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
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$14,468,000 for the nine months ended 31 December 2019.
- Profit attributable to shareholders was approximately HK$4,238,000.
- The directors of the Company (the "Directors") do not recommend the payment of an interim dividend for the nine months ended 31 December 2019.

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 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 31 December		**For the nine months ended 31 December**	
		2019	2018	**2019**	2018
	Notes	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Turnover	*3*	**4,979**	5,023	**14,468**	11,288
Cost of sales and services		**(694)**	(1,829)	**(5,000)**	(7,171)
Gross profit		**4,285**	3,194	**9,468**	4,117
Other income	*3*	**26**	113	**3,346**	158
Selling and distribution expenses		**(9)**	(26)	**(31)**	(127)
General and administrative expenses		**(2,323)**	(3,640)	**(7,629)**	(11,001)
Finance costs		**(405)**	(5)	**(1,148)**	(30)
Profit/(loss) before taxation	*4*	**1,574**	(364)	**4,006**	(6,883)
Taxation	*5*	**(52)**	(67)	**232**	(151)
Profit/(loss) for the period		**1,522**	(431)	**4,238**	(7,034)
Exchange differences on translation		**(16)**	438	**100**	407
Total comprehensive income		**1,506**	7	**4,338**	(6,627)
Profit/(loss) attributable to:					
Owners of the Company		**1,522**	(409)	**4,238**	(7,007)
Non-controlling interests		**–**	(23)	**–**	(27)
		1,522	(432)	**4,238**	(7,034)
Total comprehensive income attributable to:					
Owners of the Company		**1,506**	29	**4,338**	(6,600)
Non-controlling interests		**–**	(23)	**–**	(27)
		1,506	6	**4,338**	(6,627)
Earnings/(loss) per share					
– Basic and diluted (in cents)	*6*	**0.54**	(0.15)	**1.51**	(2.50)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital	Share premium	Capital redemption reserve	Special reserve	Translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
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)
Balance at 31 December 2018	280,750	16,718	84	360	5,338	(226,642)	76,608	(361)	76,247
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	–	–	–	–	100	–	100	–	100
Profit for the period	–	–	–	–	–	4,238	4,238	–	4,238
Balance at 31 December 2019	280,750	16,618	84	360	1,218	(221,302)	77,728	(31)	77,697

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.

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 leasee

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. 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	
	2019	2018	**2019**	2018
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Turnover:				
Software development income	**2,958**	4,283	**8,536**	7,393
Trading business	–	351	**193**	2,698
Rental income	**2,021**	389	**5,739**	1,197
	4,979	5,023	**14,468**	11,288
Other revenues:				
Fair value gain on investment properties	–	–	**2,045**	–
Interest income	**18**	62	**55**	100
Compensation for termination of the major transaction	–	–	**1,200**	–
Sundry income	**8**	51	**46**	58
	26	113	**3,346**	158
	5,005	5,136	**17,814**	11,446

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

	For the three months ended 31 December		For the nine months ended 31 December	
	2019	2018	**2019**	2018
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Profit/(Loss) before tax is arrived at after charging:				
Cost of sales and services	**694**	1,829	**5,000**	7,171
Depreciation	**15**	14	**45**	33
Depreciation for right-of-use assets	**97**	–	**291**	–
Finance costs	**405**	5	**1,148**	30
Staff costs (including Directors)	**1,038**	2,218	**3,790**	6,633
Legal and professional fees	**529**	241	**1,324**	1,072

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.

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 nine months ended 31 December 2019 is based on the profit attributable to owners of the Company of HK$4,238,000 (2018 loss: HK$7,007,000) and the weighted average of 280,750,261 (2018: 280,750,261) 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 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, PRC, remained stable as compared with the corresponding period of last year. A further source of revenue was developed via the Group's business of sub-leasing office premises in Shanghai.

Recently, due to the slowdown of economic growth and tightening industry regulation, China's office market has faced a difficult time. As of December last year, the vacancy rate of office premises in Shanghai reached 19%, as it was in 2017. In terms of rental, the average rental of office premises in Shanghai in 2019 decreased by 4% year-on-year. The cause of these conditions becomes more obvious when the characteristic sensitivity to cycles shared by most core customers (that is, financial and professional service companies) of office buildings is acknowledged.

According to reports, the sluggish market has caused some developers to postpone the launch of new projects. Accordingly, it is expected that the supply of office premises in Shanghai will reach a peak in 2020. At that time, the vacancy rate will rise to 20% and rentals will continue to fall. The vacancy rate may rise again in 2021.

Software business

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

Through their global market insights, many fintech companies promote the sustainable development of new financial service models around the world. Cloud computing, artificial intelligence, blockchain, big data and mobile internet are all in wide use in various fields of financial service. Currently fintech in China is progressing from the '1.0' to the '2.0' era. Fintech in the 1.0 era is demand-driven, whilst development in the 2.0 era is supply-driven after the reform and improvement of the fintech management and infrastructure.

Prospect

In what is a difficult time for office premises, foreign companies may bring a positive effect to the market. Driven by the easing of the US-China trade tensions, China's opening-up policy and the decline in rentals, there is increased engagement from foreign-funded enterprises compared with the previous period. In particular, foreign financial institutions are actively entering the market.

Foreign banks, securities, funds and insurance have accelerated their expansion in the China market in recent years. Government policy allows these foreign-funded institutions to expand their business scope, which means that they will be recruiting and subsequently demanding office premises.

In order to maintain China's leading position in the field, many fintech companies continue to push for innovation. They consider various scenarios and customer experiences as a basis for a deep understanding of technical capabilities and limitations as they pursue appropriate applications of artificial intelligence and develop innovative iterations and breakthroughs of technology and applications.

Many Chinese fintech companies continue to pay close attention to customer needs. Retail customers, for example, are gradually demanding financial services including payment, digital credit, wealth management and life insurance at each stage of their lifecycle. Although mobile payment is currently the most successful field of fintech, while other fields need to be solved by means of science and technology. Likewise, the demand for financial services of many other companies, such as cash management and trade financing, still offer greater room for development in fintech.

Financial highlights

The Group's consolidated turnover for the nine months ended 31 December 2019 amounted to approximately HK$14,468,000 (2018: HK$11,288,000). During the period under review, profit from operations for the period was HK$4,238,000 (2018 loss: HK$6,971,000). Further, profit attributable to owners of the Company for the period was HK$4,238,000 (2018 loss: HK$7,007,000).

Gross profit for the Group increased from HK$4,117,000 in 2018 to HK$9,468,000 in 2019, due to the increase of rental income with higher profit margin.

Total operating costs were approximately HK$7,660,000 (2018: HK$11,128,000). Compare to the corresponding period of last year, the operating costs have decreased by 31% due to decreasing of staff costs.

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

As at 31 December 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 31 December 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 31 December 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 31 December 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 31 December 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	54,009,090	19.24%
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 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2019.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 13 February 2020

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. Chen Yun Jung, Mr. Chu Meng Chi and Ms. Chan Mei Sze.