



**Thiz Technology Group Limited**

**即時科研集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立之有限公司)*

(Stock Code 股份代號 : 8119)



Interim Report 中期報告

**2018/19**



## **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This report, for which the directors (the “Directors”) of Thiz Technology Group Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”) for the purpose of giving information with regard to Thiz Technology Group Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this report is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this report misleading; and 3. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

## SUMMARY

- The Group recorded a turnover of approximately HK\$6,265,000 for the six months ended 30 September 2018.
- Loss attributable to shareholders was approximately HK\$6,598,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2018.

## RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) announces the unaudited consolidated interim results (“interim accounts”) of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 September 2018 together with the comparative unaudited figures for the corresponding periods in 2017 as follows:

### UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>	2018 <i>HK\$'000</i>	2017 <i>HK\$'000</i>
Revenue	3	5,607	1,097	6,265	1,524
Cost of sales and services		(5,332)	(18)	(5,342)	(30)
Gross profit		275	1,079	923	1,494
Other revenue and gain	3	32	120	45	127
Selling and distribution expenses		(64)	(28)	(101)	(38)
General and administrative expenses		(1,810)	(1,950)	(7,360)	(3,516)
Finance costs		(11)	(291)	(25)	(533)
Loss before taxation	4	(1,578)	(1,070)	(6,518)	(2,466)
Taxation	5	(84)	–	(84)	–
<b>Loss for the period</b>		<b>(1,662)</b>	<b>(1,070)</b>	<b>(6,602)</b>	<b>(2,466)</b>
Currency translation differences		(4,296)	(228)	(31)	(520)
<b>Total comprehensive income</b>		<b>(5,958)</b>	<b>(1,298)</b>	<b>(6,633)</b>	<b>(2,986)</b>

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2018	2017	2018	2017
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
<b>Loss attributable to:</b>					
Owners of the Company		(1,660)	(1,068)	(6,598)	(2,462)
Non-controlling interests		(2)	(2)	(4)	(4)
		<u>(1,662)</u>	<u>(1,070)</u>	<u>(6,602)</u>	<u>(2,466)</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(5,956)	(1,296)	(6,629)	(2,982)
Non-controlling interests		(2)	(2)	(4)	(4)
		<u>(5,958)</u>	<u>(1,298)</u>	<u>(6,633)</u>	<u>(2,986)</u>
<b>Loss per share:</b>					
– Basic and diluted (in cents)	6	<u>(0.59)</u>	<u>(0.5)</u>	<u>(2.35)</u>	<u>(1.1)</u>

# UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2018 <i>HK\$'000</i>	At 31 March 2018 <i>HK\$'000</i>
	<i>Notes</i>		
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment		151	54
Investment properties		53,125	53,125
		<u>53,276</u>	<u>53,179</u>
<b>Current assets</b>			
Trade receivables, other receivables, deposits and prepayments	7	4,308	1,639
Cash and bank balances		28,642	39,003
		<u>32,950</u>	<u>40,642</u>
<b>Current liabilities</b>			
Other payables, deposits received and accruals		4,928	23,641
Amount due to the spouse of a director	8	–	125
		<u>4,928</u>	<u>23,766</u>
<b>Net current assets</b>		<u>28,022</u>	<u>16,876</u>
<b>Total assets less current liabilities</b>		<b>81,298</b>	<b>70,055</b>
<b>Non-current liabilities</b>			
Amount due to a shareholder		486	–
Amount due to a director	8	–	2,609
Deferred tax liabilities		4,572	4,572
		<u>5,058</u>	<u>7,181</u>
<b>Net assets</b>		<u><b>76,240</b></u>	<u><b>62,874</b></u>
<b>EQUITY</b>			
<b>Capital and reserves</b>			
Share capital		280,750	260,750
Reserves		(204,172)	(197,542)
Equity attributable to owners of the Company		<u>76,578</u>	<u>63,208</u>
Non-controlling interests		<u>(338)</u>	<u>(334)</u>
<b>Total equity</b>		<u><b>76,240</b></u>	<u><b>62,874</b></u>

## UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended 30 September	
	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(7,627)	(2,166)
Net cash generated from investing activities	—	—
Net cash used in financing activities	<u>(2,734)</u>	<u>(617)</u>
Net decrease in cash and cash equivalents	(10,361)	(2,783)
Cash and cash equivalents as at 1 April	<u>39,003</u>	<u>17,070</u>
Cash and cash equivalents as at 30 September	<u><u>28,642</u></u>	<u><u>14,287</u></u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u><u>28,642</u></u>	<u><u>14,287</u></u>

# **UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- Controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 2017	225,570	27,272	84	360	526	(237,029)	16,783	(325)	16,458
Other comprehensive income	–	–	–	–	(520)	–	(520)	–	(520)
Loss for the period	–	–	–	–	–	(2,462)	(2,462)	(4)	(2,466)
Balance at 30 September 2017	<u>225,570</u>	<u>27,272</u>	<u>84</u>	<u>360</u>	<u>6</u>	<u>(239,491)</u>	<u>13,801</u>	<u>(329)</u>	<u>13,472</u>
Balance at 1 April 2018	260,750	16,718	84	360	4,931	(219,635)	63,208	(334)	62,874
Other comprehensive income	–	–	–	–	(31)	–	(31)	–	(31)
Subscription of Shares under General Mandate	20,000	–	–	–	–	–	20,000	–	20,000
Loss for the period	–	–	–	–	–	(6,599)	(6,599)	(4)	(6,603)
Balance at 30 September 2018	<u>280,750</u>	<u>16,718</u>	<u>84</u>	<u>360</u>	<u>4,900</u>	<u>(226,291)</u>	<u>76,578</u>	<u>(338)</u>	<u>76,240</u>

## **1. General information**

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Cap.22 Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 December 2000. The Group is principally engaged in (i) property leasing; (ii) trading business; and (iii) the information technology industry as a developer and provider of a range of solutions pertaining to Linux-based systems and others. The Group has expanded its scope of services to provide Fintech solutions and related post contract support services.

## **2. Basis of preparation**

The unaudited consolidated results of the Group have been prepared in accordance with the new Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. They have also been prepared under the historical convention, except for investment properties, which are carried at fair value.

The details of adoption of new and revised HKFRSs have been set out in the Company’s annual report for the year ended 31 March 2018.

The accounting policies adopted in preparing the unaudited consolidated results are consistent with those applied in the preparation of the Group’s annual financial statements for the year ended 31 March 2018.

The Group has not early adopted any new standards or interpretations that have been issued but are not yet effective.

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions and to assess the performance.

The Group has three reportable segments. Each of the Group’s reportable segments represents a strategic business unit that offers products and services which are subject to risks and returns that are different from those of other business segments. Details of the business segments are summarised as follows:

- (a) the trading business segment that engages in the trading of computer accessories and household goods;
- (b) software development segment which provides solutions pertaining to Linux-based software and hardware products and other technical support services. The Group has expanded its scope of services to provide Fintech solutions and related post contract support services; and
- (c) the property leasing segment that engages in property leasing in the People’s Republic of China (the “PRC”).



### 3. Revenue, other income and gain

Revenue represents the invoiced value of trading income, software development income and rental income, after allowances for returns and discounts and net of value added tax. An analysis of the Group's turnover, other income and gain is as follows:

	For the three months ended		For the six months ended	
	30 September		30 September	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue:—				
Software development income	2,755	691	3,110	768
Trading business	2,347	—	2,347	—
Rental income	505	406	808	756
	<u>5,607</u>	<u>1,097</u>	<u>6,265</u>	<u>1,524</u>
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Other revenue and gain:—				
Interest income	25	9	38	16
Sundry income	7	111	7	111
	<u>32</u>	<u>120</u>	<u>45</u>	<u>127</u>
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	<u>5,639</u>	<u>1,217</u>	<u>6,310</u>	<u>1,651</u>
	=====	=====	=====	=====

#### 4. Loss before taxation (Unaudited)

	For the three months ended 30 September		For the six months ended 30 September	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before taxation is arrived at after charging:				
Cost of sales and services	<b>5,332</b>	18	<b>5,342</b>	30
Depreciation	<b>12</b>	1	<b>19</b>	3
Finance costs	<b>11</b>	291	<b>25</b>	533
Staff costs (including Directors)	<b>878</b>	1,059	<b>4,415</b>	1,939
Legal and professional fees	<b>162</b>	384	<b>831</b>	470

#### 5. Taxation

Hong Kong profits tax is calculated at 16.5% of the estimated assessable profit for the period and taxation for other jurisdictions is calculated on the rates prevailing in the relevant jurisdiction.

Deferred tax assets in respect of the deductible temporary differences have not been recognised in the financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

## 6. Loss per share

The calculation of basic loss per share for the six months ended 30 September 2018 is based on the loss attributable to owners of the Company of HK\$6,598,000 (2017: HK\$2,462,000) and the weighted average of 280,750,261 (2017: 225,570,261).

## 7. Trade receivables

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts, based on the transaction date was as follows:

	<b>30 September 2018</b> <b>(Unaudited)</b> <i>HK\$'000</i>	31 March 2017 (Audited) <i>HK\$'000</i>
0 – 30 days	<b>2,918</b>	27
31 – 60 days	–	–
61 – 90 days	–	–
91 – 180 days	–	–
181 – 360 days	–	–
Over 360 days	–	–
	<hr/>	<hr/>
	<b>2,918</b>	27
	<hr/>	<hr/>

## 8. Amount due to a director and amount due to the spouse of a director

The amounts are interest bearing with Hong Kong prime lending rate per annum, unsecured and repayable on demand.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2018 (2017: Nil).

## **BUSINESS REVIEW**

### **Leasing business**

During the period under review, the leasing business of office premises in Shanghai, the PRC is one of the principal sources of the Group's revenue. The turnover remained stable compared with the corresponding period of last year.

There was no new supply in non-core business district of Shanghai in the first quarter of 2018, while new office building projects have entered the market in the second quarter of 2018, providing a total gross floor area of approximately 500,000 square meters. Due to the high supply in the market, the vacancy rate of non-core business district for this quarter rose by 1.7 percentage points quarter-on-quarter, reaching the highest level in three years. The absorption of non-core business district rebounded significantly in the second quarter of 2018.

### **Software business**

The Group's Internet financial software products are the principal source of the Group's revenue. The turnover increased significantly compared with the corresponding period of last year. During the period under review, the Hong Kong Monetary Authority (HKMA) announced the launch of the Faster Payment System (FPS), an initiative announced by the HKMA for preparing Hong Kong to move into a new era of Smart Banking. The FPS connects banks and stored-value facilities (SVF) on the same platform. It enables the public to transfer funds anytime, anywhere, across different banks or SVFs with funds available almost immediately. Fund transfer will become very user-friendly with the use of mobile number or email address as account proxy for the payee. In addition to the Hong Kong Dollar, the FPS also supports Renminbi payments. The launch of the FPS signifies the payment system, which forms the core part of the Hong Kong's financial infrastructure, will enter into a new era. While it will bring new opportunities to the retail payment industry, it will also promote innovation in financial technology.

## **Prospect**

Looking forward, in the second half of 2018, Shanghai's core business district and non-core business district are expected to have new gross floor area supply of approximately 1,000,000 square meters. As such, it is expected that the vacancy rate will further increase and the rents are unlikely to rise in the future.

It is expected that office premise owners will remain in a difficult situation in 2019, especially under the increasing competition in new supply. The owners of existing office premises are eagerly renewing tenancy with existing tenants in order to maintain the occupancy rate, and relatively speaking, tenants are having more bargaining power.

At the same time, the financial technology industry is moving toward restructuring to form a sound financial technology ecosystem. In the development of the rise of financial technology earlier, conventional banking has been broken down into more fields, and outstanding financial technology companies have emerged in almost every field. At present, the products of financial technology companies are shifting from single service to integrated services, providing more efficient and comprehensive services through technology in a personalized way. Various financial technology companies are creating next-generation investment platforms for asset class of banking products.

The Group is optimistic about its business outlook and expects a continuous growth of the financial software development business of the Group. The Internet finance software development business has become another revenue driver of the Group. As such, the Group will continue to develop new business to enhance its market competitiveness.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review**

The Group's consolidated turnover for the six months ended 30 September 2018 amounted to approximately HK\$6,265,000 (2017: HK\$1,524,000). During the period under review, loss from operations for the period was HK\$6,598,000, compared to loss from operations of HK\$1,929,000 in the corresponding period of last year.

Gross profit for the Group decreased from HK\$1,494,000 in 2017 to HK\$897,000 in 2018, due to the increase of trading income with lower profit margin.

Total operating costs were approximately HK\$7,461,000 (2017: HK\$3,550,000). Compare to the corresponding period of last year, the operating costs have increased by 110%, due to the increase of professional fees and staff costs.

Loss attributable to owners of the Company and loss per share for the period were HK\$6,598,000 (2017: HK\$2,462,000) and HK\$2.35 cents (2017: HK\$1.1 cents) respectively.

Reference is made to the Announcement on 26 October 2018, the Vendors entered into the Sale and Purchase Agreement with the Purchaser (a wholly-owned subsidiary of the Company), pursuant to which the Vendors conditionally agreed to sell, and the Purchaser conditionally agreed to acquire, the Sale Shares at aggregate consideration of HK\$33,000,000 (subject to adjustment). The Consideration shall be satisfied in the following manner upon Completion: (i) the issue of the Promissory Notes with an aggregate principal amount of HK\$14,000,000 to the Vendors (or their nominees) (subject to adjustment); (ii) the issue and allotment 14,500,000 Consideration Shares by the Company to the Vendors (or their nominees) at the Issue Price; and (iii) the payment of HK\$4,500,000 by the Purchaser to the Vendors (or their nominees) in cash.

### **Liquidity and financial resources**

As at 30 September 2018, the Group had current assets amounted to HK\$32,950,000, of which HK\$28,642,000 were cash and bank deposits. Current liabilities of HK\$4,928,000 mainly comprised of other payables, deposits received and accruals. The current ratio of the Group was approximately 6.7 and gearing ratio of the Group was 0.1 (2017: 3.0) representing the Group's borrowings divided by total equity. The Group had net current assets of approximately HK\$28,022,000 as at 30 September 2018.

## Segmental information (Unaudited)

### (a) Business segments

The following table presents revenue and loss information for the Group's business segments for the six months ended 30 September 2018.

	Trading business		Rental income		Software development		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:–								
Sales to external customers	<u>2,347</u>	<u>–</u>	<u>808</u>	<u>756</u>	<u>3,110</u>	<u>768</u>	<u>6,265</u>	<u>1,524</u>
Segment results	<u>(207)</u>	<u>–</u>	<u>705</u>	<u>583</u>	<u>(4,856)</u>	<u>(646)</u>	<u>(4,358)</u>	<u>(63)</u>
Interest income							38	16
Unallocated income							7	111
Unallocated expenses							<u>(2,180)</u>	<u>(1,997)</u>
Loss from operations							<u>(6,493)</u>	<u>(1,933)</u>
Finance costs							<u>(25)</u>	<u>(533)</u>
Loss before taxation							<u>(6,518)</u>	<u>(2,466)</u>
Taxation							<u>(84)</u>	<u>–</u>
Loss for the period							<u><u>(6,602)</u></u>	<u><u>(2,466)</u></u>
Attributable to:								
Owners of the Company							<u>(6,598)</u>	<u>(2,462)</u>
Non-controlling interests							<u>(4)</u>	<u>(4)</u>
							<u><u>(6,602)</u></u>	<u><u>(2,466)</u></u>

(b) *Geographical segments (Unaudited)*

The following table presents revenue information for the Group's geographical segments for the six months ended 30 September 2018.

	<b>Taiwan</b>		<b>PRC</b>		<b>Hong Kong</b>		<b>Consolidated</b>	
	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
	<i>(HK\$'000)</i>							
Segment revenue:—								
Sales to external customers	<b><u>1,492</u></b>	<u>154</u>	<b><u>3,773</u></b>	<u>869</u>	<b><u>1,000</u></b>	<u>500</u>	<b><u>6,265</u></b>	<u>1,524</u>

**Employee information**

As at 30 September 2018, the Group had approximately 55 employees spreading over Hong Kong, PRC and Taiwan.

The staff were remunerated based on their work performance, professional experience and prevailing marketing practices. In addition to the basic salaries and retirement schemes, the Group also offered staff benefits including medical insurance, share options, performance bonus and sales commission.

**Capital commitments and contingent liabilities**

As at 30 September 2018, the Group had no material capital commitments and contingent liabilities.

**Foreign exchange risk**

The Group's main operations are in the PRC and Taiwan and its income and expenses are transacted in RMB, USD and NT\$ respectively. Accordingly, it has no significant exposure to foreign exchange risk.



## **DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SECURITIES OF THE COMPANY**

As at 30 September 2018, the interests or short positions of the directors and chief executive in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO"), Chapter 571 of the Laws of Hong Kong), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they have taken or deemed to have taken under such provisions of the SFO), or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.61 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:–

### **(a) Long positions in ordinary shares of HK\$1.0 of the Company**

<b>Name of Directors</b>	<b>Total number of shares held</b>	<b>Percentage of shareholding</b>
Mr. Wong Hoi Wong ("Mr. Wong") ( <i>Note</i> )	1,508,600	0.54%

*Note:* These 1,508,600 shares are registered in name of Eaglemax International Investment Limited. As at 30 September 2018, Mr. Wong held the entire issued share capital of Eaglemax International Investment Limited. By virtue of SFO, Mr. Wong has interest of such shares.

### **(b) Short positions in the shares and underlying shares of the Company**

Save as disclosed herein, as at 30 September 2018, none of the directors has short positions in the shares or underlying shares of equity derivatives of the Company.

Save as disclosed herein, as at 30 September 2018, none of the directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provisions of the SFO), or which were required pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to Rule 5.61 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 30 September 2018, the following persons (not being the directors and chief executives of the Company) had interests or short positions in the shares, underlying shares or debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO as follows:–

Name of Shareholder	Number of Shares Held	Approximate percentage of issued share capital
Wang, Ying Fang	40,000,000	14.25%
Extra Bright Trading Limited ( <i>Note 1</i> )	46,279,750	16.48%

*Note:*

1. Extra Bright Trading Limited is owned as to 49% and 51% by Yarn Shouu Bair and Advanced Enterprises Limited respectively. Advanced Enterprises Limited is wholly owned by Chang Wei Min. Chang Wei Min and Yarn Shouu Bair are deemed to be interested in all the Shares held by Extra Bright Trading Limited under the SFO.

Save as disclosed above, as at 30 September 2018, there was no person (not being the directors and chief executives of the Company) who had any interests or short positions in the shares, underlying shares and debentures of the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under Section 336 of the SFO.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading “Directors’ and Chief Executives’ Interests in Securities of the Company”, at no time during the six months ended 30 September 2018 was the Company or any of its subsidiaries a party to any arrangements to enable any director or their respective spouse or children under 18 years of age to acquire benefits by means of acquisition of shares in or debentures of the Company or any other body corporate.

## COMPETING INTERESTS

None of the directors or the management shareholders (as defined in the GEM Listing Rules) of the Company or their respective associates had any interest in a business which competed or might compete with business of the Group.

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

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the six months ended 30 September 2018.

## **AUDIT COMMITTEE**

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive directors, namely Ms. Lin Yan Jenny, Mr. Chu Meng Chi and Ms. Chan Mei Sze. The Audit Committee is chaired by Mr. Chu Meng Chi. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control of the Company. The Audit Committee has reviewed the unaudited results of the Group for the six months ended 30 September 2018 and has provided advice and comment thereon.

## **CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company applied the principles and complied with all the code provisions as set out in the Code on Corporate Governance Practices (the Code) contained in Appendix 15 of the GEM Listing Rules throughout the Period, save for the deviations discussed below.

## **CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

Under the code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive Officer should be clearly established and set out in writing.

Mr. Wong Hoi Wong is both the Chairman and Chief Executive Officer of the Company who is responsible for managing the Board and the Group business. The Board considers that, with the present board structure and scope of business of the Group, there is no imminent need to separate the roles into two individuals as Mr. Wong is perfectly capable of distinguishing the priority of these roles in which he has been acting. However, the Board will continue to review the effectiveness of the Group corporate governance structure to assess whether the separation of the positions of Chairman and Chief Executive Officer is necessary.

## **NON-EXECUTIVE DIRECTORS**

Under the Code Provision A.4.1, all the non-executive directors should be appointed for a specific term, subject to re-election. At present, the non-executive Directors are not appointed for a specific term, but are subject to retirement by rotation and re-election in accordance with the Company's Articles of Association.

## CODE OF CONDUCT FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code for securities transactions by the Directors set out in Rules 5.48 to 5.67 of the GEM Listing Rules as its own code of conduct regarding securities transactions by Directors. The Company confirmed that, having made specific enquiry from all Directors, the Directors have complied with the required standard of dealings and its code of conduct regarding securities transactions by the Directors for the six months ended 30 September 2018.

By Order of the Board

**Wong Hoi Wong**

*Chairman*

Hong Kong, 13 November 2018

*As at the date hereof, the board of directors of the Company comprises two executive directors, namely Mr. Wong Hoi Wong and Ms. Yang Hui Ling, three non-executive directors, namely Ms. Hsieh Ju Lin, Ms. Hsieh Yi Chen and Ms. Wu Chiao Ru and three independent non-executive directors, namely Ms. Lin Yan Jenny, Mr. Chu Meng Chi and Ms. Chan Mei Sze.*