



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)



Third Quarterly Report 第三季度報告

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\$11,288,000 for the nine months ended 31 December 2018.
- Loss attributable to shareholders was approximately HK\$7,007,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the nine months ended 31 December 2018.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) announces the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 31 December 2018 together with the comparative unaudited figures for the corresponding periods in 2017 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 31 December		For the nine months ended 31 December	
		2018	2017	2018	2017
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	5,023	7,452	11,288	8,976
Cost of sales and services		(1,829)	(290)	(7,171)	(320)
Gross profit		3,194	7,162	4,117	8,656
Other income	3	113	15	158	142
Selling and distribution expenses		(26)	(17)	(127)	(55)
General and administrative expenses		(3,640)	(3,169)	(11,001)	(6,685)
Finance costs		(5)	(261)	(30)	(794)
Profit/(loss) before taxation	4	(364)	3,730	(6,883)	1,264
Taxation	5	(67)	–	(151)	–
Profit/(loss) for the period		(431)	3,730	(7,034)	1,264
Exchange differences on translation		438	4	407	(516)
Total comprehensive income		7	3,734	(6,627)	748
Profit/(loss) attributable to:					
Owners of the Company		(409)	3,732	(7,007)	1,270
Non-controlling interests		(23)	(2)	(27)	(6)
		(432)	3,730	(7,034)	1,264
Total comprehensive income attributable to:					
Owners of the Company		29	3,736	(6,600)	754
Non-controlling interests		(23)	(2)	(27)	(6)
		6	3,734	(6,627)	748
Profit/(loss) per share					
– Basic and diluted (in cents)	6	(0.15)	1.7	(2.50)	0.6

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	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	–	–	–	–	(516)	–	(516)	–	(516)
Profit for the period	–	–	–	–	–	1,270	1,270	(6)	1,264
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2017	225,570	27,272	84	360	10	(235,759)	17,537	(331)	17,206
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 1 April 2018	260,750	16,718	84	360	4,931	(219,635)	63,208	(334)	62,874
Subscription of shares under General Mandate	20,000	–	–	–	–	–	20,000	–	20,000
Other comprehensive income	–	–	–	–	407	–	407	–	407
Loss for the period	–	–	–	–	–	(7,007)	(7,007)	(27)	(7,034)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 31 December 2018	280,750	16,718	84	360	5,338	(226,642)	76,608	(361)	76,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes to the Accounts:

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.

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.

3. Turnover and other revenues

Turnover represents the invoiced value of 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 and other revenue is as follows:

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	2018	2017
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$’000	HK\$’000	HK\$’000	HK\$’000
Turnover:				
Software development income	4,283	7,052	7,393	7,828
Trading business	351	–	2,698	–
Rental income	389	392	1,197	1,148
	<u>5,023</u>	<u>7,444</u>	<u>11,288</u>	<u>8,976</u>
Other revenues:				
Interest income	62	15	100	31
Sundry income	51	–	58	111
	<u>113</u>	<u>15</u>	<u>158</u>	<u>142</u>
	<u>5,136</u>	<u>7,459</u>	<u>11,446</u>	<u>9,118</u>

4. Profit/(loss) before tax (Unaudited)

	For the three months ended 31 December		For the nine months ended 31 December	
	2018	2017	2018	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) before tax is arrived at after charging:				
Cost of sales and services	1,829	290	7,171	320
Depreciation	14	5	33	8
Finance costs	5	261	30	794
Staff costs (including Directors)	2,218	2,251	6,633	4,190
Legal and professional fees	241	455	1,072	925

5. Taxation

Hong Kong profits tax is calculated at 16.5% (2017: 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. No provision for taxation has been made as the Group incurred a taxation loss for the period.

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. Profit/(loss) per share

The calculation of basic loss per share for the nine months ended 31 December 2018 is based on the loss attributable to owners of the Company of HK\$7,007,000 (2017 profit: HK\$1,270,000) and the weighted average of 280,750,261 (2017: 225,570,261) ordinary shares in issue during the period.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2018 (2017: Nil).

BUSINESS REVIEW

Leasing business

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

There was no new supply in class A office buildings in non-core business district of Shanghai in the third quarter of 2018, and it is expected that there will be new supply providing a total gross floor area of approximately 300,000 square meters in the fourth quarter of 2018. As a result of the trend of absorbing existing office buildings, the vacancy rate of office buildings in non-core business district reduced by 2 percentage points quarter-on-quarter, which achieved improvement in each segment within non-core business district.

Software business

The turnover of the group's software business maintained stable compared with the corresponding period of last year. The thriving demand on the software business has stimulated an enormous potential for development of such business.

The strength of financial technology (FinTech) is to complement the inadequacy of traditional financial firms. As for general users, it is always hard to obtain financing and such service may be beyond their reach; while traditional financial firms also face challenges in paying higher costs to engage new customers. In this regard, we set up a platform for our customers enabling the traditional firms to maintain relationship with their users so as to maximize the benefits of end-users.

There are various driving forces for the development of FinTech. One of such drivers is demand as there is keen demand for financial services in the society from individuals, entities or corporates but has not been satisfied. The other one is supply. Traditional financial firms have served many medium-sized and large enterprises but there are an even larger number of quality customers who would have obtained financial services provided by such firms including banks now turning to FinTech companies for their services.

The third element is technology. Internet service providers have begun applying artificial intelligence technologies and machine learning algorithms. Technology is one of the important drivers promoting the development of the whole industry. Lastly is government policy. In fact, e-finance always supports and promotes the development of FinTech. The Government gave its stances on FinTech in its speech stating that FinTech is actually the supply-side reform of traditional finance as it can better serve the real economy.

Prospect

Looking forward, it is expected that new gross floor area supply of approximately 700,000 square meters of office building in Shanghai will come on stream this year. Leveraging the Shanghai Government's ceaseless support, emerging industries such as information technology and new energy vehicles will be developed more rapidly and continue to boost the demand for office buildings in future. Certain leading technology providers have announced plans for the setting up artificial intelligence innovation platforms and research centers in Shanghai.

The purpose of FinTech is to relieve hardship in our living. By applying FinTech, financial service can be delivered by using new technology and the general public can get access to financial service better and easier. The future financial service in future will be decentralized and be available anytime, anywhere. As such service is highly intelligent, it will be ready for use whenever needed. The automatic financial service is designed to adapt to different scenes and only serve users when necessary. And more importantly, it can be customized to offer diversified financial solutions depending on the needs of users. With the support of big data and accumulation algorithm, the automatically touchless financial service will fix your problems whenever needed.

Financial highlights

The Group's consolidated turnover for the nine months ended 31 December 2018 amounted to approximately HK\$11,288,000 (2017: HK\$8,976,000). During the period under review, loss from operations for the period was HK\$6,971,000 (2017 loss: HK\$2,058,000). Further, loss attributable to owners of the Company for the period was HK\$7,007,000 (2017 profit: HK\$1,270,000).

Gross profit for the Group decreased from HK\$8,656,000 in 2017 to HK\$4,117,000 in 2018, due to the increase of trading income with lower profit margin.

Total operating costs were approximately HK\$11,128,000 (2017: HK\$6,740,000). Compare to the corresponding period of last year, the operating costs have increased by 65% due to increasing of professional fees and staff costs.

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

As at 31 December 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

Name of Directors	Total number of shares held	Percentage of shareholding
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 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2018.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 13 February 2019

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.