

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 2025

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FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2025

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 2025 (the “**Reporting Period**”), together with the comparative figures for the year ended 31 March 2024 (the “**Previous Period**”), as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	<i>4</i>	39,553	16,152
Cost of sales		<u>(38,811)</u>	<u>(15,391)</u>
Gross profit		742	761
Other income	<i>5</i>	6	1,412
Gain on disposal of a subsidiary	<i>14</i>	–	19,286
Distribution costs		(75)	(89)
Administrative expenses		(10,727)	(13,928)
Impairment loss on financial assets		(2,126)	(1,066)
Impairment loss recognised on plant and equipment	<i>11</i>	(60)	–
Impairment loss recognised on right-of-use assets	<i>11</i>	(1,212)	–
Impairment loss recognised on intangible assets	<i>11</i>	(12)	–
Finance costs	<i>6</i>	<u>(103)</u>	<u>(478)</u>
(Loss)/profit before taxation		(13,567)	5,898
Income tax expenses	<i>7</i>	<u>–</u>	<u>–</u>
(Loss)/profit for the year	<i>8</i>	<u>(13,567)</u>	<u>5,898</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(13,410)	6,604
Non-controlling interests		<u>(157)</u>	<u>(706)</u>
		<u>(13,567)</u>	<u>5,898</u>

	<i>Notes</i>	2025 HK\$'000	2024 HK\$'000
Other comprehensive (expenses)/income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		<u>(3)</u>	<u>1,182</u>
Other comprehensive (expenses)/income for the year		<u>(3)</u>	<u>1,182</u>
Total comprehensive (expenses)/income for the year		<u>(13,570)</u>	<u>7,080</u>
Total comprehensive (expenses)/income for the year attributable to:			
Owners of the Company		(13,555)	7,066
Non-controlling interests		<u>(15)</u>	<u>14</u>
		<u>(13,570)</u>	<u>7,080</u>
(Loss)/earnings per share attributable to the owners of the Company			
Basic and diluted (HK cents)	10	<u>(0.99)</u>	<u>0.49</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current assets			
Plant and equipment		153	272
Right-of-use assets		–	697
Intangible assets		–	–
Goodwill		–	–
		<hr/>	<hr/>
Total non-current assets		153	969
		<hr/>	<hr/>
Current assets			
Trade and other receivables	12	13,030	11,770
Contract assets		180	188
Financial assets at fair value through profit or loss		52	52
Bank balances and cash		1,839	2,742
		<hr/>	<hr/>
Total current assets		15,101	14,752
		<hr/>	<hr/>
Current liabilities			
Trade and other payables	13	16,945	16,663
Lease liabilities		621	724
Financial liabilities at fair value through profit or loss		–	–
Income tax payable		15	15
		<hr/>	<hr/>
Total current liabilities		17,581	17,402
		<hr/>	<hr/>
Net current liabilities		(2,480)	(2,650)
		<hr/>	<hr/>
Total assets less current liabilities		(2,327)	(1,681)
		<hr/>	<hr/>

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
Non-current liabilities			
Loan from a shareholder	15	7,232	–
Other payables	13	4,800	–
Lease liabilities		593	–
		<u> </u>	<u> </u>
Total non-current liabilities		12,625	–
		<u> </u>	<u> </u>
Net liabilities		(14,952)	(1,681)
		<u> </u>	<u> </u>
Equity			
Share capital		135,625	135,625
Reserves		(136,957)	(123,701)
		<u> </u>	<u> </u>
Equity attributable to owners of the Company		(1,332)	11,924
Non-controlling interests		(13,620)	(13,605)
		<u> </u>	<u> </u>
Capital deficiency		(14,952)	(1,681)
		<u> </u>	<u> </u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2025

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Other reserve HK\$'000	Accumulated losses HK\$'000	HK\$'000	HK\$'000
At 1 April 2024	135,625	99,935	(426)	–	(223,210)	11,924	(13,605)
Loss for the year	–	–	–	–	(13,410)	(13,410)	(157)
Other comprehensive expenses							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	–	–	(145)	–	–	(145)	142
Total comprehensive expenses for the year	–	–	(145)	–	(13,410)	(13,555)	(15)
	135,625	99,935	(571)	–	(236,620)	(1,631)	(13,620)
Deemed capital contribution arising from loan from a shareholder	–	–	–	299	–	299	–
At 31 March 2025	135,625	99,935	(571)	299	(236,620)	(1,332)	(13,620)

	Attributable to owners of the Company					Non-controlling interests	Total
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000	HK\$'000	HK\$'000
At 1 April 2023	135,625	99,935	(5,500)	(229,814)	246	(13,619)	(13,373)
Profit/(loss) for the year	–	–	–	6,604	6,604	(706)	5,898
Other comprehensive income							
Exchange differences arising on translating of financial statements from functional currency to presentation currency	–	–	462	–	462	720	1,182
Total comprehensive income for the year	–	–	462	6,604	7,066	14	7,080
	135,625	99,935	(5,038)	(223,210)	7,312	(13,605)	(6,293)
Disposal of a subsidiary	–	–	4,612	–	4,612	–	4,612
At 31 March 2024	135,625	99,935	(426)	(223,210)	11,924	(13,605)	(1,681)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 is situated at Unit 1308, 13/F, Capital Centre, 151 Gloucester Road, Wan Chai, Hong Kong.

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

The Company is an investing holding company. Its major operating subsidiaries are mainly engaged in the provision of system development services, trading of hardware and short messaging service fee.

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. BASIS OF PRESENTATION

The Group incurred net current liabilities and net liabilities of approximately HK\$2,480,000 and HK\$14,952,000, respectively for the year ended 31 March 2025. Notwithstanding the above results, the consolidated financial statements have been prepared on a going concern basis, the validity of the going concern basis is dependent upon the success of the Group’s future operations, its ability to generate adequate cash flows in order to meet its obligations as and when fall due and its ability to refinance or restructure its borrowings such that the Group can meet its future working capital and financing requirements.

Also, the directors of the Company are of the opinion that the Group will be able to finance its future financing requirements and working capital based on the following considerations:

- The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustments and containment of capital expenditures.
- The controlling shareholder of the Company has agreed to provide a shareholder’s loan to support the Group’s continuing operations. The Company and Happy On entered into a shareholder’s loan agreement on 1 April 2025, pursuant to which (i) Happy On will grant an interest-free and unsecured loan in the principal amount of HK\$13,217,000 for a term of two years; and (ii) the Company may utilise such loan at any time to repay the outstanding amounts of the trade and other payables or as working capital.
- The Group has negotiated with a director of the Company in relation to the amounts due to her, such director had agreed not to demand for repayment for the amounts due to her and agreed to extend the repayment date of such amounts.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Application of new and amendments to HKFRS Accounting Standards

In the current year, the Group has applied, for its first time, the following amendments to HKFRS Accounting Standards, issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) where are effective for the Group’s financial year beginning 1 April 2024:

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangement

Except as described below, the application of the amendments to HKFRS Accounting Standards 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 HKFRS Accounting Standards issued but not yet effective

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

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability ¹
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Annual Improvements to HKFRS Accounting standards — Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³
HKFRS 19	Subsidiaries without Public Accountability Disclosures ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual periods beginning on or after 1 January 2027

⁴ 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 HKFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents revenue arising from system development services, sales of hardware and short messaging service fee. An analysis of the Group's revenue for the year is as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major products		
— System development services	3,994	3,976
— Sales of hardware	239	929
— Short messaging service fee	35,320	11,247
	<u>39,553</u>	<u>16,152</u>

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

	System development services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 March 2025				
Timing of revenue recognition				
At a point in time	–	239	35,320	35,559
Over time	3,994	–	–	3,994
	<u>3,994</u>	<u>239</u>	<u>35,320</u>	<u>39,553</u>
For the year ended 31 March 2024				
Timing of revenue recognition				
At a point in time	–	929	11,247	12,176
Over time	3,976	–	–	3,976
	<u>3,976</u>	<u>929</u>	<u>11,247</u>	<u>16,152</u>

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 services;
- Sales of hardware; and
- Short messaging service fee

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 2025

	System development services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>3,994</u>	<u>239</u>	<u>35,320</u>	<u>39,553</u>
Segment loss	<u>(1,992)</u>	<u>(119)</u>	<u>(308)</u>	<u>(2,419)</u>
Unallocated income				4
Unallocated corporate expenses				(9,646)
Unallocated finance costs				(103)
Impairment loss on other receivables				(119)
Impairment loss recognised on plant and equipment				(60)
Impairment loss recognised on right-of-use assets				(1,212)
Impairment loss recognised on intangible assets				<u>(12)</u>
Loss before taxation				<u><u>(13,567)</u></u>

For the year ended 31 March 2024

	System development services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue	<u>3,976</u>	<u>929</u>	<u>11,247</u>	<u>16,152</u>
Segment (loss)/profit	<u>(4,460)</u>	<u>(1,096)</u>	<u>353</u>	<u>(5,203)</u>
Unallocated income				20,450
Unallocated corporate expenses				(8,722)
Unallocated finance costs				(469)
Impairment loss on other receivables				<u>(158)</u>
Profit before taxation				<u><u>5,898</u></u>

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

	2025 HK\$'000	2024 HK\$'000
System development services	8,425	7,808
Sales of hardware	504	1,352
Short messaging service fee	2,070	2,753
	<hr/>	<hr/>
Total segment assets	10,999	11,913
Corporate and other assets	4,255	3,808
	<hr/>	<hr/>
Total assets	15,254	15,721

Segment liabilities

	2025 HK\$'000	2024 HK\$'000
System development services	10,814	9,866
Sales of hardware	647	1,481
Short messaging service fee	103	540
	<hr/>	<hr/>
Total segment liabilities	11,564	11,887
Corporate and other liabilities	18,642	5,515
	<hr/>	<hr/>
Total liabilities	30,206	17,402

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, loan from a shareholder 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 2025

	System development services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment loss or segment assets:					
Depreciation and amortisation	–	–	–	806	806
Impairment loss on trade receivables	1,983	18	–	–	2,001
Impairment loss on contract asset	6	–	–	–	6
Impairment loss on other receivables	–	–	–	119	119
Impairment loss recognised on plant and equipment	–	–	–	60	60
Impairment loss recognised on right-of-use assets	–	–	–	1,212	1,212
Impairment loss recognised on intangible assets	–	–	–	12	12
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	–	–	–	(2)	(2)
Finance costs	–	–	–	103	103

For the year ended 31 March 2024

	System development services <i>HK\$'000</i>	Sales of hardware <i>HK\$'000</i>	Short messaging service fee <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Amounts include in the measure of segment loss or segment assets:					
Depreciation and amortisation	–	–	–	900	900
Impairment loss on trade receivables	719	138	–	–	857
Impairment loss on contract asset	51	–	–	–	51
Impairment loss on other receivables	–	–	–	158	158
Amounts regularly provided to the chief operating decision maker but not included in the measure of segment profit or loss or segment assets:					
Investment income from financial assets designated as at FVTPL	–	–	–	(65)	(65)
Interest income	–	–	–	(10)	(10)
Finance costs	–	–	–	478	478

Note: Non-current assets excluded goodwill for the years ended 31 March 2025 and 2024.

Geographical information

During the years ended 31 March 2025 and 2024, 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:

	2025 HK\$'000	2024 HK\$'000
Company A ¹	3,974	3,976
Company B ²	26,251	11,047
Company C ^{2, 3}	4,585	–
Company D ^{2, 3}	4,484	–

¹ Revenue from system development services segment.

² Revenue from short messaging service fee segment.

³ Revenue from relevant customers was less than 10% of the Group's total revenue for the year 2024.

5. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income from bank deposits	2	10
Investment income from financial assets designated as at FVTPL	–	65
Gain on litigation claim (<i>note b</i>)	–	1,005
Government grants (<i>note a</i>)	–	109
Others	4	223
	<u>6</u>	<u>1,412</u>

Note:

- (a) During the year ended 31 March 2024, government grants were recognised of approximately HK\$109,000 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. During the year ended 31 March 2025, HK\$Nil amount of government grants was recognized.
- (b) During the year ended 31 March 2024, the income from legal claim was due to the legal case on 20 November 2023 between the Group and the independent third party (the “**Defendant**”), while the Group is seeking the following remedies: (i) immediate payment of intermediary compensation in the amount of RMB974,508 (equivalent to HK\$1,005,000) from the Defendant and (ii) the Defendant should bear the litigation costs and any preservation fees, if applicable. According to the agreement, the plaintiff successfully facilitated the signing of a project contract between the Defendant and a client. The Defendant is therefore obligated to pay the agreed-upon intermediary compensation. Thus, the Group recognised the payment of intermediary compensation as other income under legal claim. During the year ended 31 March 2025, HK\$Nil amount of income from legal claim was recognized.

6. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on late settlement of litigation claims	–	417
Interest on lease liabilities	22	61
Interest on loan from a shareholder	81	–
	<u>103</u>	<u>478</u>

7. INCOME TAX EXPENSES

	2025 HK\$'000	2024 HK\$'000
Current year:		
PRC Enterprises Income Tax (“EIT”)	<u>–</u>	<u>–</u>

Notes:

- (a) No Hong Kong Profits Tax has been provided for the years ended 31 March 2025 and 2024 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)/profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit before taxation	<u>(13,567)</u>	<u>5,898</u>
Tax at the domestic income tax rate of 16.5% (2024: 16.5%)	(2,239)	973
Tax effect of expenses not deductible for tax purposes	2,150	276
Tax effect of income not taxable for tax purposes	(1)	(3,273)
Tax effect of tax losses not recognised	579	4,008
Effect of different tax rates of subsidiaries operating in other jurisdictions	<u>(489)</u>	<u>(1,984)</u>
Income tax credit for the year	<u>–</u>	<u>–</u>

8. (LOSS)/PROFIT FOR THE YEAR

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

	2025 HK\$'000	2024 HK\$'000
Directors' emoluments	2,299	2,313
Employee benefit expense (excluding directors' and chief executive's remuneration)		
— Wages and salaries	3,521	3,324
— Pension scheme contributions	278	246
Total staff costs	6,098	5,883
Auditor's remuneration	500	480
Depreciation of plant and equipment	56	58
Depreciation of right-of-use assets	749	841
Amortisation of intangible assets	1	1
Impairment loss on trade receivables	2,001	857
Impairment loss on other receivables	119	158
Impairment loss on contract assets	6	51
Impairment loss recognised on plant and equipment	60	—
Impairment loss recognised on right-of-use assets	1,212	—
Impairment loss recognised on intangible assets	12	—
Cost of inventories recognised as an expense	227	880
Lease rentals for office premises (<i>note i</i>)	97	10
Net exchange loss	—	10

Note:

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

9. DIVIDENDS

No dividend was paid or proposed during the years ended 31 March 2025 and 2024, nor has any dividend been proposed since the end of the Reporting Period.

10. (LOSS)/EARNINGS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
(Loss)/profit		
(Loss)/profit for the purpose of basic and diluted (loss)/earnings per share, representing (loss)/profit for the year attributable to owners of the Company	<u>(13,410)</u>	<u>6,604</u>
	2025	2024
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earnings per share ('000 shares)	<u>1,356,250</u>	<u>1,356,250</u>

The dilutive (loss)/earnings per share is equal to the basic (loss)/earnings per share as there were no dilutive potential ordinary shares outstanding during the years ended 31 March 2025 and 2024.

11. IMPAIRMENT TESTING ON PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the year ended 31 March 2025, the Group's business was underperformed and incurred losses due to the constraints to working capital. In view of the economic performance of the cash generating unit ("CGU") of system development services, trading of hardware and short messaging service business which was worse than expected, management of the Group concluded there was an indication for impairment and conducted impairment assessment on plant and equipment, right-of-use assets and intangible assets with carrying amounts of approximately HK\$153,000 (2024: HK\$272,000), HK\$nil (2024: HK\$697,000) and HK\$nil (2024: HK\$nil), respectively.

The Group estimates the recoverable amount of the CGU, to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established. The carrying amount of assets of CGU was approximately HK\$nil.

The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a post-tax discount rate is 16% as at 31 March 2025. The cash flows beyond the five-year period are extrapolated using 2.00% growth rate, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value in use calculation is the budgeted revenue, gross margin and operating expenses which are determined based on the cash generating unit's past performance and management expectations for the market development.

Based on the result of the impairment assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated to each category of plant and equipment, right-of-use assets and intangible assets with finite useful lives such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost to disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of approximately HK\$60,000, HK\$1,212,000 and HK\$12,000 has been recognised against the carrying amount of plant and equipment, right-of-use assets and intangible assets respectively within the relevant functions to which these assets relate.

12. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Receivables at amortised cost comprise:		
Trade receivables	12,332	8,498
Less: loss allowance for trade receivables	<u>(3,185)</u>	<u>(1,212)</u>
	9,147	7,286
Deposits	2,574	2,545
Prepayments	806	1,341
Other receivables	<u>1,728</u>	<u>1,711</u>
	14,255	12,883
Less: loss allowance for other receivables	<u>(1,225)</u>	<u>(1,113)</u>
	<u><u>13,030</u></u>	<u><u>11,770</u></u>

As at 31 March 2025, the gross amount of trade receivables arising from contracts with customers amounted to approximately HK\$12,332,000 (2024: HK\$8,498,000).

There was approximately impairment loss on trade receivables of HK\$2,001,000 (2024: HK\$857,000) recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 March 2025.

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.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Within 90 days	1,986	162
91 to 180 days	83	107
181 to 365 days	1,244	4,418
Over 365 days	<u>5,834</u>	<u>2,599</u>
	<u><u>9,147</u></u>	<u><u>7,286</u></u>

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.

13. TRADE AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Trade payables	11,043	7,441
Accruals	856	637
Other payables (<i>note i</i>)	9,846	8,585
	<u>21,745</u>	<u>16,663</u>
Less: other payable classified as non-current liabilities	<u>(4,800)</u>	<u>–</u>
Current portion included in other payables	<u>16,945</u>	<u>16,663</u>

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

	2025 HK\$'000	2024 HK\$'000
Within 90 days	2,482	154
91 to 180 days	115	102
181 to 365 days	1,781	5,228
Over 365 days	6,665	1,957
	<u>11,043</u>	<u>7,441</u>

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

Note:

(i) Details of other payables are as follows:

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Advances from third parties	2,956	3,295
Payables for staff cost	376	89
Amounts due to a director (<i>note a</i>)	4,800	3,000
Others	1,714	2,201
	<u>9,846</u>	<u>8,585</u>

(a) The amounts due to a director are unsecured, interest-free and repayable in February 2025 and had been extended to December 2026.

14. DISPOSAL OF A SUBSIDIARY

On 19 September 2023, 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 Guangzhou YBDS IT Co., Ltd* (廣州韻博信息科技有限公司) (“**Guangzhou YBDS**”), the indirectly owned subsidiary of the Company, at a cash consideration of RMB1 (equivalent to HK\$1).

* *for identification purpose only*

HK\$'000

Consideration:

Other receivables

—*

HK\$'000

Analysis of assets and liabilities over which control was lost:

Trade and other receivables	581
Bank balances and cash	3
Trade and other payables	<u>(24,482)</u>
Net liabilities disposed of	<u>(23,898)</u>

HK\$'000

Gain on disposal of a subsidiary

Consideration receivable	—*
Net liabilities disposed of	23,898
Reclassification of cumulative translation reserve upon disposal of the subsidiary	<u>(4,612)</u>
	<u>19,286</u>

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

HK\$'000

Net cash outflow arising on disposal:

Cash consideration received	—*
Less: bank balances and cash disposed of	<u>(3)</u>
	<u>(3)</u>

Guangzhou YBDS did not contribute significant revenue, profit and cashflows to the Group for the year ended 31 March 2024.

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

15. LOAN FROM A SHAREHOLDER

Happy On is a controlling shareholder of the Company, granted a loan of HK\$7,450,000 to the Company on 1 August 2024. The loan is unsecured, interest-free and repayable in July 2025 and has been extended to December 2026. The effective interest rate of this loan is 4.18% per annum.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group has been pursuing a prudent development strategy while diversifying its business to mitigate the impact of the challenging market conditions in the past several years.

It succeeded in broadening its income stream and fostering growth drivers by shifting its business focus to the operation of information technology systems from the development of such systems. Specifically, the Group concentrated its resources and efforts on developing business in traditional, well-established information technology industries according to its prudent development strategy. For instance, the Group started diversifying into the business of value-added services such as short messaging services (“**SMS**”) for businesses in the second half of 2022 by cooperating 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. It followed that up by signing two more contracts with that information technology company during the first quarter of the financial year ended 31 March 2024 (the “**previous financial year**”) to provide SMS for businesses through the network of that major telecommunications carrier. It has since been taking efforts to expand that business. During the Reporting Period, the Group signed two contracts with that information technology company to provide standardized products and services that enable the adoption of big data technology in SMS as well as to provide SMS through a branch of that major telecommunications carrier of China in Guangdong province, one contract with another information technology firm to provide SMS for businesses, and one contract to provide both an SMS channel and SMS through such channel for another information technology company. The Group aims to capitalize on the growing demand for SMS from businesses generated by the boom in e-commerce and the logistics industry in China.

During the Reporting Period, SMS accounted for approximately 89% of the Group’s total revenue, up from the approximately 70% in the previous financial year.

Meanwhile, the Group continued to operate its businesses of information technology software and system development for information verification.

In the information verification business, the Company’s 70%-held Shenzhen Cyber Security Authentication Co., Ltd. (formerly known as Shenzhen CITIC Cyber Security Authentication Co., Ltd.) (“**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 to conduct information verification for other companies.

During the Reporting Period, 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.

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

In the Group’s other businesses, a wholly-owned subsidiary of Cyber Security signed an agreement during the fourth quarter of the financial year ended 31 March 2022 to authorize a website of a technology company that builds a smart city to replicate digitally, issue and disseminate on an information network the video content of an education course.

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.

1. Providing SMS for businesses and technology and channel for such services

During the Reporting Period, the Group continued to cooperate with an information technology company in providing SMS for businesses through the network of a major telecommunications carrier in China; it also signed two contracts to provide standardized products and services that enable the adoption of big data technology in SMS as well as to provide SMS, one contract to provide SMS for businesses, and one contract to provide both an SMS channel and SMS through such channel.

2. Conducting information verification for other companies

During the financial year ended 31 March 2021, 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. During the Reporting Period, Cyber Security continued to provide such service.

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

In July 2020, 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. Cyber Security provided both services and hardware for its client during the Reporting Period.

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

In March 2022, 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. Cyber Security would provide 5G-eCitizen SIM cards, develop applications customized for certain occasions, and provide technical support.

5. 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 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 an information network the video content of an education course.

6. Designing mobile web pages for marketing

In June 2022, 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. The services were provided during the Reporting Period.

PROSPECT

The breakthroughs in China's artificial intelligence ("AI") industry may bode well to the information system solution industry but they have yet to yield substantial results. Furthermore, the business environment is expected to be volatile and the prospect will remain uncertain in 2025 amid the geopolitical tensions. Therefore, the Group will adhere to its prudent approach to development so that it will be able to conduct business diversification while strengthening its business fundamentals.

The Group will focus its resources and efforts on developing businesses in traditional, well-established information technology industries that can generate stable income. For instance, the Group has been expanding its SMS for businesses and has already developed that operation into a major income source which has helped it mitigate the adverse effect of complicated and difficult market conditions. In April 2025, it signed one more contract with an information technology company to provide SMS for businesses.

The Group will pursue business diversification prudently by leveraging its expertise in SMS and AI services and solutions. It will upgrade and adapt the relevant technologies for voice messaging for marketing or notification, which is another value-added service that it is preparing to diversify into. The Group expects to sign a contract in the second half of 2025 to provide voice messaging.

Such initiatives not only can broaden and diversify the income stream 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 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 then 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 People's Republic of China (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.

On 19 September 2023, the Group entered into a sale and purchase agreement with an independent third party not connected with the Group for the disposal of the entire equity interest in Guangzhou YBDS at a cash consideration of RMB1, since then, Guangzhou YBDS is no longer a subsidiary of the Company.

During the year ended 31 March 2025, a total amount of approximately HK\$904,000 of the net proceeds from the Subscription was utilised for the purpose as previously disclosed in the annual report of the Company for the previous financial year.

As at 31 March 2025, there was an unutilised amount of net proceeds of approximately HK\$1,890,000, which was intended to be applied for general working capital 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 2025 <i>HK\$'000</i> <i>(approximately)</i>	Unutilised net proceeds as at 31 March 2025 <i>HK\$'000</i> <i>(approximately)</i>	Expected timeline for utilising the unutilised net proceeds
New potential projects	–	–	
General working capital	(904)	1,890	End of March 2026
Total	(904)	1,890	

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. The board of Directors estimated that the time for utilising the remaining unutilised net proceeds from the Subscription for general working capital will be by 31 March 2026. 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 2025 (the “**Reporting Period**”), the Group recorded a revenue of approximately HK\$39,553,000, representing an increase of approximately 145% when compared with that in the year ended 31 March 2024 (the “**Previous Period**”) of approximately HK\$16,152,000.

Loss attributable to owners of the Company for the Reporting Period was approximately HK\$13,410,000 as compared with profit attributable to owners of the Company of approximately HK\$6,604,000 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 74%, while revenue from system development services has increased by approximately 0.5%. The revenue from the segment of short messaging services recorded by the Group during the Reporting Period has increased by approximately 214% when compared with the Previous Period.

Geographical segments

The provision of system development services, hardware-related business and short messaging services business mainly cater 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 2025, the shareholders' funds deficiency of the Group amounted to approximately HK\$1,332,000. Current assets were approximately HK\$15,101,000, mainly comprising bank balances and cash of approximately HK\$1,839,000, financial assets at fair value through profit or loss of approximately HK\$52,000, contract assets of approximately HK\$180,000 and trade and other receivables of approximately HK\$13,030,000. Current liabilities mainly comprised trade and other payables of approximately HK\$16,945,000 and lease liabilities of approximately HK\$621,000. The net liability value per share was approximately HK\$0.011. 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 0.86:1 (as at 31 March 2024: 0.85:1).

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 2024 and 2025, the Group had no material contingent liabilities.

CHARGES ON THE GROUP'S ASSETS

As at 31 March 2024 and 2025, the Group had no charges on the Group's asset.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 March 2025, the Group had 23 employees (including 6 Directors, one of which resigned on 1 June 2025 and one of which was appointed on 1 June 2025) (31 March 2024: 24 employees (including 6 Directors)). The total remuneration paid to employees, including Directors, for the Reporting Period was approximately HK\$6,098,000 (Previous Period: HK\$5,883,000). 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

The Group did not have any material acquisitions or disposals of subsidiaries or associated companies during the Reporting Period.

SIGNIFICANT INVESTMENTS

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

Going forward, the Group will consider whether 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) that whether the risk associated with the wealth management products is relatively low and whether the wealth management products are acquired from larger banks; (iii) that whether 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) that 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 2025 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 2025 (HK\$'000) (approximately)	Dividend income during the year (HK\$'000) (approximately)	Percentage to the total assets as at 31 March 2025 (approximately)
工銀理財 — 法人「添利寶」 淨值型理財產品 ICBC Wealth Management • Legal Person “Tianlibao” Net Value Wealth Management Product*	55	-	(3)	52	-	-

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

MATERIAL OTHER RECEIVABLES

As at 31 March 2025, the Group had other receivables of approximately HK\$1,728,000, mainly comprising of (i) an advance to staff of approximately HK\$268,000 and (ii) amounts due from former subsidiaries of approximately HK\$1,210,000.

(i) Advance to staff

Such advance to staff represents a historical advance made by the Group to an employee on 30 September 2022 in an outstanding amount of approximately HK\$268,000. Such advance to staff is unsecured, interest-free and has no repayment term.

The reasons for granting the aforesaid advance is to enable the relevant staff to settle on behalf of the Group certain daily expenses and miscellaneous charges for the Group's operation (including but not limited to utility charges, transportation and travelling expenses and entertainment expenses) as well as daily expenses relating to projects under the short messaging services business (such as travelling expenses and entertainment expenses). The Company considers that it is expedient to grant such advance to staff in settling expenses and charges necessary for the Group's normal business operation, and thus was in line with the Company's then business strategies.

(ii) Amounts due from former subsidiaries

Such amounts are due from six former subsidiaries of the Group, five out of which were wholly owned subsidiaries of the Group at the time when the relevant advances were made. Particulars of outstanding amounts due from the following former subsidiaries as at 31 March 2025 are as follows:

Former Subsidiary	Date of grant	Date of disposal/ date of de-registration	Major terms	Reasons for grant	Approximate carrying amount as at 31 March 2025 HK\$'000
Former Subsidiary A	Before 1 April 2012	14 November 2016	Unsecured, interest-free and have no repayment term	To support operation of former subsidiary	28
Former Subsidiary B	Before 1 April 2012	14 November 2016	Unsecured, interest-free and have no repayment term	To support operation of former subsidiary	533
Former Subsidiary C	15 December 2014 and 30 July 2017	19 August 2020	Unsecured, interest-free and have no repayment term	To support operation of former subsidiary	306
Former Subsidiary D	24 August 2015	De-registered on 25 September 2020	Unsecured, interest-free and have no repayment term	To support operation of former subsidiary	8
Former Subsidiary E	31 October 2023	19 September 2023	Unsecured, interest-free and have no repayment term	Advance to such entity for settlement of its daily expenses on behalf of the entity and such amount is immaterial	5
Former Subsidiary F	10 January 2022 and 22 February 2022	28 February 2022	(1) pursuant to the loan agreement, the principal amount of loan is RMB206,869.67, which is unsecured, interest-free and repayable on 9 January 2023; and (2) pursuant to the loan agreement, the principal amount of loan is RMB100,978.62, which is unsecured, interest-free and repayable on 21 February 2023	To support operation of former subsidiary	330
(collectively, "Former Subsidiaries")					1,210

The reasons for the amounts due from the Former Subsidiaries are similar. The Company considers that granting of such advances to the relevant Former Subsidiaries (which then formed part of the Group) was necessary for supporting normal business operation of the Group at all material times, and thus was in line with the Company's then business strategies.

(iii) Impairment loss and basis of impairment

The Company has engaged an independent external valuer to conduct an independent assessment on the expected credit loss of trade and other receivables and contract assets of the Group for the financial year ended 31 March 2025 (“FY2025”). Such impairment assessment involved management's judgements and estimates involved in assessing the expected credit loss model, based on the historical credit loss experience and forward-looking information specific to the debtors and their economic environments.

The Group recorded impairment losses for other receivables in respect of the aforesaid advance to staff and amounts due from former subsidiaries in the respective amounts of approximately HK\$64,000 and HK\$289,000 for FY2025.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles in and adopted the code provisions (the “**Code Provisions**”) in the Corporate Governance Code (the “**Code**”) as set out in Appendix C1 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 C.1.8 and C.2.1 of the Code as explained as follows:

Code Provision C.1.8

Code Provision 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 C.2.1

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

During the Reporting Period, the executive Directors, namely, Mr. Wang Xiaoqi, Ms. Ho Ching and Mr. Ho Yeung (who resigned on 1 June 2025) focused on evaluating 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 (including sale of treasury 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 with 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 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 LIMITED (FORMERLY KNOWN AS 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 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 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 Limited on this preliminary announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

The following is the extract of the independent auditor's report on the Group's consolidated financial statements for the year ended 31 March 2025. The report includes particulars of a material uncertainty related to going concern without a qualified opinion:

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material uncertainty related to going concern

We draw attention to the consolidated financial statements concerning the adoption of the going concern basis on which the consolidated financial statements have been prepared. The Group had net current liabilities and net liabilities of approximately HK\$2,480,000 and HK\$14,952,000 respectively as at that date. These conditions, along with other matters as set forth in the consolidated financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The Directors, having considered the measures being taken by the Group, are of the opinion that the Group would be able to continue as a going concern. Our opinion is not modified in respect of this matter.

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

Hong Kong, 20 June 2025

As at the date of this announcement, the executive Directors are Mr. Wang Xiaoqi, Ms. Ho Ching and Mr. Chen Hua; 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 Stock Exchange's website at www.hkexnews.hk for at least 7 days from the date of its posting and on the Company's website at <http://www.8050hk.com>.

* For identification purposes only