

# Quantum Thinking Limited

量子思維有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

## FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 30 JUNE 2022

### CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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**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.**

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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.*

The board (the “**Board**”) of Directors of the Company hereby presents the unaudited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the three months ended 30 June 2022 (the “**Reporting Period**”) together with the unaudited comparative figures for the corresponding period in 2021 (the “**Corresponding Period**” or “**2021**”) as follows:

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)**

*For the three months ended 30 June 2022*

		<b>Three months ended</b>	
		<b>30 June</b>	
		<b>2022</b>	2021
		<b>HK\$'000</b>	HK\$'000
	<i>Note</i>	<b>(unaudited)</b>	(unaudited)
<b>Revenue</b>	3	<b>5,165</b>	9,783
Cost of sales and services		<u>(4,387)</u>	<u>(8,897)</u>
<b>Gross profit</b>		<b>778</b>	886
Other income	4	<b>298</b>	846
Administrative expenses		<b>(4,438)</b>	(7,690)
Finance costs		<u>(252)</u>	<u>(37)</u>
<b>Loss before income tax</b>		<b>(3,614)</b>	(5,995)
Income tax expense	5	<u>–</u>	<u>–</u>
<b>Loss for the period</b>		<u><b>(3,614)</b></u>	<u>(5,995)</u>
<b>Other comprehensive income</b>			
<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>161</u>	<u>70</u>
<b>Other comprehensive income for the period, net of tax</b>		<u>161</u>	<u>70</u>
<b>Total comprehensive expense for the period, net of tax</b>		<u><b>(3,453)</b></u>	<u>(5,925)</u>

		<b>Three months ended</b>	
		<b>30 June</b>	
		2022	2021
		<i>HK\$'000</i>	<i>HK\$'000</i>
	<i>Note</i>	<b>(unaudited)</b>	<b>(unaudited)</b>
<b>Loss for the period attributable to:</b>			
Owners of the Company		(3,168)	(5,105)
Non-controlling interests		(446)	(890)
		<u>(3,614)</u>	<u>(5,995)</u>
<b>Total comprehensive expense for the period attributable to:</b>			
Owners of the Company		(3,394)	(4,986)
Non-controlling interests		(59)	(939)
		<u>(3,453)</u>	<u>(5,925)</u>
<b>Loss per share attributable to the owners of the Company:</b>			
— Basic (in HK cents)	6	<u>(0.23)</u>	<u>(0.38)</u>
— Basic (in HK cents)	6	<u>(0.23)</u>	<u>(0.38)</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*For the three months ended 30 June 2022*

	Attributable to owners of the Company				Total	Non- controlling interests	Total
	Share capital	Share premium	Translation reserve	Accumulated losses			
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)	(unaudited)
1 April 2021	135,625	99,935	(5,630)	(201,517)	28,413	(3,521)	24,892
<b>Comprehensive expense</b>							
Loss for the period	-	-	-	(5,105)	(5,105)	(890)	(5,995)
<b>Other comprehensive expense</b>							
Exchange differences arising on translation of foreign operations	-	-	119	-	119	(49)	70
<b>Total comprehensive income/ (expense) for the period</b>	-	-	119	(5,105)	(4,986)	(939)	(5,925)
<b>Transaction with owners:</b>							
Acquisition of a subsidiary	-	-	-	-	-	(216)	(216)
<b>Total transaction with owners</b>	-	-	-	-	-	(216)	(216)
<b>As at 30 June 2021</b>	<u>135,625</u>	<u>99,935</u>	<u>(5,511)</u>	<u>(206,622)</u>	<u>23,427</u>	<u>(4,676)</u>	<u>18,751</u>
As at 31 March 2022 and 1 April 2022	<u>135,625</u>	<u>99,935</u>	<u>(5,147)</u>	<u>(219,706)</u>	<u>10,707</u>	<u>(7,456)</u>	<u>3,251</u>
<b>Comprehensive expense</b>							
Loss for the period	-	-	-	(3,168)	(3,168)	(446)	(3,614)
<b>Other comprehensive expense</b>							
Exchange differences arising on translation of foreign operations	-	-	(226)	-	(226)	387	161
<b>Total comprehensive expense for the period</b>	-	-	(226)	(3,168)	(3,394)	(59)	(3,453)
<b>As at 30 June 2022</b>	<u>135,625</u>	<u>99,935</u>	<u>(5,373)</u>	<u>(222,874)</u>	<u>7,313</u>	<u>(7,515)</u>	<u>(202)</u>

## NOTES:

### 1. GENERAL INFORMATION

Quantum Thinking 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 Room 1403, 14/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.

The Company’s shares are listed on 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 trading of hardware products.

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

### 2. BASIS OF PREPARATION

The unaudited condensed consolidated financial information of the Group for the three months ended 30 June 2022 (the “**Condensed Financial Report**”) has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The Condensed Financial Report should be read in conjunction with the annual financial statements of the Company for the year ended 31 March 2022 (the “**2022 Annual Financial Statements**”). The principal accounting policies used in the Condensed Financial Report are consistent with those adopted in the 2022 Annual Financial Statements, except for the adoption of the new or amended HKFRSs which are relevant to and effective for the Group’s financial statements for the annual period beginning on 1 April 2022.

The adoption of the new and revised HKFRSs has had no significant effect on these unaudited condensed consolidated financial statements for the three months ended 30 June 2022 and there have been no significant changes to the accounting policies applied in these unaudited condensed consolidated financial statements for the three months ended 30 June 2022.

The Group has not applied any new and revised standards, amendments or interpretations that have been issued but are not yet effective. The Group is currently assessing the impact of the adoption of such new and revised standards, amendments or interpretations to the Group but is yet to be in a position to state whether they would have any material financial impact on the Group’s results of operations and financial position.

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

The unaudited condensed consolidated financial statements have not been audited by the Company’s auditor, but have been reviewed by the audit committee of the Company.

### 3. REVENUE

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

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

	Three months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
<b>Revenue:</b>		
Hardware	1,039	4,803
Services		
— System development	3,565	4,508
— Consultancy	561	472
	<u>5,165</u>	<u>9,783</u>

### 4. OTHER INCOME

	Three months ended	
	30 June	
	2022	2021
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Interest income from bank deposits	3	2
Investment income from financial assets designated as at FVTPL	93	240
Government grants ( <i>note</i> )	80	576
Others	122	28
	<u>298</u>	<u>846</u>

*Note:* The amount represented the government grants received from the People's Republic of China (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 period as the Group fulfilled all the relevant granting criteria.

## 5. INCOME TAX EXPENSE

No provision for Hong Kong profits tax has been made for the three months ended 30 June 2022 as the Group had incurred losses for taxation purpose (three months ended 30 June 2021: Nil as the Group had incurred losses for taxation purpose). No PRC enterprise income tax has been provided for the three months ended 30 June 2022 and 2021 as the Group has incurred losses for taxation purposes.

	<b>Three months ended</b>	
	<b>30 June</b>	
	<b>2022</b>	<b>2021</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
	<b>(unaudited)</b>	<b>(unaudited)</b>
Current period	—	—
	—	—
	<u>—</u>	<u>—</u>

Deferred tax has not been provided for the Group because the Group had no material temporary differences as at 30 June 2022 (30 June 2021: Nil).

## 6. LOSS PER SHARE

Basic loss per share is calculated by dividing the loss attributable to owners of the Company for the Reporting Period of approximately HK\$3,168,000 (three months ended 30 June 2021: loss of HK\$5,105,000) by the weighted average number of 1,356,250,000 (30 June 2021: 1,356,250,000) ordinary shares in issue during the period.

Diluted loss per share for the three months ended 30 June 2022 and 2021 equals to the basic loss per share as the Group had no potential ordinary shares in issue.

## 7. DIVIDEND

The Board does not recommend the payment of any dividend in respect of the three months ended 30 June 2022 (three months ended 30 June 2021: Nil).

## 8. ACQUISITION OF A SUBSIDIARY

On 18 June 2021, an indirect non-wholly owned subsidiary of the Company, Shenzhen CITIC Cyber Security Authentication Co., Ltd. (深圳市中信網安認證有限公司) (“**CITIC Cyber Security**”) entered into a share transfer agreement (as amended and restated by a supplemental agreement dated 22 June 2021) with, among others, an independent third party (the “**Vendor**”), pursuant to which CITIC Cyber Security agreed to acquire, and the Vendor agreed to sell, 70% of the equity interest in Zhongzhisuxun Technology Development Co., Ltd. (中智速訊科技發展有限公司) (“**Zhongzhisuxun Technology Development**”), at the consideration of RMB7,000.

No acquisition-related costs have been recognised as an expense during the Reporting Period within the administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised as at the date of acquisition are as follows:

	<i>HK\$'000</i> (unaudited)
Plant and equipment	3
Deposits and other receivables	1,518
Cash and cash equivalents	14
Other payables	<u>(2,255)</u>
	<u>(720)</u>
Consideration transferred	8
Plus: non-controlling interests (30% in Zhongzhisuxun Technology Development)	(216)
Less: net liabilities acquired	<u>720</u>
Goodwill arising on acquisition	<u>512</u>

The non-controlling interests in Zhongzhisuxun Technology Development recognised at the acquisition date was measured at their proportionate share of net liabilities acquired and amounted to approximately HK\$216,000.

### Net cash inflow on acquisition of Zhongzhisuxun Technology Development

	<i>HK\$'000</i> (unaudited)
Cash paid on acquisition	(8)
Cash and cash equivalent balances acquired	<u>14</u>
	<u><u>6</u></u>

On 28 February 2022, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group for the disposal of entire equity interest in Zhongzhisuxun Technology Development, an indirectly non-wholly owned subsidiary of the Company, at a cash consideration of RMB1 (equivalent to HK\$1).



## REVIEW AND PROSPECTS

### FINANCIAL REVIEW

During the three months ended 30 June 2022 (the “**Reporting Period**”), Quantum Thinking Limited (the “**Company**”) and its subsidiaries (together with the Company, the “**Group**”) recorded a revenue of approximately HK\$5,165,000, representing a decrease of approximately 47% when compared with approximately HK\$9,783,000 for the corresponding period last year (the “**Corresponding Period**”). Loss before income tax of the Group for the Reporting Period was approximately HK\$3,614,000, representing a decrease of approximately 40% when compared with approximately HK\$5,995,000 for the Corresponding Period. Loss attributable to owners of the Company for the Reporting Period was approximately HK\$3,168,000, representing a decrease of approximately 38% when compared with approximately HK\$5,105,000 for the Corresponding Period.

### INDUSTRY OVERVIEW

For the Reporting Period, the information system solution industry in the People’s Republic of China (the “**PRC**” or “**China**”) was mired in a difficult and volatile business environment. The massive resurgence of the novel coronavirus pneumonia pandemic in late February and March of 2022 in the country and the ongoing Sino-United States trade conflicts combined to dampen the PRC’s economic growth and delayed both the projects undertaken by the information system solution providers and negotiations over the contracts for such projects in China. Many information system solution projects were even scaled down.

Moreover, the Chinese government tightened its regulation of the online/offline digital payment services as it piloted the digital renminbi (or Digital Currency Electronic Payment which is abbreviated as DCEP and 數字貨幣電子支付 in Chinese). This affected the industry which is related to such services.

However, the pandemic has sped up the trend towards the digitalization of businesses and thus benefitted certain sectors of China’s information system solution industry. For instance, electronic signature, as a technology that is an integral part of the digitalization of China’s economy, gained traction. iiMedia Research, a data mining and analysis organization for new economy industries, predicted that China’s electronic signature market would grow from RMB15.28 billion in 2021 to RMB21.71 billion in 2022 and RMB40.42 billion in 2024 (Source: “電子簽名行業數據分析：2022年中國電子簽名市場規模預計將達217.1億元” posted on iiMedia Research’s website iiMedia.cn on 14 February 2022).

Artificial intelligence (“**AI**”) and robotic process automation (“**RPA**”) were other industries that also thrived amid the pandemic, which caused labour shortage and thus a rise in wages.

## BUSINESS REVIEW

It was against the backdrop of the raging pandemic, economic slowdown and the protracted Sino-United States trade conflicts that the Group persevered with business transformation and diversification. It is pursuing a two-pronged business strategy of fostering both the back-end and front-end businesses of information technology software and system development.

During the Reporting Period, it continued building up its business of back-end information technology software and system development such as that for information verification. It was also diversifying into AI services and solutions and robotic process automation.

For instance, during the fourth quarter of the previous financial year ended 31 March 2022 (the “**previous financial year**”), the Company’s 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**”) signed a contract to build an infrastructure for real-name system management based on eCitizen digital identity verification technology for a technology development company. CITIC Cyber Security will provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support. A wholly-owned subsidiary of CITIC Cyber Security signed an agreement to authorize a website of a technology company that builds a smart city to replicate digitally, issue and disseminate on information network the video content of an education course. That wholly-owned subsidiary of CITIC Cyber Security also signed a contract to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for a culture industry company.

During the third quarter of the previous financial year, CITIC Cyber Security signed separate contracts to design a total solution and system for AI-based recognition and facial recognition system for an automated fare collection system of a metro company in China on behalf of a robotics and industrial automation device company, to conduct overhauls and tests of the cyber security of a corporate cultural exchange organizing and corporate management consulting company and to provide cyber security services for it. CITIC Cyber Security also signed separate contracts to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for an equity exchange and a property development and management firm. It also undertook a project of testing software on behalf of a technology company.

CITIC Cyber Security had earlier entered into an agreement dated 30 September 2020 to form a digital technology joint venture company with China’s three major telecommunications carriers and a wholly-owned subsidiary of a state-owned public security technology company (For further details, please refer to the Company’s announcement dated 10 February 2021 and circular dated 26 May 2021 published on the website of Hong Kong Exchanges and Clearing Limited). The joint venture company will provide financial institutions, government departments and enterprises with digital solutions for cyber security. As at 30 June 2022, the joint venture company has not yet been established.

For CITIC Cyber Security, these breakthroughs in business development are built on its past achievements as it had already undertaken projects to apply eCitizen (or “e公民” in Chinese, which is its proprietary product for electronic identity authentication that enables users of services to safely log in, sign digitally and have their personal data protected in online transactions) to some banks’ financial services and electronic signature and to conduct information verification for other companies.

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

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 engaged in during the Reporting 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; and designing mobile web pages for marketing on behalf of an information technology firm and its client as an end-user and providing technical support for them in running such web pages.

Meanwhile, it is also preparing to develop a business of front-end information technology software and system development such as that for wearable devices. The front-end business will enable the Group to build its brand in the end-user market and thus create its brand awareness.

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

CITIC Cyber Security subleased co-working spaces of an office building in Shenzhen to mainly financial technology start-ups. The office rental is bundled with its information technology services and some office administration services. During the Reporting Period, the maximum number of tenants was 40.

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

CITIC Cyber Security developed and implemented on behalf of a PRC-based bank a platform for signing, managing and auditing contracts electronically. The contract was nearly completed during the Reporting Period.

**3. Conducting information verification for other companies**

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

**4. 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 during the Reporting Period.

**5. Provision, installation, operation and maintenance of intelligent bookcases**

During the financial year ended 31 March 2022, CITIC Cyber Security and its wholly-owned subsidiary signed three separate contracts to provide, install, operate and maintain intelligent bookcases that serve as automatic libraries of both print books and digital reading materials for an equity exchange, a property development and management firm and a culture industry company.

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

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

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

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

## 8. Designing mobile web pages for marketing

In June 2022, the Company's wholly-owned subsidiary, Shenzhen YBDS IT Co., Ltd. (深圳市韻博信息科技有限公司) signed a contract to design mobile web pages for marketing on behalf of an information technology firm and its client as an end-user and to provide technical support for them in running such web pages for the client's marketing campaigns.

## PROSPECT

The volatile pandemic and the United States of America's continued sanctions against certain Chinese technology companies will still cast uncertainty over the prospect of China's information system solution industry.

To get through the difficult business environment, the Group will press ahead with its business transformation and diversification. For instance, it has been building up its businesses of internet electronic identity authentication, electronic signature and AI services and solutions. Such moves are aimed at capitalizing on China's flourishing digital economy and the growing trends towards digitalization and automation among businesses.

During the previous financial year, Shenzhen YBDS IT Co., Ltd. signed a framework agreement to provide training in and consultancy on RPA for a software and information technology service company. Such training in and consultancy on RPA will enable a leading telecommunications company to provide some AI-based customer services such as answering customer enquiries about outstanding fees and unused quota of data transmission without involving any manpower. Such AI services and solutions not only can replace manual workers in simple and routine jobs and thus can relieve the pressure of the rising labour cost, but also can lay the foundation of big data analytics, which can help companies to promote certain new services or products among target customers.

In addition to the business of back-end information technology software and system development, the Group is also preparing to start a business of front-end information technology software and system development such as that for wearable devices. The front-end business will enable the Group to build its brand in the end-user market and thus create its brand awareness.

Such initiatives not only can broaden the income stream to help the Group overcome the difficult business environment but also can add impetus to the Group's business development for the long term.

## LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

As stipulated in the circular of the Company dated 11 July 2013, such proceeds were to be applied in (i) paying and contributing to the registered capital, increased registered capital and further investment in Guangzhou YBDS IT Co., Ltd.\* (廣州韻博信息科技有限公司) (“**Guangzhou YBDS**”) and Beijing YBDS IT Co., Ltd.\* (北京韻博港信息科技有限公司) (“**Beijing YBDS**”), the 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 Payment Technology Group Company Limited on 23 December 2014, a holding company that owns a subsidiary with the aforesaid threshold requirement for bids submission, Beijing YBDS was no longer needed and had been deregistered on 17 June 2016. As stated in the announcement dated 23 December 2014, the part of proceeds of approximately HK\$45.5 million originally earmarked for Beijing YBDS’ 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.

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

As at 30 June 2022, (i) Mr. Wang Xiaoqi is interested in 382,000 ordinary shares of the Company, representing approximately 0.028% of the total number of ordinary shares of the Company; (ii) Mr. Ho Yeung is interested in 18,083,500 ordinary shares of the Company, representing approximately 1.333% of the total number of ordinary shares of the Company; (iii) Mr. Cai Dan is interested in 682,000 ordinary shares of the Company, representing approximately 0.05% of the total number of ordinary shares of the Company. Save as disclosed above, as at 30 June 2022, none of the other directors of the Company (the “**Directors**”) or their respective associates and the chief executive of the Company had any interests or short positions in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong (the “**SFO**”)) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by directors of the Company as referred to in Rule 5.46 of the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “**GEM Listing Rules**”).

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

As at 30 June 2022, so far as the Directors are aware of and having made due enquires, the following persons (not being a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of shareholder	Capacity	Number of issued ordinary shares held <i>(Note 2)</i>	Approximate percentage of issued share capital as at 30 June 2022 <i>(Note 3)</i>
Happy On <i>(Note 1)</i>	Beneficial owner	987,888,771 (L)	72.83%
Mr. Chan Foo Wing ("Mr. Chan") <i>(Note 1)</i>	Interest in a controlled corporation	987,888,771 (L)	72.83%

*Notes:*

- As Mr. Chan is the ultimate beneficial owner and the sole director of Happy On, by virtue of the SFO, Mr. Chan is deemed to be interested in the 987,888,771 shares held by Happy On.
- "L" means long positions in the shares.
- Based on 1,356,250,000 shares of the Company in issue as at 30 June 2022.

Save as disclosed above, as at 30 June 2022, so far as the Directors are aware of and having made due enquiries, there were no other persons (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO and/or were directly or indirectly interested in 5% or more of the issued share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

## DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

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

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

Neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the Reporting Period.

## **DIRECTORS' INTEREST IN COMPETING BUSINESS**

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

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and the code of conduct regarding securities transactions by Directors adopted by the Company throughout the 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 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 unaudited consolidated results of the Group for the Reporting Period have been reviewed by the Audit Committee.

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

Hong Kong, 11 August 2022



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

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

*This announcement will remain on the “Latest Listed Company Information” page of the GEM website at [www.hkgem.com](http://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*