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 2023

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FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2023

The board (the "**Board**") of Directors hereby presents the consolidated results of the Company and its subsidiaries (collectively the "**Group**") for the year ended 31 March 2023 (the "**Reporting Period**"), together with the comparative figures for the year ended 31 March 2022 (the "**Previous Period**"), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023

	Notes	**2023** ***HK$'000***	2022 *HK$'000*
Revenue	*3*	**18,290**	32,800
Cost of sales		**(16,470)**	(28,921)
Gross profit		**1,820**	3,879
Other income	*4*	**1,593**	2,416
Gain on disposal of subsidiaries	*13*	**–**	233
Distribution costs		**(48)**	(217)
Administrative expenses		**(18,812)**	(26,251)
Impairment loss on financial assets		**(427)**	(878)
Finance costs	*5*	**(966)**	(1,102)
Loss before taxation		**(16,840)**	(21,920)
Income tax credit	*6*	**–**	5
Loss for the year	*7*	**(16,840)**	(21,915)
Loss for the year attributable to:			
Owners of the Company		**(10,108)**	(18,189)
Non-controlling interests		**(6,732)**	(3,726)
		(16,840)	(21,915)

	Notes	**2023** *HK$'000*	2022 *HK$'000*
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**216**	247
Other comprehensive income for the year		**216**	247
Total comprehensive expense for the year		**(16,624)**	(21,668)
Total comprehensive expense for the year attributable to:			
Owners of the Company		**(10,461)**	(17,719)
Non-controlling interests		**(6,163)**	(3,949)
		(16,624)	(21,668)
Loss per share attributable to the owners of the Company			
Basic and diluted (HK cents)	*9*	**(0.75)**	(1.34)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2023

	Notes	2023 HK$'000	2022 HK$'000
Non-current assets			
Plant and equipment		**345**	1,503
Right-of-use assets		**1,631**	1,374
Intangible assets		**1**	14
Goodwill		**–**	–
Total non-current assets		**1,977**	2,891
Current assets			
Trade and other receivables	*10*	**20,105**	23,870
Contract assets		**246**	574
Financial assets at fair value through profit or loss		**8,210**	22,894
Bank balances and cash		**3,493**	7,978
		32,054	55,316
Assets classified as held for sale	*14*	**602**	–
Total current assets		**32,656**	55,316
Current liabilities			
Trade and other payables	*11*	**20,760**	53,503
Lease liabilities		**790**	1,355
Contract liabilities		**–**	–
Financial liabilities at fair value through profit or loss		**–**	–
Income tax payable		**16**	18
		21,566	54,876
Liabilities associated with assets classified as held for sale	*14*	**25,629**	–
Total current liabilities		**47,195**	54,876
Net current (liabilities)/assets		**(14,539)**	440
Total assets less current liabilities		**(12,562)**	3,331

	2023	2022
	HK$'000	*HK$'000*
Non-current liabilities		
Lease liabilities	**811**	80
Net (liabilities)/assets	**(13,373)**	3,251
Equity		
Share capital	**135,625**	135,625
Reserves	**(135,379)**	(124,918)
Equity attributable to owners of the Company	**246**	10,707
Non-controlling interests	**(13,619)**	(7,456)
(Capital deficiency)/total equity	**(13,373)**	3,251

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Company						
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Translation reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total** *HK$'000*
At 1 April 2022	**135,625**	**99,935**	**(5,147)**	**(219,706)**	**10,707**	**(7,456)**	**3,251**
Loss for the year	**–**	**–**	**–**	**(10,108)**	**(10,108)**	**(6,732)**	**(16,840)**
Other comprehensive (expense)/income							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	**–**	**–**	**(353)**	**–**	**(353)**	**569**	**216**
Total comprehensive expense for the year	**–**	**–**	**(353)**	**(10,108)**	**(10,461)**	**(6,163)**	**(16,624)**
At 31 March 2023	**135,625**	**99,935**	**(5,500)**	**(229,814)**	**246**	**(13,619)**	**(13,373)**

	Attributable to owners of the Company						
	Share capital *HK$'000*	Share premium *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-controlling interests *HK$'000*	Total *HK$'000*
At 1 April 2021	135,625	99,935	(5,630)	(201,517)	28,413	(3,521)	24,892
Loss for the year	–	–	–	(18,189)	(18,189)	(3,726)	(21,915)
Other comprehensive income/(expense)							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	–	–	470	–	470	(223)	247
Total comprehensive income/(expense) for the year	–	–	470	(18,189)	(17,719)	(3,949)	(21,668)
Acquisition of a subsidiary *(note 12)*	–	–	–	–	–	(460)	(460)
Disposal of subsidiary *(note 13)*	–	–	13	–	13	474	487
At 31 March 2022	135,625	99,935	(5,147)	(219,706)	10,707	(7,456)	3,251

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. GENERAL INFORMATION

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

The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The address of the principal place of business of the Company was situated at Room 1403, 14/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong and has changed to Room 1308, 13/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong on 1 March 2023.

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

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

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 following amendments to HKFRSs, issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") where are effective for the Group's financial year beginning 1 April 2022:

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018–2020 cycle

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

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 17 (including the October 2020 and February 2022 amendments to HKFRS 17)	Insurance Contracts and related Amendments[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and the related amendments to Hong Kong Interpretation 5 (2020) Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimate[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023
2 Effective for annual periods beginning on or after 1 January 2024
3 Effective for annual periods beginning on or after a date to be determined.

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

3. 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:

	2023	2022
	HK$'000	*HK$'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— Services		
• System development	**14,418**	15,118
• Consultancy	**994**	2,676
— Sales of hardware	**2,878**	15,006
	18,290	32,800

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

For the year ended 31 March 2023	**Services** *HK$'000*	**Sales of hardware** *HK$'000*	**Total** *HK$'000*
Timing of revenue recognition			
At a point in time	**–**	**2,878**	**2,878**
Over time	**15,412**	**–**	**15,412**
	15,412	**2,878**	**18,290**

For the year ended 31 March 2022	Services *HK$'000*	Sales of hardware *HK$'000*	Total *HK$'000*
Timing of revenue recognition			
At a point in time	–	15,006	15,006
Over time	17,794	–	17,794
	17,794	15,006	32,800

Transaction price allocated to the remaining performance obligations

As at 31 March 2023, the aggregate amount of transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) is HK$nil (2022: HK$146,000). 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 2023

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

For the year ended 31 March 2022

	Services *HK$'000*	Sales of hardware *HK$'000*	Total *HK$'000*
Segment revenue	17,794	15,006	32,800
Segment loss	(5,967)	(2,156)	(8,123)
Unallocated income			1,447
Unallocated corporate expenses			(13,701)
Unallocated finance costs			(1,047)
Impairment loss on other receivables			(496)
Loss before taxation			(21,920)

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

Segment assets and liabilities

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

Segment assets

	2023	2022
	HK$'000	*HK$'000*
Services	**14,112**	13,562
Sales of hardware	**2,101**	10,138
Total segment assets	**16,213**	23,700
Assets classified as held for sale	**602**	–
Corporate and other assets	**17,818**	34,507
Total assets	**34,633**	58,207

Segment liabilities

	2023	2022
	HK$'000	*HK$'000*
Services	**13,631**	11,621
Sales of hardware	**610**	8,468
Total segment liabilities	**14,241**	20,089
Liabilities associated with assets classified as held for sale	**25,629**	–
Corporate and other liabilities	**8,136**	34,867
Total liabilities	**48,006**	54,956

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 2023

	Services *HK$'000*	**Sales of hardware** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Amounts include in the measure of segment loss or segment assets:				
Addition to non-current assets *(Note)*	**370**	**88**	**1,560**	**2,018**
Depreciation and amortisation	**1,125**	**267**	**1,061**	**2,453**
Impairment loss on trade receivables	**29**	**–**	**–**	**29**
Impairment loss on other receivables	**–**	**–**	**398**	**398**
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:				
Interest income	**–**	**–**	**(29)**	**(29)**
Finance costs	**6**	**2**	**958**	**966**

For the year ended 31 March 2022

	Services *HK$'000*	Sale of hardware *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts include in the measure of segment loss or segment assets:				
Addition to non-current assets *(Note)*	17	–	3	20
Depreciation and amortisation	3,396	518	687	4,601
Impairment loss on trade receivables	218	158	–	376
Impairment loss on other receivables	–	–	496	496
Impairment loss on contract assets	6	–	–	6
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	–	–	(10)	(10)
Finance costs	53	2	1,047	1,102
Income tax credit	–	–	(5)	(5)

Note: Non-current assets excluded goodwill for the years ended 31 March 2023 and 2022.

Geographical information

During the years ended 31 March 2023 and 2022, 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:

	2023	2022
	HK$'000	HK$'000
Company A[1]	**14,298**	11,286
Company B[2]	**N/A[3]**	8,599
Company C[2]	**N/A[3]**	6,227

1 Revenue from services segment.
2 Revenue from sales of hardware segment.
3 Revenue from relevant customers was less than 10% of the Group's total revenue for the respective year.

4. OTHER INCOME

	2023	2022
	HK$'000	*HK$'000*
Interest income from bank deposits	**29**	10
Investment income from financial assets designated as at FVTPL	**425**	701
Income from waived of lease repayment	**435**	140
Government grants *(note)*	**120**	969
Gain on disposal of plant and equipment	**534**	–
Others	**50**	596
	1,593	2,416

Note: Government grants mainly included subsidy under the Employment Support Scheme. During the year ended 31 March 2023, the Group successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the Government of Hong Kong Special Administrative Region.

During the year ended 31 March 2022, included in the government grants are recognised government grant of approximately HK$969,000 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.

5. FINANCE COSTS

	2023	2022
	HK$'000	*HK$'000*
Interest on late settlement of litigation claims	**922**	976
Interests on lease liabilities	**44**	126
	966	1,102

6. INCOME TAX CREDIT

	2023	2022
	HK$'000	*HK$'000*
Over provision in prior years:		
PRC Enterprises Income Tax ("**EIT**")	**–**	5

Notes:

(a) No Hong Kong Profits Tax has been provided for the years ended 31 March 2023 and 2022 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.

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

	2023	2022
	HK$'000	*HK$'000*
Loss before taxation	**(16,840)**	(21,920)
Tax at the domestic income tax rate of 16.5% (2022: 16.5%)	**(2,779)**	(3,617)
Tax effect of expenses not deductible for tax purposes	**161**	34
Tax effect of income not taxable for tax purposes	**(195)**	(457)
Tax effect of tax losses not recognised	**7,003**	5,449
Effect of different tax rates of subsidiaries operating in other jurisdictions	**(4,190)**	(1,409)
Over-provision in prior years	**–**	(5)
Income tax credit for the year	**–**	(5)

7. LOSS FOR THE YEAR

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

	2023	2022
	HK$'000	*HK$'000*
Directors' and chief executive's emoluments	**2,804**	3,212
Employee benefit expense (excluding directors' and chief executive's remuneration)		
— Wages and salaries	**3,843**	5,529
— Pension scheme contributions	**528**	717
Total staff costs	**7,175**	9,458
Auditor's remuneration	**510**	550
Depreciation of plant and equipment	**1,023**	2,151
Depreciation of right-of-use assets	**1,417**	2,436
Amortisation of intangible assets	**13**	14
Impairment loss on trade receivables	**29**	376
Impairment loss on other receivables	**398**	496
Impairment loss on contract assets	**–**	6
Gain on disposal of plant and equipment	**(534)**	–
Amount of inventories recognised as an expense	**2,687**	14,210
Lease rentals for office premises *(note i)*	**10**	22
Net exchange loss	**23**	7

Note:

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

8. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2023 and 2022, nor has any dividend been proposed since the end of the reporting period.

9. LOSS PER SHARE

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

	2023	2022
	HK$'000	*HK$'000*
Loss		
Loss for the purpose of basic and diluted loss per share, representing loss for the year attributable to owners of the Company	**(10,108)**	(18,189)

	2023	2022
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share ('000 shares)	**1,356,250**	1,356,250

The dilutive loss per share is equal to the basic loss per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2023 and 2022.

10. TRADE AND OTHER RECEIVABLES

	2023	2022
	HK$'000	*HK$'000*
Receivables at amortised cost comprise:		
Trade receivables	**15,305**	19,069
Less: loss allowance for trade receivables	**(384)**	(383)
	14,921	18,686
Deposits	**1,218**	1,063
Prepayments	**752**	2,602
Loan receivables	**–**	379
Other receivables	**4,200**	1,953
	21,091	24,683
Less: loss allowance for loan and other receivables	**(986)**	(813)
	20,105	23,870

As at 31 March 2023, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK$15,305,000 (2022: HK$19,069,000).

There was approximately impairment loss on trade receivables of HK$29,000 (2022: HK$376,000) recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2023.

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.

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**8,457**	1,972
91 to 180 days	**9**	4,451
181 to 365 days	**6,344**	12,257
Over 365 days	**111**	6
	14,921	18,686

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

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

11. TRADE AND OTHER PAYABLES

	2023	2022
	HK$'000	*HK$'000*
Trade payables	**13,877**	19,275
Accruals	**1,042**	737
Other payables *(note i)*	**5,841**	33,491
	20,760	53,503

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

	2023	2022
	HK$'000	*HK$'000*
Within 90 days	**8,923**	3,392
91 to 180 days	**1**	4,303
181 to 365 days	**4,691**	11,297
Over 365 days	**262**	283
	13,877	19,275

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

Note:

(i) Included in the amount of other payables as at 31 March 2022, approximately RMB21,812,000 (equivalent to HK$26,920,000) represented the amounts due to former subsidiaries of which amounted to approximately RMB4,656,000 (equivalent to HK$5,746,000) related to interest payables to a former subsidiary of the Company, Beijing Huaqin World Technology Company Limited ("**Beijing Huaqin**") 北京華勤天地科技有限公司. The amount is unsecured, interest-free and repayment on demand.

During the year ended 31 March 2023, the amount due to a former subsidiary or interest payables to a former subsidiary of the company were transferred to liabilities associated with assets classified as held for sale (Note 14).

12. ACQUISITION OF A SUBSIDIARY

On 18 June 2021, an indirect non-wholly owned subsidiary of the Company, Shenzhen CITIC Cyber Security Authentication Co., Ltd. ("**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 (equivalent to approximately HK$8,000).

No acquisition-related costs have been recognised as an expense during the year ended 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:

	HK$'000
Plant and equipment	3
Trade and other receivables	2,080
Cash and cash equivalents	14
Trade and other payables	(2,998)
	(901)

	HK$'000
Consideration transferred	8
Plus: non-controlling interests (51% in Zhongzhisuxun Technology Development) *(note)*	(460)
Less: net identified liabilities assumed	901
Goodwill arising from acquisition	449

Note: CITIC Cyber Security held 70% of the equity interest in Zhongzhisuxun Technology Development and hence the Company held a 49% effective interest in Zhongzhisuxun Technology Development. The board of directors of Zhongzhisuxun Technology Development was controlled by the Company. Thus, Zhongzhisuxun Technology Development was the Company's subsidiary.

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$460,000.

Net cash inflow on acquisition of Zhongzhisuxun Technology Development

	HK$'000
Cash paid on acquisition	(8)
Cash and cash equivalent balances acquired	14
	6

13. DISPOSAL OF A SUBSIDIARY

Disposal of Zhongzhisuxun Technology Development

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

	HK$'000
Consideration:	
Other receivables	–*

	HK$'000
Analysis of assets and liabilities over which control was lost:	
Goodwill	449
Trade and other receivables	2,280
Bank balances and cash	12
Trade and other payables	(3,461)
Net liabilities disposed of	(720)

	HK$'000
Gain on disposal of a subsidiary	
Consideration receivable	–*
Net liabilities disposed of	720
Non-controlling interests	(474)
Reclassification of cumulative translation reserve upon disposal of the subsidiary	(13)
	233

	HK$'000
Net cash outflow arising on disposal:	
Cash consideration received	–*
Less: bank balances and cash disposed of	(12)
	(12)

Zhongzhisuxun Technology Development did not contribute significant revenue, profit and cashflows to the Group for the year ended 31 March 2022.

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

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

The Group has entered into a non-legally binding memorandum of understanding ("**MOU**") on 31 May 2023 in relation to the potential disposal of entire share capital of Guangzhou YBDS IT Co., Ltd. (廣州韻博信息科技有限公司) ("**Guangzhou YBDS**"), at a consideration of RMB1 (equivalent to HK$1), to an independent third party. The following assets and liabilities were reclassified as held for sale in relation to Guangzhou YBDS as at 31 March 2023.

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

Note: Included in the amount of other payables as at 31 March 2023, approximately of HK$25,603,000 represented the amount due to an independent third party, Beijing Huaqin. The amount is unsecured, interest-free and repayable on demand.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the light of the tough operating environment caused by slowing economy and exacerbated by the US sanctions against China's technology sector, the Group had already adopted a prudent approach to investment in the research and development of technology and had been shifting the focus of its business to the operation of information technology systems from the development of such systems. This can allow the Group to mitigate the adverse effect of the US government's technology sanction policy on its business and to further develop less labour-intensive businesses. For instance, it started diversifying into the business of value-added services such as short messaging services for businesses in the second half of 2022 and has since been stepping up its efforts to expand that business. It had also been preparing to diversify into a front-end business of selling wearable devices such as smartwatches for children which would be installed with the information technology software and system developed by the Group and would be bundled with the telecommunication services of a major telecom carrier in China. Such moves are part of the Group's ongoing business transformation and diversification which are aimed at tiding itself over the difficult business environment, broadening the income stream and fostering growth drivers. The Group has earlier mapped out a strategy for capitalizing on China's growing digital economy by fostering both the back-end and front-end businesses of information technology software and system development. In the back-end business, the Group kept on running its businesses of information technology software and system development for information verification, AI services and solutions and RPA. Meanwhile, the diversification into the front-end business of selling wearable devices such as smartwatches for children will enable the Group to build its brand in the end-user market and thus create its brand awareness.

The Group has been building up its capability to operate back-end businesses of information technology software and system development for more than five years.

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

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

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.

During the fourth quarter of the previous financial year ended 31 March 2022 (the "**previous financial year**"), 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 would provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support.

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, which were published on the website of Hong Kong Exchanges and Clearing Limited). The joint venture company will provide financial institutions, government departments and enterprises with digital solutions for cyber security. As at 31 March 2023, the joint venture company has not yet been established.

In the Group's other businesses, a wholly-owned subsidiary of CITIC Cyber Security signed an agreement during the fourth quarter of the previous financial year 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; during the second half of the previous financial year, 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 a culture industry company, an equity exchange and a property development and management firm.

During the Reporting Period, the Group also engaged in other businesses that included the supply of electrical and electronic components, namely inductors and master control chips; and designing mobile web pages for marketing on behalf of an information technology firm and its client as an end-user and providing technical support for them in running such web pages. Its business of subleasing co-working spaces of an office building in Shenzhen ceased in October 2022.

1. **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 completed during the Reporting Period.

2. **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.

3. **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.

4. **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. The services were provided during the Reporting Period.

5. **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.

6. **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.

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

PROSPECT

The business environment is expected to remain volatile and complicated amid the uncertainty over the economic growth and escalating geopolitical tensions. To cope with the situation, the Group will maintain its prudent approach to business development and forge ahead with business transformation and diversification.

In 2023, it will step up its effort to expand the business of value-added services such as short-messaging services and to diversify into a front-end business of selling wearable devices such as smartwatches for children that will be installed with the information technology software and system developed by the Group. The Group develops these less-labour intensive businesses so as to exercise a tighter control on operating cost and, at the same time, broaden the income stream.

Following the successful start of its cooperation with an information technology company in providing a multimedia short messaging service for businesses on behalf of a branch of a major telecommunications carrier of China in Guangdong province during the Reporting Period, the Group is going to sign separate contracts with two more information technology companies to provide short-messaging services for businesses through the networks of the country's three major telecommunications carriers.

Meanwhile, the Group is also preparing to begin its front-end business of selling smartwatches for children that can function as handsets for both audio and visual communications, connect to the internet through Wi-Fi and enable the wearers' parents to track them through the global positioning system (GPS). The smartwatches will be bundled with the telecommunication services of a major telecom carrier in China. The Group will be the general agency for the distribution of the smartwatches or provide services that support the operation of such wearable devices as hardware. The front-end business will enable the Group to build its brand in the end-user market and thus create its brand awareness.

The back-end businesses that the Group is running include internet electronic identity authentication, electronic signature and AI services and solutions. Such businesses are aimed at capitalizing on China's booming digital economy and the growing trends towards digitalization and automation among businesses.

During the previous financial year, Shenzhen YBDS 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 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.

All these initiatives not only can expand the income source to help the Group get through the difficult business environment but also can add impetus to its business development for the long term.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

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

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

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

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

During the year ended 31 March 2023, a total amount of approximately HK$18,984,000 of the net proceeds from the Subscription was utilised for the same purposes as previously disclosed in the supplemental announcement of the Company dated 20 February 2023 (the "**Supplemental Announcement**").

As at 31 March 2023, there was an unutilised amount of net proceeds of approximately HK$11,888,000, which was intended to be applied for the proposes as previously disclosed in the Supplemental Announcement (which include new potential projects and general working capital), with the allocation of such unutilised net proceeds being revised in the manner set out below. The expected timeline for the intended use of the unutilised net proceeds is as follows:

	Amount utilised during the year ended 31 March 2023 *HK$'000* *(approximately)*	**Unutilised net proceeds as at 31 March 2023** *HK$'000* *(approximately)*	**Revised allocation of the unutilised net proceeds as at the date of this announcement** *HK$'000* *(approximately)*	**Expected timeline for utilising the unutilised net proceeds**
New potential projects	2,285	7,589	3,428	End of December 2023
General working capital	16,699	4,299	8,460	End of March 2024
Total	18,984	11,888	11,888	

The Company continues to stay prudent in applying the net proceeds from the Subscription and has placed the unutilised net proceeds in interest-bearing deposits with authorised financial institutions or licensed banks. As at the date of this announcement, the Company is yet to identify any suitable new potential projects. In order to use the Group's financial resources in a more beneficial and effective way and to cope with its business and operational needs, the Company has allocated approximately HK$4.2 million of the unutilised net proceeds from the purpose of new potential project to general working capital. The Board estimated that the time for utilising the remaining unutilised net proceeds from the Subscription for new potential projects and general working capital will be by 31 December 2023 and 31 March 2024, respectively. The expected timeline for fully utilising the unutilised net proceeds is based on the best estimations of the future market conditions made by the Group and is subject to change based on the current and future development of the market conditions.

FINANCIAL REVIEW

During the year ended 31 March 2023 (the "**Reporting Period**"), the Group recorded a revenue of approximately HK$18,290,000, representing a decrease of approximately 44% when compared with that in the year ended 31 March 2022 (the "**Previous Period**") of approximately HK$32,800,000.

Loss attributable to owners of the Company for the Reporting Period was approximately HK$10,108,000 as compared with profit attributable to owners of the Company of approximately HK$18,189,000 for the Previous Period.

SEGMENTAL INFORMATION

Business segments

During the Reporting Period, when compared with the Previous Period, revenue generated from hardware sales has decreased by approximately 13%, while revenue from services has decreased by approximately 81%.

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 2023, the shareholders' funds of the Group amounted to approximately HK$246,000. Current assets were approximately HK$32,656,000, mainly comprising cash and cash equivalents of approximately HK$3,493,000, financial assets at fair value through profit or loss of approximately HK$8,210,000 and trade and other receivables of approximately HK$20,105,000. Current liabilities mainly comprised trade and other payables of approximately HK$20,760,000. The net liability value per share was approximately HK$0.01. 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 1.49:1 (as at 31 March 2022: 1.01:1).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

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

CONTINGENT LIABILITIES

As at 31 March 2022 and 2023, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2022 and 2023, the Group had no charges on the Group's asset.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2023, the Group had 29 employees (including 7 Directors, one of which resigned on 31 May 2023). (31 March 2022: 34 employees (including 7 Directors)). The total remuneration paid to employees, including Directors, for the Reporting Period was approximately HK$7,175,000 (Previous Period: HK$9,458,000). Remuneration is determined by reference to market terms and the performance, qualification and experience of each individual employee. Annual year-end double pay is paid based on each individual employee's performance as recognition of and reward for their contributions. Other benefits accruing to the employees include contributions made to statutory mandatory provident fund scheme and a group medical scheme. We also subsidise our employees for pursuing further studies in related fields.

MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

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

SIGNIFICANT INVESTMENT

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

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

The significant investments held by the Group which were classified as financial assets at fair value through other comprehensive income during the year ended 31 March 2023 are as follows:

Name of investment	Cost *(HK$'000)* *(approximately)*	Redemption during the year *(HK$'000)* *(approximately)*	Exchange difference *(HK$'000)* *(approximately)*	Fair value as at 31 March 2023 *(HK$'000)* *(approximately)*	Dividend income during the year *(HK$'000)* *(approximately)*	Percentage to the total assets as at 31 March 2023 *(approximately)*
BOC Rijiyuelei — Daily Plan*	3,162	(1,752)	(225)	1,185	76	3.25%
ICBC Ultra-Short-Term RMB Wealth Management Product with No Fixed Term*	8,081	(3,035)	(247)	4,799	84	13.15%
ICBC Ultra-Short-Term Legal Person RMB Wealth Management Product*	8,125	(7,445)	(223)	457	37	1.25%
ICBC Wealth Management • Legal Person "Tianlibao No. 2" Net Value Wealth Management Product*	3,086	(2,864)	(222)	–	64	–
ICBC Wealth Management • Legal Person "Tianlibao" Net Value Wealth Management Product*	3,140	(2,864)	(221)	55	55	0.15%
CMB Ririxin Wealth Management Plan*	2,864	(1,146)	(4)	1,714	36	4.70%
CMB Dianjin Series Aggressive and Bullish Two-layer Range 31 days Structural Deposit*	1,976	(1,833)	(143)	–	5	–
CMB Dianjin Series Aggressive and Bullish Two-layer Range 36 days Structural Deposit*	2,222	(2,062)	(160)	–	6	–
CMB Dianjin Series Bearish Two-layer Range 68 days Structured Deposit*	2,291	(2,291)	–	–	13	–
CMB Chaozhaojin (multi-active) Wealth Management Plan*	2,062	(2,062)	–	–	4	–
Win-win Zhixin Exchange Rate Linked RMB Structured Deposit 06930*	3,086	(2,864)	(222)	–	46	–
	40,095	(30,218)	(1,667)	8,210	426	

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

CORPORATE GOVERNANCE PRACTICES

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

Code Provision A.1.8 (now rearranged as C.1.8)

Code Provision A.1.8 (now rearranged as C.1.8) stipulates that an issuer should arrange appropriate insurance cover in respect of legal action against its directors.

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

Code Provision A.2.1 (now rearranged as C.2.1)

Code Provision A.2.1 (now rearranged as C.2.1) stipulates that the roles of chairman and chief executive should be separate.

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

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

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

AUDIT COMMITTEE

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

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

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

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

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

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

SCOPE OF WORK OF PRISM HONG KONG AND SHANGHAI LIMITED

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

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

Hong Kong, 13 June 2023

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

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

This announcement will remain on the "Latest Listed Company Information" page of the 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*