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)

First Quarterly Report 第一季度報告

2019/20

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$4,274,000 for the three months ended 30 June 2019.
- Loss attributable to shareholders was approximately HK$188,000.
- The directors of the Company (the "Directors") do not recommend the payment of dividend for the three months ended 30 June 2019.

RESULTS

The board of Directors (the "Board") of Thiz Technology Group Limited (the "Company") herein announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the "Group") for the three months ended 30 June 2019 together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30 June	
		2019	2018
	Notes	***HK$'000***	*HK$'000*
Turnover	*3*	**4,274**	658
Cost of sales and services		**(3,090)**	(10)
Gross profit		**1,184**	648
Other income	*3*	**1,244**	13
Selling and distribution expenses		**(20)**	(37)
General and administrative expenses		**(2,514)**	(5,550)
Finance costs		**(310)**	(14)
Loss before taxation	*4*	**(416)**	(4,940)
Taxation	*5*	**228**	–
Loss for the period		**(188)**	(4,940)
Currency translation differences		**108**	4,265
Total comprehensive income		**(80)**	(675)
Loss attributable to:			
Owners of the Company		**(188)**	(4,938)
Non-controlling interests		**–**	(2)
		(188)	(4,940)
Total comprehensive income attributable to:			
Owners of the Company		**(80)**	(673)
Non-controlling interests		**–**	(2)
		(80)	(675)
Loss per share:			
– Basic and diluted *(in cents)*	*6*	**(0.1)**	(1.8)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital *HK$'000*	Share premium *HK$'000*	Capital redemption reserve *HK$'000*	Special reserve *HK$'000*	Translation reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*	Non-Controlling interest *HK$'000*	Total equity *HK$'000*
Balance at 1 April 2018	260,750	16,718	84	360	4,931	(219,635)	63,208	(334)	62,874
Other comprehensive income	–	–	–	–	4,265	–	4,265	–	4,265
Issue shares	20,000	–	–	–	–	–	20,000	–	20,000
Profit or loss for the period	–	–	–	–	–	(4,938)	(4,938)	(2)	(4,940)
Balance at 30 June 2018	280,750	16,718	84	360	9,196	(224,573)	82,535	(336)	82,199
Balance at 1 April 2019	**280,750**	**16,618**	**84**	**360**	**1,118**	**(232,925)**	**66,005**	**(31)**	**65,974**
Initial application of HKFRS 16	**–**	**–**	**–**	**–**	**–**	**7,835**	**7,835**	**–**	**7,835**
Other comprehensive income	**–**	**–**	**–**	**–**	**108**	**–**	**108**	**–**	**108**
Profit or loss for the period	**–**	**–**	**–**	**–**	**–**	**(188)**	**(188)**	**–**	**(188)**
Balance at 30 June 2019	**280,750**	**16,618**	**84**	**360**	**1,226**	**(225,278)**	**73,760**	**(31)**	**73,729**

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 2019.

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 2019.

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

Currently the Group classifies leases into operating leases, and account for the lease arrangements, according to the nature of the lease. The Group enters into leases as the lessee or the lessor.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted.

In addition, the Group as an intermediate lessor of the existing subleases will need to assess whether these subleases should be classified as finance leases or operating leases and whether the head leases should be classified as investment properties and measured at fair value in accordance with the requirements of HKFRS 16.

The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting. The Group intends to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of accumulated losses at 1 April 2019 and will not restate the comparatives.

3. Turnover and other revenue

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

	For the three months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Turnover:		
Software development income	**2,200**	355
Rental income	**1,881**	303
Sales of goods	**193**	–
	4,274	658
Other income:		
Interest income	**16**	13
Compensation for termination of the major transaction in relation to the entire equity interest in CHI FU CENTRAL EUROPE RE SRL	**1,200**	–
Sundry Income	**28**	–
	1,244	13
	5,518	671

4. Loss before taxation (Unaudited)

	For the three months ended 30 June	
	2019	2018
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss before taxation is arrived at after charging:		
Fair value change for right-of-use assets	**1,163**	–
Cost of sales and services	**20**	37
Depreciation	**14**	7
Finance costs	**310**	14

5. Taxation

Hong Kong profits tax is calculated at 16.5% (2018: 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.

Deductible temporary differences have not been recognised in these 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 three months ended 30 June 2019 is based on the loss attributable to owners of the Company of HK$188,000 (2018 loss: HK$4,938,000) and the weighted average of 280,750,261 (2018: 280,750,261) ordinary shares in issue during the period.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2019 (2018: Nil).

BUSINESS REVIEW

Software business

During the period under review, the Group's Internet financial software products were the principle source of the Group's revenue, the turnover of which increased compared with the corresponding period of last year.

At present, financial technology (FinTech) utilizes further technology to improve the efficiency of financial activities, and all traditional financial businesses and services have become technology-based, for example, buying funds and insurances through banks, and so on. FinTech has also been applied to all aspects of our real life. First is for payment, which is mainly divided into two categories: mobile payment and e-wallet. Second is for fund-raising which relates to the emerging crowdfunding platform. Third is for borrowing, both the borrower and the lender can establish a loan relationship quickly to complete transactions. This mode of lending/borrowing allows for a lower entry barrier than traditional firm, and is convenient and easy to use.

Fourth is for supply of market information, as big data has bought about many emerging companies which provide services to financial enterprises, making use of data analysis to identify potential customers through effective searching from the massive data related to clients, products and markets for more effective deployment of capital and mitigating risk. Fifth is for insurance, where online insurance trading market has changed the way of buying insurance, pricing policy and making claims. Sixth is for investment management by which the mobile apps launched by banks utilize instant information system to provide information on investment portfolio and advices to users, which is different from traditional financial consultants.

Leasing business

During the period under review, the turnover of the Group's leasing business of office premises in Shanghai, the PRC has recorded a considerable increase compared with the corresponding period of last year, the office premises in Shanghai are the principle source of the Group's turnover, which remained stable compared with the corresponding period of last year. The Group has also opened up the sub-leasing of office premises in Shanghai as an intermediate lessor.

At present, the total number of rentable projects in the Shanghai office property market has exceeded 10,000 square meters, the majority of which are located in non-core business districts. With the extension of metro railway transport, more and more enterprises have included high-quality office properties in non-core business districts into consideration when looking for office premises. Although there is still a gap between the rental in these areas and those of top-class offices, the average area per transaction is the largest in the entire market, and covers the widest range of industries.

Meanwhile, the Shanghai office market will be further polarized. Apart from the differentiation among segments, the differentiation of rental among buildings is more obvious. At present, finance, technology, media, communication and trading industry have become the mainstay of demand for office premise leasing, the changing policies and market fluctuations will be the norm. The increasing competitors and on-going adjustments from tenants will be the challenges to the Shanghai office market participants, which requires a deeper understanding and more flexible cooperation to the demands of tenants in the new era.

Prospects

More and more enterprises are considering adjusting their strategies, changing their business model to meet the ever-changing digitalization, using artificial intelligence and machine learning to reduce operating cost, and applying robots for more immediate response to customers' demand. As a customer-oriented group providing comprehensive services, our focus is on cybersecurity.

In addition, new supply of Shanghai office buildings continues to increase, causing more severe market competition. Further increase in the vacancy rate of office buildings forces the owners to give concessions on rent. The overall pre-leasing of new projects is less optimistic than before. The macroeconomic uncertainty and persistent oversupply in the market have led to a prolonged decision-making cycle for enterprise relocation. Meanwhile, rental in core business districts and class A office buildings in non-core business districts of Shanghai continues to decline over the previous quarter. In order to lower the cost of enterprises, and the fact that many second-tier cities provide incentives to attract premium enterprises, the trend of technology giants moving out of first-tier cities still exists. As international retail brands continue to expand their business in Shanghai, so is their office space. With the recent closure of several co-working office spaces, the co-working office market will further consolidate and the worst performing operators will be eliminated.

The Group is optimistic about its business outlook and expects the leasing business will continue to work as a driving force of the Group's revenue.

Financial Performance

The Group's consolidated turnover for the three months ended 30 June 2019 amounted to approximately HK$4,274,000 (2018: HK$658,000). During the period under review, loss from operations for the period was HK$188,000 (2018 loss: HK$4,940,000). Further, loss attributable to owners of the Company for the period was HK$188,000 (2018 loss: HK$4,938,000).

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

As at 30 June 2019, 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
Ms. Hsieh Ju Lin	9,850,000	3.51%
Mr. Wong Hoi Wong ("Mr. Wong") *(Note)*	1,508,600	0.54%

Note: These 1,508,600 shares are registered in name of Eaglemax International Investment Limited. As at 30 June 2019, 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 June 2019, 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 June 2019, 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 June 2019 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	45,500,000	16.21%
Extra Bright Trading Limited *(note 1)*	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 June 2019, 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 three months ended 30 June 2019 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 three months ended 30 June 2019.

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 two independent non-executive directors, namely 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 three months ended 30 June 2019 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.

Following Ms. Lin Yan Jenny's resignation, (i) the Company has only two independent non-executive directors, the number of which falls below the minimum number required under Rules 5.05 of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules"). The Company will identify an appropriate person to fill the vacancy of the independent nonexecutive directors with a view to meet the above requirements under the GEM Listing Rules as soon as practicable; and (ii) the Company has only two Audit Committee members, the number of which falls below the minimum number required under Rules 5.28 of the GEM Listing Rules. The Company will identify an appropriate person to fill the vacancy of the member of the Audit Committee with a view to meet the above requirements under the GEM Listing Rules as soon as practicable. Further announcement will be made by the Company in relation to such appointment as and when appropriate.

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 three months ended 30 June 2019.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 13 August 2019

As at the date of this report, 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 two independent non-executive directors, namely Mr. Chu Meng Chi and Ms. Chang Mei Sze.