



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

2019/20



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

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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\$9,489,000 for the six months ended 30 September 2019.
- Profit attributable to shareholders was approximately HK\$2,716,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2019.

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 2019 together with the comparative unaudited figures for the corresponding periods in 2018 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	
		2019	2018	2019	2018
		<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	3	5,215	5,607	9,489	6,265
Cost of sales and services		<u>(1,216)</u>	<u>(5,332)</u>	<u>(4,306)</u>	<u>(5,342)</u>
Gross profit		3,999	275	5,183	923
Other revenue and gain	3	2,076	32	3,320	45
Selling and distribution expenses		(2)	(64)	(22)	(101)
General and administrative expenses		(2,792)	(1,810)	(5,306)	(7,360)
Finance costs		<u>(433)</u>	<u>(11)</u>	<u>(743)</u>	<u>(25)</u>
Profit/(loss) before taxation	4	2,848	(1,578)	2,432	(6,518)
Taxation	5	<u>56</u>	<u>(84)</u>	<u>284</u>	<u>(84)</u>
Profit/(loss) for the period		2,904	(1,662)	2,716	(6,602)
Currency translation differences		<u>8</u>	<u>(4,296)</u>	<u>116</u>	<u>(31)</u>
Total comprehensive income		<u><u>2,912</u></u>	<u><u>(5,958)</u></u>	<u><u>2,832</u></u>	<u><u>(6,633)</u></u>

	Notes	For the three months ended 30 September		For the six months ended 30 September	
		2019	2018	2019	2018
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) attributable to:					
Owners of the Company		2,904	(1,660)	2,716	(6,598)
Non-controlling interests		—	(2)	—	(4)
		<u>2,904</u>	<u>(1,662)</u>	<u>2,716</u>	<u>(6,602)</u>
Total comprehensive income attributable to:					
Owners of the Company		2,912	(5,956)	2,832	(6,629)
Non-controlling interests		—	(2)	—	(4)
		<u>2,912</u>	<u>(5,958)</u>	<u>2,832</u>	<u>(6,633)</u>
Earnings/(loss) per share:					
– Basic and diluted (in cents)	6	1.03	(0.59)	0.97	(2.35)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2019 HK\$'000	At 31 March 2019 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		759	196
Investment properties		78,956	46,685
		<u>79,715</u>	<u>46,881</u>
Current assets			
Trade receivables, other receivables, deposits and prepayments	7	5,418	2,779
Cash and bank balances		24,930	29,530
		<u>30,348</u>	<u>32,309</u>
Current liabilities			
Other payables, deposits received and accruals		5,787	6,169
Amount due to a shareholder		486	486
Contract liabilities		2,075	2,663
Lease liabilities		2,236	—
		<u>10,584</u>	<u>9,318</u>
Net current assets		<u>19,764</u>	<u>22,991</u>
Total assets less current liabilities		<u>99,479</u>	<u>69,872</u>
Non-current liabilities			
Deferred tax liabilities		6,053	3,898
Lease liabilities		17,235	—
		<u>23,288</u>	<u>3,898</u>
Net assets		<u><u>76,191</u></u>	<u><u>65,974</u></u>
EQUITY			
Capital and reserves			
Share capital		280,750	280,750
Reserves		(204,528)	(214,745)
Equity attributable to owners of the Company		<u>76,222</u>	<u>66,005</u>
Non-controlling interests		(31)	(31)
Total equity		<u><u>76,191</u></u>	<u><u>65,974</u></u>

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2019 <i>HK\$'000</i>	2018 <i>HK\$'000</i>
Net cash used in operating activities	(4,600)	(7,627)
Net cash generated from investing activities	—	—
Net cash used in financing activities	—	(2,734)
Net decrease in cash and cash equivalents	(4,600)	(10,361)
Cash and cash equivalents as at 1 April	29,530	39,003
Cash and cash equivalents as at 30 September	24,930	28,642
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	24,930	28,642

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 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>(226,234)</u>	<u>76,578</u>	<u>(338)</u>	<u>76,240</u>
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	–	–	–	–	–	7,385	7,385	–	7,385
Other comprehensive income	–	–	–	–	116	–	116	–	116
Profit for the period	–	–	–	–	–	2,716	2,716	–	2,716
Balance at 30 September 2019	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>1,234</u>	<u>(222,824)</u>	<u>76,222</u>	<u>(31)</u>	<u>76,191</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 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.

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”).

Other than as explained below regarding the impact of adoption of HKFRS 16, the new and amendments to HKFRSs that are relevant to the preparation of the Company's unaudited condensed consolidated interim financial statements have no material impact on the Group's financial performance and cash flows for current period and financial position.

The Group has initially applied HKFRS 16 as from 1 April 2019 and elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 April 2019, if any. Comparative information has not been restated and continues to be reported under HKAS 17, Leases.

Impact on transition

As a lessee

Lease liabilities of HK\$15,487,000 for lease of offices at 1 April 2019 were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rates at 1 April 2019 (i.e. date of initial adoption of HKFRS 16). the right-of-use assets of HK\$25,333,000 were measured at the amount of the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to the leases recognised in the unaudited condensed consolidated statement of financial position immediately before 1 April 2019. All these assets were assessed for any impairment based on HKAS 36 on that date. the Group elected to present these right-of-use assets under property, plant and equipment and the lease liabilities separately in the unaudited condensed consolidated statement of financial position.

The Group has adopted the practical expedient to exclude initial direct costs for the measurement of right-of-use assets when applying HKFRS 16 at 1 April 2019.

As a lessor

The Group leases out its investment properties, including right-of-use assets. The Group has classified these leases as operating leases.

The accounting policies applicable to the Group as a lessor are not different from those under HKAS 17. However, when the Group is an intermediate lessor the sub-leases are classified with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group sub-leases some of its properties. Under HKAS 17, the head lease and sub-lease contracts were classified as operating leases. On transition to HKFRS 16, the right-of-use assets recognised from the head leases are presented in investment properties, and measured at fair value of HK\$24,556,000 at 1 April 2019 and corresponding lease liabilities of HK\$14,710,000 from the head leases is recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rates at 1 April 2019, the difference of HK\$7,385,000 (net of deferred tax liabilities) is recognised in accumulated losses on transition to HKFRS 16. The sub-lease contracts are classified as operating leases under HKFRS 16.

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	
	2019	2018	2019	2018
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue:—				
Software development income	3,378	2,755	5,578	3,110
Trading business	—	2,347	193	2,347
Rental income	1,837	505	3,718	808
	<u>5,215</u>	<u>5,607</u>	<u>9,489</u>	<u>6,265</u>
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Other revenue and gain:—				
Fair value gain on investment properties	2,045	—	2,045	—
Interest income	21	25	37	38
Compensation for termination of the major transaction	—	—	1,200	—
Sundry income	10	7	38	7
	<u>2,076</u>	<u>32</u>	<u>3,320</u>	<u>45</u>
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	<u>7,291</u>	<u>5,639</u>	<u>12,809</u>	<u>6,310</u>
	=====	=====	=====	=====

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

	For the three months ended 30 September		For the six months ended 30 September	
	2019	2018	2019	2018
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit before taxation is arrived at after charging:				
Cost of sales and services	1,216	5,332	4,306	5,342
Depreciation	16	12	30	19
Depreciation for right-of-use assets	194	—	194	—
Finance costs	433	11	743	25
Staff costs (including Directors)	1,227	878	2,752	4,415
Legal and professional fees	301	162	795	831

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. Earnings/(loss) per share

The calculation of basic earnings per share for the six months ended 30 September 2019 is based on the profit attributable to owners of the Company of HK\$2,716,000 (2018 loss: HK\$6,598,000) and the weighted average of 280,750,261 (2018: 280,750,261).

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:

	30 September 2019 (Unaudited) HK\$'000	31 March 2018 (Audited) HK\$'000
0 – 30 days	3,455	2,918
31 – 60 days	–	–
61 – 90 days	–	–
91 – 180 days	–	–
181 – 360 days	–	–
Over 360 days	–	–
	<hr/>	<hr/>
	3,455	2,918
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2019 (2018: 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 as compared with the corresponding period of last year, while a new source of revenue was developed as the Group has also started its business of sub-leasing office premises in Shanghai as an intermediate lessor.

In non-core business district of Shanghai, three new projects came on stream bringing new supply of approximately 170,000 square meters to the market. Despite new projects are launched in the market, the average vacancy rate of office premises in non-core business district decreased by 3% from the preceding period. The future supply of offices in the non-core business district is expected to be mainly concentrated in the Expo and Houtan area in Pudong, and the Xuhui Binjiang area in Puxi, while the rental index of Grade A office premises located in non-core business districts will remain stable as compared with the preceding period. However, some landlords have considered lowering rentals and the minimum requirements for tenants' background due to the unsatisfactory condition of project leasing and concerns about the increasing future supply.

Software business

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

Financial technology (FinTech) can add value to financial services which help consolidate and enhance Hong Kong's status as an international financial center. Facing the challenge of active promotion of FinTech development in surrounding cities, Hong Kong adheres to its own rhythm in promoting the development of FinTech amidst the competition, and insists on adopting the open and innovative model. The design process of more financial software products in the market has abandoned the traditional and conservative modes of thinking, to give way to unconstrained ideas. Everyone can put forward his own ideas and all will be respected. Some research and development projects of technology moguls were experimental in nature initially and met with lukewarm market response, eventually they created their technology kingdoms today with an open mind and innovative ideas.

Prospect

Due to the official launch of Sci-Tech innovation board, the capital market has opened a new channel to financing with a relatively low listing threshold for innovative companies, especially those in high-tech and emerging industries. This will accelerate the development of the sci-tech industry, and at the same time benefit and provide more business opportunities to more securities companies and investment banks. It is expected that the office market in Shanghai's core and non-core business districts will see a significant increase in new supply as the continuous oversupply will further intensify competition. Landlords will also offer more incentives by increasing the proportion of agency commissions and giving more concessions to potential tenants.

For the industry of financial software products, the trend of exploring new ideas continues in order to promote innovation, and users will be invited to participate in the early-stage discussion, development and subsequent improvement of product design, so as to test the limit of our creative thinking. The conventional product development process of some banks is always based on the bank itself and the mass market while the smaller market segments are neglected. The new open thinking mode can focus on users by satisfying their needs through product innovation, and fill the market gap for the consumer groups which traditional banks cannot adequately serve, promote financial inclusion. Virtual Banking brings innovative solutions to the entire industry, providing consumers with online financial services by improving operational efficiency through technology and enhancing user experience.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's consolidated turnover for the six months ended 30 September 2019 amounted to approximately HK\$9,489,000 (2018: HK\$6,265,000). During the period under review, profit from operations for the period was HK\$2,716,000, compared to loss from operations of HK\$6,598,000 in the corresponding period of last year.

Gross profit for the Group increased from HK\$923,000 in 2018 to HK\$5,183,000 in 2019, due to the increase of rental income with higher profit margin.

Total operating costs were approximately HK\$5,328,000 (2018: HK\$7,461,000). Compare to the corresponding period of last year, the operating costs have decreased by 29%, due to the decrease of staff costs.

Profit attributable to owners of the Company and earnings per share for the period were HK\$2,716,000 (2018 loss: HK\$6,598,000) and HK\$0.97 cents (2018 loss: HK\$2.35 cents) respectively.

Liquidity and financial resources

As at 30 September 2019, the Group had current assets amounted to HK\$30,348,000, of which HK\$24,930,000 were cash and bank deposits. Current liabilities of HK\$10,584,000 mainly comprised of other payables, deposits received and accruals. The current ratio of the Group was approximately 2.9 and gearing ratio of the Group was 0.4 (2018: 0.1) representing the Group's borrowings divided by total equity. The Group had net current assets of approximately HK\$19,764,000 as at 30 September 2019.

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 2019.

	Trading business		Rental income		Software development		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:–								
Sales to external customers	<u>193</u>	<u>2,347</u>	<u>3,718</u>	<u>808</u>	<u>5,578</u>	<u>3,110</u>	<u>9,489</u>	<u>6,265</u>
Segment results	<u>54</u>	<u>(207)</u>	<u>3,533</u>	<u>705</u>	<u>(1,749)</u>	<u>(4,856)</u>	<u>1,838</u>	<u>(4,358)</u>
Interest income							37	38
Unallocated income							2,940	7
Unallocated expenses							<u>(1,640)</u>	<u>(2,180)</u>
Profit/(loss) from operations							3,175	(6,493)
Finance costs							<u>(743)</u>	<u>(25)</u>
Profit/(loss) before taxation							2,432	(6,518)
Taxation							<u>284</u>	<u>(84)</u>
Profit/(loss) for the period							<u>2,716</u>	<u>(6,602)</u>
Attributable to:								
Owners of the Company							2,716	(6,598)
Non-controlling interests							<u>–</u>	<u>(4)</u>
							<u>2,716</u>	<u>(6,602)</u>

(b) *Geographical segments (Unaudited)*

The following table presents revenue information for the Group's geographical segments for the six months ended 30 September 2019.

	Taiwan		PRC		Hong Kong		Consolidated	
	2019	2018	2019	2018	2019	2018	2019	2018
	<i>(HK\$ '000)</i>							
Segment revenue:–								
Sales to external customers	<u>3,825</u>	<u>1,492</u>	<u>5,244</u>	<u>3,773</u>	<u>420</u>	<u>1,000</u>	<u>9,489</u>	<u>6,265</u>

Employee information

As at 30 September 2019, the Group had approximately 31 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 2019, 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 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") (<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 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 September 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 September 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 September 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 (<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 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 six months ended 30 September 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 six months ended 30 September 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 three independent non-executive directors, namely Ms. Chen Yun Jung, 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 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.

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 2019.

By Order of the Board

Wong Hoi Wong

Chairman

Hong Kong, 13 November 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 three independent non-executive directors, namely Ms. Chen Yun Jung, Mr. Chu Meng Chi and Ms. Chan Mei Sze.