | Sales of hardware HK\$'000 | Total HK\$'000 |
|---|----------------------|----------------------------------|------------------------|
| Segment revenue | <u>12,636</u> | <u>13,920</u> | <u>26,556</u> |
| Segment loss | <u>(8,737)</u> | <u>(3,376)</u> | (12,113) |
| Change in fair value of financial liabilities at fair value through profit or loss | 1,792 | – | 1,792 |
| Unallocated income | | | 2,557 |
| Unallocated corporate expenses | | | <u>(25,461)</u> |
| Loss before taxation | | | <u><u>(33,225)</u></u> |

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

Segment assets and liabilities

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

Segment assets

| | 2021 HK\$'000 | 2020 HK\$'000 |
|-----------------------------------|--------------------------------|-------------------------|
| Services | 5,883 | 11,323 |
| Sales of hardware | 6,441 | 7,475 |
| | <hr/> | <hr/> |
| Total segment assets | 12,324 | 18,798 |
| Assets relating to disposal group | – | 8,125 |
| Corporate and other assets | 49,693 | 62,354 |
| | <hr/> | <hr/> |
| Total assets | 62,017 | 89,277 |
| | <hr/> | <hr/> |

Segment liabilities

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|--------------------------------|-------------------------|
| Services | 4,023 | 6,752 |
| Sales of hardware | 4,240 | 6,743 |
| | <hr/> | <hr/> |
| Total segment liabilities | 8,263 | 13,495 |
| Liabilities relating to disposal group | – | 76,704 |
| Corporate and other liabilities | 28,862 | 8,519 |
| | <hr/> | <hr/> |
| Total liabilities | 37,125 | 98,718 |
| | <hr/> | <hr/> |

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

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

Other segment information

For the year ended 31 March 2021

| | Services HK\$'000 | Sales of hardware HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|---|----------------------|----------------------------------|-------------------------|-------------------|
| Amounts include in the measure of segment profit/(loss) or segment assets: | | | | |
| Addition to non-current assets (<i>Note</i>) | 58 | 102 | 10 | 170 |
| Depreciation and amortisation | 1,073 | 1,905 | 2,507 | 5,485 |

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

| | | | | |
|-------------------|----|----|-------|-------|
| Interest income | – | – | (200) | (200) |
| Finance costs | 44 | 78 | 596 | 718 |
| Income tax credit | – | – | (15) | (15) |

For the year ended 31 March 2020

| | Services HK\$'000 | Sales of hardware HK\$'000 | Unallocated HK\$'000 | Total HK\$'000 |
|--|----------------------|----------------------------------|-------------------------|-------------------|
| Amounts include in the measure of segment loss or segment assets: | | | | |
| Addition to non-current assets (<i>Note</i>) | 8,712 | 3,420 | 2,560 | 14,692 |
| Depreciation and amortisation | 3,527 | 1,394 | 2,818 | 7,739 |
| Loss on written-off of plant and equipment | – | – | 1,389 | 1,389 |

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

| | | | | |
|-------------------|---|---|-------|-------|
| Interest income | – | – | (138) | (138) |
| Finance costs | – | – | 366 | 366 |
| Income tax credit | – | – | (606) | (606) |

Note: Non-current assets included plant and equipment, right-of-use assets and intangible assets for the years ended 31 March 2021 and 2020.

Geographical information

During the years ended 31 March 2021 and 2020, the Group's operations are mainly located in the PRC.

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

Information about major customers

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|------------------------|------------------|------------------|
| Company A ¹ | 16,487 | 7,320 |
| Company B ² | 10,165 | 9,934 |
| Company C ² | 8,012 | 3,374 |

¹ Revenue from services segment.

² Revenue from sales of hardware segment.

5. OTHER INCOME

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Interest income from bank deposits | 200 | 138 |
| Investment income from financial assets designated as at FVTPL | 820 | 1,076 |
| Income from waived of lease repayment | 128 | 488 |
| Government grants (<i>note</i>) | 7,083 | 281 |
| Gain on lease modification | 631 | – |
| Others | 746 | 574 |
| | 9,608 | 2,557 |

Note: During the year ended 31 March 2021, included in the government grants are recognised government grant of approximately HK\$359,000 (2020: nil) in respect of COVID-19-related subsidies which related to Employment Support Scheme provided by the Government of Hong Kong Special Administrative Region under the Anti-Epidemic Fund. Government grants has been recognised as other income on a systematic basis over the periods in which the Group recognises the staff costs for which the government grants are intended to compensate. The Group recognised as other income for the year as the Group fulfilled all the relevant granting criteria.

The remaining government grants of approximately HK\$6,724,000 (2020: HK\$281,000) related to the government grants from the PRC local government authorities in respect of subsidising the Group's scientific and technological and operating activities, which were immediately recognised as other income for the year as the Group fulfilled all the relevant granting criteria.

6. FINANCE COSTS

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Interest on late settlement of litigation claims | 566 | – |
| Interests on lease liabilities | 152 | 366 |
| | 718 | 366 |

7. INCOME TAX CREDIT

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--------------------------------|------------------|------------------|
| Over provision in prior years: | | |
| PRC EIT | <u>15</u> | <u>606</u> |

Notes:

- (a) No Hong Kong Profits Tax has been provided for the years ended 31 March 2021 and 2020 as the Company did not have any assessable profits subject to Hong Kong Profits Tax.
- (b) Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

8. PROFIT/(LOSS) FOR THE YEAR

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Profit/(loss) for the year has been arrived at after charging: | | |
| Directors' and chief executive's emoluments | 1,827 | 1,686 |
| Salaries, wages, allowances and other benefits | 7,996 | 14,476 |
| Contributions to retirement benefits scheme (excluding directors', chief executive's and supervisors' emoluments) | <u>297</u> | <u>780</u> |
| Total staff costs | <u>10,120</u> | <u>16,942</u> |
| Auditor's remuneration | 450 | 795 |
| Depreciation of plant and equipment | 3,395 | 2,977 |
| Depreciation of right-of-use assets | 2,077 | 4,749 |
| Amortisation of intangible assets | 13 | 13 |
| Loss on written-off of plant and equipment | – | 1,389 |
| Impairment loss on financial assets | 309 | – |
| Amount of inventories recognised as an expense | 18,639 | 13,137 |
| Lease rentals for office premises (<i>note i</i>) | 5 | 323 |
| Net exchange loss | <u>334</u> | <u>193</u> |

Note:

- (i) The amounts represent lease rentals relating to short-term leases under HKFRS16.

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2021 and 2020, nor has any dividend been proposed since the end of the reporting period.

10. EARNINGS/(LOSS) PER SHARE

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

| | 2021 HK\$'000 | 2020 HK\$'000 |
|---|------------------|------------------|
| Earnings/(loss) | | |
| Earnings/(loss) for the purpose of basic and diluted earnings/(loss) per share, representing profit/(loss) for the year attributable to owners of the Company | <u>16,703</u> | <u>(26,710)</u> |
| | 2021 | 2020 |
| Number of shares | | |
| Weighted average number of ordinary shares for the purpose of basic and diluted earnings/(loss) per share ('000 shares) | <u>1,356,250</u> | <u>1,356,250</u> |

The dilutive earnings per share is equal to the basic earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2021 and 2020.

11. TRADE AND OTHER RECEIVABLES

| | 2021 HK\$'000 | 2020 HK\$'000 |
|--|------------------|------------------|
| Receivables at amortised cost comprise: | | |
| Trade receivables | 5,493 | 7,854 |
| Deposits | 1,056 | 533 |
| Prepayments | 1,454 | 815 |
| Other receivables | <u>1,136</u> | <u>874</u> |
| | 9,139 | 10,076 |
| Less: loss allowance for other receivables | <u>(309)</u> | <u>–</u> |
| | <u>8,830</u> | <u>10,076</u> |

As at 31 March 2021, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$5,493,000 (2020: HK\$7,854,000).

There was no impairment loss recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2021 (2020: nil).

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

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 90 days | 3,674 | 7,161 |
| 91 to 180 days | 1,819 | 693 |
| | <u>5,493</u> | <u>7,854</u> |

12. TRADE AND OTHER PAYABLES

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|-------------------|--------------------------------|-------------------------|
| Trade payables | 4,696 | 7,167 |
| Accruals | 543 | 1,716 |
| Other tax payable | – | 75 |
| Other payables | 29,110 | 5,698 |
| | <u>34,349</u> | <u>14,656</u> |

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

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|----------------|--------------------------------|-------------------------|
| Within 30 days | 3,544 | 5,974 |
| 31 to 90 days | – | 1,193 |
| Over 91 days | 1,152 | – |
| | <u>4,696</u> | <u>7,167</u> |

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

13. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

(a) Disposal of subsidiaries

China Mobile Payment Technology Group Company Limited (“**China Mobile**”) was an indirect wholly-owned subsidiary of the Company up to 19 August 2020. It held 90% equity interests in Hua Strong Network Science and Technology Company Limited* (“**Hua Strong**”) 華天網路科技有限公司 which in turn held 51% equity interests in Beijing Huaqin World Technology Company Limited* (“**Beijing Huaqin**”) 北京華勤天地科技有限公司, and controlled the board of directors of Beijing Huaqin (hereafter collectively referred to as the “**disposal group**”).

The directors of the Group resolved to dispose of the entire equity interests in China Mobile as management was in view that results of the business were behind their expectation. As at 31 March 2020, assets and liabilities of the disposal group had been classified as assets classified as held for sales and liabilities associated with assets classified as held for sale and were presented separately in the consolidated statement of financial position.

On 19 August 2020, the Group disposed 100% of the entire share capital of China Mobile, at consideration of HK\$50,000, to an independent third party. The net liabilities of disposal group at the date of disposal were as follows:

| | |
|--|-----------------|
| | <i>HK\$'000</i> |
| Consideration: | |
| Other receivables | 50 |
| | <u>50</u> |
| | <i>HK\$'000</i> |
| Analysis of assets and liabilities over which control was lost: | |
| Plant and equipment | 33 |
| Trade and other receivables | 2,285 |
| Financial assets at fair value through profit or loss | 6,660 |
| Restricted cash | 127 |
| Bank balances and cash | 130 |
| Trade and other payables | (79,204) |
| | <u>(69,969)</u> |
| Net liabilities disposed of | <u>(69,969)</u> |

* For identification purpose only

HK\$'000

Gain on disposal of subsidiaries:

| | |
|--|---------------|
| Consideration receivable | 50 |
| Net liabilities disposed of | 69,969 |
| Liabilities assumed upon disposal of subsidiaries | (22,446) |
| Non-controlling interests | (28,822) |
| Reclassification of cumulative translation reserve upon disposal of the subsidiaries | 1,373 |
| | <u>20,124</u> |

HK\$'000

Net cash outflow arising on disposal:

| | |
|---|--------------|
| Cash consideration received | — |
| Less: restricted cash, bank balances and cash disposed of | (257) |
| | <u>(257)</u> |

The disposal did not constitute a discontinued operation as it did not represent a major line of business or geographical area of operation.

(b) Assets and liabilities of disposal group classified held for sale

The following assets and liabilities were reclassified as held for sale in relation to the group of subsidiaries as at 31 March 2020.

As at
31 March
2020
HK\$'000

Assets classified as held for sale

| | |
|---|--------------|
| Plant and equipment | 33 |
| Trade and other receivables | 1,303 |
| Financial assets at fair value through profit or loss | 6,559 |
| Bank balances and cash | 230 |
| | <u>8,125</u> |

Liabilities associated with assets classified as held for sale

| | |
|--|---------------|
| Trade and other payables (notes i, ii and iii) | <u>76,704</u> |
|--|---------------|

Notes:

- (i) Included in the amount of other payables as at 31 March 2020, approximately of HK\$194,000 represented the amount due to Mr. Chan Foo Wing, the ultimate beneficial owner of the Company. The amount is unsecured, interest-free and repayment on demand.
- (ii) Included in the amount of other payables as at 31 March 2020, approximately of HK\$10,932,000 represented the amount due to an independent third party, 北京瑞智恒達網絡科技有限公司. The amount is unsecured, interest-free and repayment on demand.
- (iii) Included in the amount of other payables as at 31 March 2020, approximately of HK\$2,353,000 represented the amount payable to several former employees of Beijing Huaqin due to the litigations in respect of the termination of employment.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In order to ride out the challenging operating environment, the Company pressed ahead with its business diversification to broaden its income stream during the Reporting Period. Meanwhile, it also seized the business opportunities in China's booming digital economy. Its efforts in this regard are best illustrated by its move to step up the development of its business of internet electronic identity authentication through its 70%-held Shenzhen CITIC Cyber Security Authentication Co., Ltd. (深圳市中信網安認證有限公司) (**"CITIC Cyber Security"**).

The disruptions inflicted by the outbreak of novel coronavirus pneumonia pandemic accelerated the trend for businesses and consumers to move many of their daily activities online. This helped to fuel the boom in China's digital economy and led to growing demand for internet electronic identity authentication.

CITIC Cyber Security capitalized on the trend by deciding to speed up the development of its business of internet electronic identity authentication, especially the market penetration of eCitizen (**"e公民"** in Chinese), which is its proprietary product for electronic identity authentication that enables users of services to safely log in, sign digitally and have their personal data protected in online transactions.

To boost its business development, CITIC Cyber Security passed another milestone by entering into an agreement dated 30 September 2020 to form a joint venture with China's three major telecommunications carriers, namely China Mobile Communications Group Co., Ltd. (**"China Mobile Group"**), China United Network Communications Group Company Limited (**"China Unicom Group"**) and China Telecommunications Corporation (**"China Telecom Corporation"**), and Beijing Chinese Shield Anicert Technology Development Co., Ltd., which is a wholly-owned subsidiary of Beijing Zhongdun Security Technology Development Co., which, in turn, is a state-owned public security technology company (For further details, please refer to the Company's announcement dated 10 February 2021 and circular dated 26 May 2021 published on the website of Hong Kong Exchanges and Clearing Limited). The joint venture will be positioned as a digital technology company which provides financial institutions, government departments and enterprises with digital solutions for cyber security. It will leverage the three telecommunications carriers' service capabilities and customer bases as well as the advantages of subscriber identification module (SIM) such as convenience and strong capabilities for computing and data storage to enable the public to log in and authorize transactions with convenience and cyber security. The joint venture will initially introduce its services into transportation, mobile public services and transactions at banks.

For CITIC Cyber Security, this breakthrough in business development is built on its past achievements as it had already undertaken projects to apply eCitizen to some banks' financial services and electronic signature and to conduct information verification for some other companies.

During the Reporting Period, CITIC Cyber Security signed three separate contracts to conduct information verification for a securities brokerage, a certificate authority and a full-service investment banking enterprise based in the mainland of the People's Republic of China (the "PRC" or "China") through websites, application programming interface (API) or terminals. In July 2020, CITIC Cyber Security signed a contract to build a unified digital authentication system, carry out application integration and operate and maintain such system for an information technology subsidiary of a China-based transportation infrastructure design and construction firm.

CITIC Cyber Security had earlier signed an agreement with the Shenzhen branch of a PRC-based bank to jointly promote each other's respective services, namely CITIC Cyber Security's internet electronic identity authentication and the bank's financial services in June 2019. Under this agreement, eCitizen would be applied to the bank's financial services. In June 2019, CITIC Cyber Security also reached an agreement with a Shenzhen-based certificate authority to cooperate in combining eCitizen SIM card and digital certificates and in applying the two combined technologies to such fields as electronic signature. In January 2020, CITIC Cyber Security signed a contract to develop and implement on behalf of another PRC-based bank a platform for signing, managing and auditing contracts electronically.

Other businesses that the Group had also diversified into since the Previous Period included subleasing co-working spaces of an office building in Shenzhen to mainly financial technology start-ups; the supply of electrical and electronic components, namely inductors and master control chips; the research on and development of an application for an online learning platform, financial software and related information technology system and solution, and information systems for housing; and the supply and installation of surveillance cameras as part of a security system. During the Reporting Period, the Group also undertook the research and development of various systems or devices, including a navigation and positioning system for unmanned vehicles and aircraft that can be operated in combination with cameras, Global Navigation Satellite System (GNSS) or maps; an intelligent cloud platform system for distant interaction; a cross-platform, high-performance player; a simplified version of an enterprise resource planning (ERP) system; and an information security system with multiple licences for small and medium-sized financial holding companies.

1. Development and construction of unified payment system and platform, and the provision of repair and maintenance services for such system and platform

The Company's wholly-owned subsidiary, Guangzhou YBDS IT Co., Ltd. (廣州韻博信息科技有限公司) ("**Guangzhou YBDS**"), won a tender in October 2019 for a contract to develop and maintain a unified payment system and platform of the Shenzhen-based subsidiary of a leading telecommunications company for years 2019 to 2021. The system and platform enable mobile wallet users to make mobile payment such as those of phone bills and to redeem consumption points and gift cards. It signed the contract in December 2019. Guangzhou YBDS intends to replicate the unified payment system and platform and then sell them to other units and/or subsidiaries of that leading telecommunications company in 31 provinces in the PRC.

2. Business of office rental which is bundled with information technology services and office administration services in Shenzhen

CITIC Cyber Security started a business of subleasing co-working spaces of an office building in Shenzhen to mainly financial technology start-ups in the Previous Period. The office rental is bundled with its information technology services and some office administration services. During the Reporting Period, it subleased some co-working spaces to 19 more companies, bringing the total number of tenants to 31.

3. Research on and development of an application for online learning platform, financial software and related information technology system and solution, and information systems for housing

During the Previous Period, the Group signed a contract to research on and develop an application for an online learning platform, financial software and related information technology system and solution, and information systems for housing on behalf of an information technology solution provider for the period from 15 October 2019 to 14 October 2020. The information systems for housing include those for a user's application management, property management and leasing management.

4. Supply, installation and testing of surveillance cameras as part of a security system

The Company's another wholly-owned subsidiary, Shenzhen YBDS IT Co., Ltd. (深圳市韻博信息科技有限公司) ("Shenzhen YBDS") supplied, installed and tested surveillance cameras as part of a security system on behalf of a company that develops and trades in security alarms, security cameras and home surveillance equipment, and other electronic products during the Reporting Period.

5. Development and implementation of a platform for electronically signing, managing and auditing contracts

In January 2020, CITIC Cyber Security signed a contract to develop and implement on behalf of a PRC-based bank a platform for signing, managing and auditing contracts electronically. The contract was completed in March 2021. It also signed a contract in March 2020 to supply information technology equipment to that bank to enable the said platform and it had finished the contract during the first quarter ended 30 June 2020.

6. Conducting information verification for other companies

During the third quarter of the Reporting Period ended 31 December 2020, CITIC Cyber Security signed two separate contracts to conduct information verification for a securities brokerage and a certificate authority through websites, application programming interface (API) or terminals. Previously, it signed an agreement with a Shenzhen-based information technology system developer in June 2020 to conduct information verification on behalf of a mainland China-based full-service investment banking enterprise.

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

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

PROSPECT

The Group will continue its two-pronged strategy for business development. On one hand, it will further the development of its majority-owned internet electronic identity authentication firm CITIC Cyber Security as part of its business diversification drive. The move not only can broaden the Group's income stream to help it ride out the difficult operating environment but also enables it to take advantage of China's booming digital economy to a greater extent. On the other hand, the Group will continue to cooperate with various types of businesses in constructing an ecosystem of online/offline digital payments in which comprehensive, online shopping platforms are connected to digital payment systems for public utilities with a technology for unified communications.

The rapid advancement of information and communications technology has contributed to the boom in China's digital economy and has given rise to countless possibilities for many sectors and industries. Financial technology and China's national digital currency DCEP (Digital Currency Electronic Payment) in particular are cases in point. To support the country's ongoing industrial upgrading and transformation, the Chinese government is committed to building a new type of infrastructure for such industries as information technology and telecommunications. The upgraded infrastructure will also serve to facilitate the further development of the market for online/offline payment which, in turn, will also generate more demand for internet electronic identity authentication. The latter can help prevent the leakage of personal data and the theft of personal identity in online transactions and payments. Therefore, there is synergy between the Group's internet electronic identity authentication business and its mainstay business of developing systems and solutions for online/offline digital payment.

The Group will cooperate closely with China's three major telecommunications carriers, namely China Mobile Group, China Unicom Group and China Telecom Corporation, and leverage their huge telecommunications networks, well-developed telecommunications infrastructure, immense sales channels and extensive market coverage to provide digital solutions for financial institutions, government departments and enterprises. It will also render digital services such as information verification, electronic signature and transaction security as part of digital solutions to both the public and enterprises. Such services can, for example, make transportation more convenient and enhance financial transaction security. The Group will further develop the digital technology business with the aim of increasing its revenue and profit.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The Company raised net proceeds of approximately HK\$100 million through a subscription (the “**Subscription**”) on 5 August 2013 by issuing 450,000,000 ordinary shares of the Company at a subscription price of HK\$0.225 per ordinary share of the Company to Happy On. 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 (i) paying and contributing to the registered capital, increased registered capital and further investment in Guangzhou YBDS and Beijing YBDS IT Co., Ltd.* (北京韻博港信息科技有限公司) (“**Beijing YBDS**”), the two indirect wholly-owned subsidiaries of the Company, especially for Beijing YBDS in order to meet the minimum capital threshold requirement when submitting bids for the proposed projects offered by relevant telecommunications service providers in the PRC; and (ii) general working capital of the Company.

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

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

FINANCIAL REVIEW

During the Reporting Period, the Group recorded a revenue of approximately HK\$41,242,000, representing an increase of approximately 55% when compared with that in the Previous Period of approximately HK\$26,556,000.

Profit attributable to owners of the Company for the Reporting Period was approximately HK\$16,703,000 compared with loss attributable to owners of the Company of approximately HK\$26,710,000 for the Previous Period.

SEGMENTAL INFORMATION

Business segments

During the Reporting Period, when compared with the Previous Period, revenue generated from hardware sales increased by approximately 44%, while revenue from services increased by approximately 68%.

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 (Previous Period: nil).

FINANCIAL RESOURCES AND LIQUIDITY

As at 31 March 2021, the shareholders' funds of the Group amounted to approximately HK\$28,413,000. Current assets were approximately HK\$56,525,000, mainly comprised of cash and cash equivalents of approximately HK\$18,847,000, financial assets at fair value through profit or loss of approximately HK\$28,623,000 and trade and other receivables of approximately HK\$8,830,000. Current liabilities mainly comprised trade and other payables of approximately HK\$34,349,000. The net asset value per share was approximately HK\$0.018. The Group's gearing ratio, expressed as a percentage of bank borrowings and long term debts over total equity, was nil. The liquidity ratio of the Group, determined as a ratio of current assets over current liabilities, was 1.54:1 (as at 31 March 2020: 0.8:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CONTINGENT LIABILITIES

At the end of the Reporting Period, contingent liabilities not provided for in the consolidated financial statements are set out as follows:

| | 2021 <i>HK\$'000</i> | 2020 <i>HK\$'000</i> |
|---|-------------------------|-------------------------|
| Accrued interests on late settlement of litigation claims | — | 6,253 |

On 1 April 2018, a former subsidiary of the Company, Beijing Huaqin was involved in material litigation that a supplier of Beijing Huaqin filed a litigation with Shanghai Municipal Intermediate People's Court No. 1 (the "**Court**") against Beijing Huaqin for compensation on default in payment due to the disagreement of the goods' quantity delivered.

On 31 May 2018, the Court ordered Beijing Huaqin to repay the alleged amount involved in the litigation in respect of the default payment for the supply of goods. As at 31 March 2020, an amount of approximately RMB49,721,000 (equivalent to approximately HK\$54,355,000) was recorded in liabilities associated with assets classified as held for sale (Please refer to note 13).

During the Previous Period, the Group has not yet fully settled the alleged amounts. As at 31 March 2020, the amount of accrued interests on delayed settlement of the remaining alleged amount was approximately RMB5,720,000 (equivalent to approximately HK\$6,253,000).

As at 31 March 2021, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2021 and 2020, the Group had no charges on the Group's assets.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2021, the Group had 27 employees (including 6 Directors). (31 March 2020: 45 employees (including 5 Directors)). The total remuneration paid to employees, including Directors, for the Reporting Period was approximately HK\$10,120,000 (Previous Period: HK\$16,942,000). 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

Save as disclosed in the "Prospect" section above, the Group had no significant investments during the Reporting Period.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions (the "**Code Provisions**") in the Corporate Governance Code and Corporate Governance Report (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 Reporting Period 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 an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

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

Code Provision A.2.1

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

The executive Directors, namely, Mr. Cai Dan, Mr. Wang Xiaoqi and Mr. Ho Yeung focus on evaluating new potential business and investment opportunities and formulating and implementing business strategies to enhance the revenue and growth potential of the Company. Hence, a new chairman and chief executive officer will not be appointed until suitable candidates have been identified for such purpose.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

AUDIT COMMITTEE

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

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

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

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

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

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

SCOPE OF WORK OF PRISM CPA LIMITED

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

By order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Director

Hong Kong, 11 June 2021

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

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

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

* For identification purpose only