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Quantum Thinking Limited

量子思維有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8050)

DISCLOSEABLE AND CONNECTED TRANSACTION DISPOSAL OF THE ENTIRE EQUITY INTEREST IN THE TARGET COMPANY

THE SALE AND PURCHASE AGREEMENT

The Board hereby announces that on 19 August 2020, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares for a total consideration of HK\$50,000 subject to the terms and conditions of the Sale and Purchase Agreement.

The Board further announces that Completion has taken place as at the date of this announcement. Upon Completion, the Target Group would cease to be a subsidiary of the Group.

GEM LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Given that both Huatian and Huaqin are indirect non-wholly owned subsidiaries of the Company immediately prior to the Completion and the Purchaser is both a director of Huatian and Huaqin, the Purchaser is thus a connected person at the subsidiary level of the Company. Hence, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 25% and the total consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement is less than HK\$10,000,000, the Disposal is exempt from the circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

THE DISPOSAL

The Board hereby announces that on 19 August 2020, the Vendor entered into the Sale and Purchase Agreement with the Purchaser, pursuant to which the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares for a total consideration of HK\$50,000 subject to the terms and conditions of the Sale and Purchase Agreement.

THE SALE AND PURCHASE AGREEMENT

Principal terms of the Sale and Purchase Agreement are summarised as follows:

- Date:** 19 August 2020
- Parties:** (1) the Vendor; and
(2) the Purchaser

Assets to be disposed of

Pursuant to the terms and conditions of the Sale and Purchase Agreement, the Vendor agreed to sell, and the Purchaser agreed to acquire, the Sale Shares, being 2 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement, for a total consideration of HK\$50,000.

Consideration

The aggregate amount of Consideration for the sale and purchase of the Sale Shares shall be HK\$50,000 payable by the Purchaser to the Vendor by way of cash, cheque, cashier order (or such other means as the Vendor may agree) upon Completion.

The Consideration was arrived at after arm's length negotiation between the Vendor and the Purchaser with reference to the unaudited consolidated net liabilities of approximately HK\$69,210,000 of the Target Group as at 30 June 2020.

Completion

Completion is not subject to any conditions and shall take place simultaneously upon signing of the Sale and Purchase Agreement.

The Board further announces that Completion has taken place as at the date of this announcement.

INFORMATION ON THE TARGET GROUP

The Target Company is an indirect wholly-owned subsidiary of the Company. As at the date of this announcement, the Target Company is an investment holding company holding 90% equity interest in Huatian which in turn holds 51% equity interest in, and controls the board of directors of, Huaqin. Each of the Target Company, Huatian and Huaqin is a subsidiary of the Company. Huatian is principally engaged in investment holding and IT network consultation service, whereas Huaqin is principally engaged in trading of residential gateway products.

FINANCIAL INFORMATION OF THE TARGET GROUP

Set out below is extracted from the audited consolidated financial statements of the Target Group for the two years ended 31 March 2020:

	For the year ended 31 March 2019	For the year ended 31 March 2020
	<i>audited</i> <i>HK\$'000</i> <i>(Approximately)</i>	<i>audited</i> <i>HK\$'000</i> <i>(Approximately)</i>
Revenue	3,310	—
Net (loss) before taxation	(11,227)	(842)
Net (loss) after taxation	(11,227)	(842)

The value of the unaudited consolidated net liabilities of the Target Group as at 30 June 2020 as shown in its unaudited management accounts was approximately HK\$69,210,000.

INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the provision of system development services and other value-added technical consultation services and trading of hardware products.

The Vendor is an indirect wholly-owned subsidiary of the Company and is principally engaged in investment holding.

INFORMATION ON THE PURCHASER

The Purchaser is an individual person who is the chairman of the board of director, manager and legal representative of Huatian and the chairman of the board of director and legal representative of Huaqin. The Purchaser is thus a connected person at the subsidiary level of the Company.

REASONS FOR AND BENEFITS OF THE DISPOSAL

As at the date of this announcement, (1) the Target Group has no ongoing projects, contracts or material operation and therefore is not generating revenue or profit for the Group; and (2) the Target Group records a significant amount of unaudited consolidated net liabilities which has a material negative impact on the financial position of the Group. For further background information of the Target Group, please refer to the annual report of the Company for the year ended 31 March 2020 (the “**2020 Annual Report**”).

Having considered the above, the Directors are of the view that the Disposal, the terms of the Sale and Purchase Agreement (including the Consideration) and the transactions contemplated thereunder are fair and reasonable and are in the interests of the Group and the Shareholders as a whole.

FINANCIAL EFFECTS OF THE DISPOSAL AND THE PROPOSED USE OF PROCEEDS

As disclosed in the 2020 Annual Report, the assets and liabilities attributable to the Target Group have been classified as a disposal group held for sale and are presented separately in the consolidated statement of financial position of the Group.

Upon Completion, the Target Group would no longer be a subsidiary of the Group and the financial results of the Target Group would cease to be consolidated in the consolidated financial statements of the Group.

Based on the unaudited consolidated management accounts of the Target Group as at 30 June 2020, the Company expects to record an unaudited gain of approximately HK\$50,834,000 from the Disposal, being the difference between the Consideration of HK\$50,000 and the unaudited consolidated net liabilities of approximately HK\$69,210,000 of the Target Group as at 30 June 2020 (before adjusting the non-controlling interests of approximately HK\$18,426,000). In any event, the actual gain or loss as a result of the Disposal to be recorded by the Group is subject to audit.

The Group is expected to receive net proceeds of approximately HK\$50,000 from the Disposal after taking into account the insignificant amount of estimated costs and expenses incurred from the Disposal. The Group currently intends to use the net proceeds as its general working capital.

GEM LISTING RULES IMPLICATION

As one or more of the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) in respect of the Disposal exceed 5% but all of them are less than 25%, the Disposal constitutes a discloseable transaction for the Company and is subject to the notification and announcement requirements under Chapter 19 of the GEM Listing Rules.

Given that both Huatian and Huaqin are indirect non-wholly owned subsidiaries of the Company immediately prior to the Completion and the Purchaser is both a director of Huatian and Huaqin, the Purchaser is thus a connected person at the subsidiary level of the Company. Hence, the Disposal constitutes a connected transaction for the Company under Chapter 20 of the GEM Listing Rules.

As all the applicable percentage ratios (as defined in Rule 19.07 of the GEM Listing Rules) (other than the profits ratio) are less than 25% and the total consideration payable by the Purchaser to the Vendor under the Sale and Purchase Agreement is less than HK\$10,000,000, the Disposal is exempt from the circular and independent Shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

None of the Directors has a material interest in the Disposal and thus none of them has abstained from voting on the Board resolution(s) approving the Sale and Purchase Agreement and the transactions contemplated thereunder.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	board of Directors
“Company”	Quantum Thinking Limited (量子思維有限公司), a company incorporated in the Cayman Islands with limited liability, whose Shares are listed on GEM (stock code: 8050)
“Completion”	completion of the Disposal in accordance with the Sale and Purchase Agreement
“Completion Date”	the date on which Completion takes place
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules
“Consideration”	HK\$50,000 payable by the Purchaser to the Vendor pursuant to the Sale and Purchase Agreement
“Director(s)”	director(s) of the Company
“Disposal”	disposal of the Sale Shares by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“GEM”	GEM of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huatian”	華天網路科技有限公司 (Huatian Internet Technology Co., Ltd.*), a company established in the PRC with limited liability and a company owned by the Target Company as to 90% as at the date of this announcement
“Huaqin”	北京華勤天地科技有限公司 (Beijing Huaqin Tiandi Technology Co., Ltd.*), a company established in the PRC with limited liability and a company owned by Huatian as to 51% as at the date of this announcement
“PRC”	the People’s Republic of China

“Purchaser”	Liu Jingjing (劉京京), the chairman of the board of directors, manager and legal representative of Huatian and the chairman of the board of directors and legal representative of Huaqin
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 August 2020 entered into between the Vendor and the Purchaser in relation to the Disposal
“Sale Share(s)”	2 ordinary shares of the Target Company, representing the entire issued share capital of the Target Company as at the date of this announcement, to be disposed of by the Vendor to the Purchaser
“Share(s)”	ordinary share(s) of HK\$0.1 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	China Mobile Payment Technology Group Company Limited (中國支付科技集團有限公司), a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Vendor immediately prior to the Completion
“Target Group”	The Target Company, together with its subsidiaries, namely, Huatian and Huaqin
“Vendor”	Able Bloom Technology Limited (威隆科技有限公司), a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company
“%”	per cent.

* For identification purposes only

By Order of the Board
Quantum Thinking Limited
Wang Xiaoqi
Director

Hong Kong, 19 August 2020

As at the date of this announcement, the executive Directors are Mr. Wang Xiaoqi and Mr. Ho Yeung; 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 all 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 www.8050hk.com.