

Thiz Technology Group Limited

即時科研集團有限公司

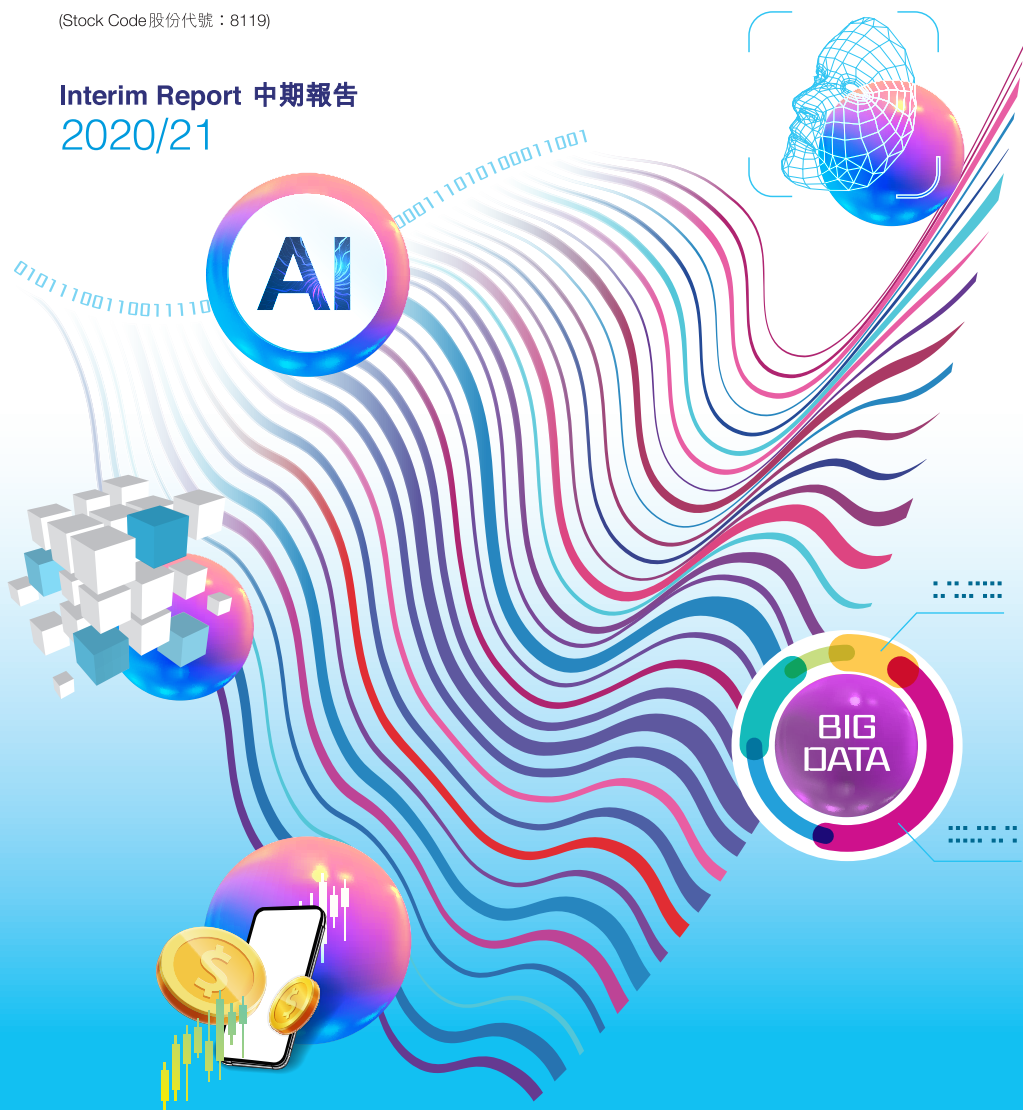
(Incorporated in the Cayman Islands with limited liability)

(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

2020/21



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\$22,829,000 for the six months ended 30 September 2020.
- Profit attributable to shareholders was approximately HK\$7,172,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2020.

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 2020 together with the comparative unaudited figures for the corresponding periods in 2019 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	
		2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>	2020 <i>HK\$'000</i>	2019 <i>HK\$'000</i>
Revenue	3	11,363	5,215	22,829	9,489
Cost of sales and services		(6,308)	(1,216)	(10,866)	(4,306)
Gross profit		5,055	3,999	11,963	5,183
Other revenue and gain	3	(184)	2,076	(159)	3,320
Selling and distribution expenses		(7)	(2)	(25)	(22)
General and administrative expenses		(2,045)	(2,792)	(3,979)	(5,306)
Finance costs		(330)	(433)	(679)	(743)
Profit before taxation	4	2,489	2,848	7,121	2,432
Taxation	5	51	56	51	284
Profit for the period		2,540	2,904	7,172	2,716
Currency translation differences		—	8	(55)	116
Total comprehensive income		2,540	2,912	7,117	2,832

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2020	2019	2020	2019
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit/(loss) attributable to:					
Owners of the Company		2,540	2,904	7,172	2,716
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>2,540</u>	<u>2,904</u>	<u>7,172</u>	<u>2,716</u>
Total comprehensive					
income attributable to:					
Owners of the Company		2,540	2,912	7,117	2,832
Non-controlling interests		<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
		<u>2,540</u>	<u>2,912</u>	<u>7,117</u>	<u>2,832</u>
Earnings/(loss) per share:					
– Basic and diluted (in cents)	6	<u>0.90</u>	<u>1.03</u>	<u>2.56</u>	<u>0.97</u>

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		At 30 September 2020 HK\$'000	At 31 March 2020 HK\$'000
	Notes		
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		362	569
Investment properties		77,511	71,506
		<u>77,873</u>	<u>72,075</u>
Current assets			
Trade receivables, other receivables, deposits and prepayments	7	9,732	4,806
Cash and bank balances		27,108	24,874
		<u>36,840</u>	<u>29,680</u>
Current liabilities			
Other payables, deposits received and accruals		7,003	4,011
Amount due to a shareholder		486	486
Contract liabilities		476	2,048
Lease liabilities		3,785	3,978
		<u>11,750</u>	<u>10,523</u>
Net current assets		<u>25,090</u>	<u>19,157</u>
Total assets less current liabilities		102,963	91,232
Non-current liabilities			
Deferred tax liabilities		6,335	6,335
Lease liabilities		17,017	12,403
		<u>23,352</u>	<u>18,738</u>
Net assets		<u>79,611</u>	<u>72,494</u>
EQUITY			
Capital and reserves			
Share capital		280,750	280,750
Reserves		(201,108)	(208,225)
Equity attributable to owners of the Company		<u>79,642</u>	<u>72,525</u>
Non-controlling interests		(31)	(31)
Total equity		<u>79,611</u>	<u>72,494</u>

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	For the six months ended	
	30 September	
	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from/(used in) operating activities	2,761	(4,600)
Net cash generated from investing activities	–	–
Net cash used in financing activities	<u>(1,949)</u>	<u>–</u>
Net increase/(decrease) in cash and cash equivalents	812	(4,600)
Cash and cash equivalents as at 1 April	<u>26,296</u>	<u>29,530</u>
Cash and cash equivalents as at 30 September	<u>27,108</u>	<u>24,930</u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u>27,108</u>	<u>24,930</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- Controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Restated balance as at 1 April 2019	280,750	16,618	84	360	1,118	(225,540)	73,390	(31)	73,359
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>
Balance at 1 April 2020	280,750	16,618	84	360	(3,005)	(222,282)	72,525	(31)	72,494
Other comprehensive income	-	-	-	-	(55)	-	(55)	-	(55)
Profit for the period	-	-	-	-	-	7,172	7,172	-	7,172
Balance at 30 September 2020	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>(3,060)</u>	<u>(215,110)</u>	<u>79,642</u>	<u>(31)</u>	<u>79,611</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 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 2020.

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

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

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

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

3. Revenue, other income and gain

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

	For the three months ended		For the six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Revenue:				
Software development income	5,647	3,378	10,629	5,578
Trading business	4,287	–	9,051	193
Rental income	1,429	1,837	3,149	3,718
	<u>11,363</u>	<u>5,215</u>	<u>22,829</u>	<u>9,489</u>
Other revenue and gain:				
Fair value (loss)/gain on investment properties	(203)	2,045	(203)	2,045
Interest income	14	21	32	37
Compensation for termination of the major transaction	–	–	–	1,200
Sundry income	5	10	12	38
	<u>(184)</u>	<u>2,076</u>	<u>(159)</u>	<u>3,320</u>
	<u>11,179</u>	<u>7,291</u>	<u>22,670</u>	<u>12,809</u>

4. Profit before taxation (Unaudited)

	For the three months ended		For the six months ended	
	30 September		30 September	
	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Profit before taxation is arrived at after charging:				
Cost of sales and services	6,308	1,216	10,866	4,306
Depreciation of property, plant and equipment	14	16	28	30
Depreciation of right-of-use assets	87	194	173	194
Finance costs	330	433	679	743
Staff costs (including Directors)	1,243	1,227	2,274	2,752
Legal and professional fees	251	301	515	795

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 per share

The calculation of basic earnings per share for the six months ended 30 September 2020 is based on the profit attributable to owners of the Company of HK\$7,172,000 (2019 profit: HK\$2,716,000) and the weighted average of 280,750,261 (2019: 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 2020 (Unaudited) HK\$'000	31 March 2019 (Audited) HK\$'000
0 – 30 days	7,786	3,455
31 – 60 days	–	–
61 – 90 days	210	–
91 – 180 days	210	–
181 – 360 days	–	–
Over 360 days	–	–
	<hr/>	<hr/>
	8,206	3,455
	<hr/> <hr/>	<hr/> <hr/>

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2020 (2019: Nil).

BUSINESS REVIEW

Leasing business

The Group's leasing of office premises in Shanghai, PRC, including the leasing of office premises' management business in Shanghai, was gradually affected by the COVID-19 epidemic and turnover declined as compared with the corresponding period of last year.

Leasing activities of office premises in Shanghai continued to recover, with a significant rebound from the second quarter absorption level, and it was close to the 2019 average. Despite new projects entering the market, the rebound in demand caused the city's average office vacancy rate to drop this quarter.

In the context of the global economic slowdown, foreign-invested enterprises remain active in locating office space in Shanghai's core locations, a proportion that is higher than in 2019. Despite the negative impact of the trade dispute and the COVID-19 epidemic, demand from foreign-invested enterprises remained positive, thanks to the further liberalization of financial and other industries, better control of the COVID-19 in China and a stable recovery of the economy. On the other hand, demand from non-core business districts is still dominated by domestic demand.

Software business

The effect of the COVID-19 epidemic to the Group's software business was limited and turnover increased around 90% as compared with the corresponding period of last year mainly due to increase of Fintech software income. Consumption in China recovered faster due to proper prevention and control of the outbreak. The penetration rate of offline contactless payments and online digital payments is increasing rapidly in both developed and developing markets.

At present, Hong Kong is a high value economy and is primarily a international financial centre. Traditionally, the financial centre has been dominated by transaction intermediation, and one of the strengths of digital technology is disintermediation. To cope with this change, the SAR Government hopes to consolidate the original financial products and promote Hong Kong's wealth management products to the north (Mainland China), in order to seek policies such as the Insurance Connect from the Central Government. On the other hand, we also hope to attract overseas talents to Hong Kong so that Hong Kong can increase its resources in developing technology industries.

Prospects

Shanghai's office market is expected to usher in a new supply of 600,000 square meters of new supply in the fourth quarter. Demand from the finance, manufacturing, retail consumption and information technology industries will continue to be positive, while other industries may face challenges and seek to control costs. As the economic outlook becomes clearer, market confidence will be boosted, and economic stimulus measures such as the construction of a two-loop economic system and the promotion of online new economic development will bear fruit, it is expected that market demand will be rebounded significantly in the coming year. However, in view of the large amount of new supply still to be delivered, the city's office vacancy rate is expected to be at a high level in the future.

Under the COVID-19 epidemic, the global economy is slowing down. In order to reduce the impact of exports, the Mainland will accelerate the application of new technologies while restarting the economy. At the same time, reducing social contact has become a lifestyle habit for the foreseeable future, and it will objectively accelerate the promotion of the Internet economic development. The future development of the market still depends on the recovery of the economy and the stimulus policies of governments. Looking ahead, we will be proactive and confident in the future in the face of a challenging market environment in the face of the COVID-19 epidemic. The Group will take a prudent approach and continue to diversify our product portfolio to build our competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's consolidated turnover for the six months ended 30 September 2020 amounted to approximately HK\$22,829,000 increased around 140% as compared to last year (2019: HK\$9,489,000). During the period under review, profit from operations for the period was HK\$7,172,000, compared to profit from operations of HK\$2,716,000 in the corresponding period of last year.

Gross profit for the Group increased from HK\$5,183,000 in 2019 to HK\$11,963,000 in 2020, due to the increase of rental and trading income with higher profit margin.

Total operating costs were approximately HK\$4,004,000 (2019: HK\$5,328,000). Compare to the corresponding period of last year, the operating costs have decreased by 25%, due to the decrease of staff costs.

Profit attributable to owners of the Company and earnings per share for the period were HK\$7,172,000 (2019 profit: HK\$2,716,000) and HK\$2.56 cents (2019 profit: HK\$0.97 cents) respectively.

Liquidity and financial resources

As at 30 September 2020, the Group had current assets amounted to HK\$36,840,000, of which HK\$27,108,000 were cash and bank deposits. Current liabilities of HK\$11,750,000 mainly comprised of other payables, deposits received and accruals. The current ratio of the Group was approximately 3.1 and gearing ratio of the Group was 0.4 (2019: 0.4) representing the Group's borrowings divided by total equity. The Group had net current assets of approximately HK\$25,090,000 as at 30 September 2020.

SUSPENSION OF TRADING

Reference is made to the announcements of the Company dated 28 February 2020, 9 March 2020, 12 June 2020, 22 June 2020, 14 October 2020 and 22 October 2020 (the "Announcements"). Unless otherwise specified, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The review hearing of the Decision by the GEM LRC took place on 22 September 2020. On 14 October 2020, the Company received a fax from the GEM LRC that they had decided to uphold the GEM Listing Committee Decision to suspend trading in the Company's shares under Rule 9.04 of the GEM Listing Rules and proceed with the cancellation of the Company's listing under Rule 9.14 of the GEM Listing Rules (the "GEM LRC Decision").

The Company failed to satisfy GEM LRC that the Company is currently carrying out a business with a sufficient level of operations to warrant the continued listing of its shares.

At the request of the Company, trading in the shares of the Company was suspended with effect from 9:00 a.m. on 15 October 2020.

Segmental information (Unaudited)

(a) Business segments

The following table presents revenue and profit or loss information of the Group's business segments for the six months ended 30 September 2020.

	Trading business		Rental income		Software development		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:–								
Sales to external customers	<u>9,051</u>	<u>193</u>	<u>3,149</u>	<u>3,718</u>	<u>10,629</u>	<u>5,578</u>	<u>22,829</u>	<u>9,489</u>
Segment results	<u>601</u>	<u>54</u>	<u>2,577</u>	<u>3,533</u>	<u>5,638</u>	<u>(1,749)</u>	<u>8,816</u>	<u>1,838</u>
Interest income							32	37
Unallocated income							(246)	2,940
Unallocated expenses							<u>(802)</u>	<u>(1,640)</u>
Profit from operations							7,800	3,175
Finance costs							<u>(679)</u>	<u>(743)</u>
Profit before taxation							7,121	2,432
Taxation							<u>51</u>	<u>284</u>
Profit for the period							<u>7,172</u>	<u>2,716</u>
Attributable to:								
Owners of the Company							7,172	2,716
Non-controlling interests							<u>–</u>	<u>–</u>
							<u>7,172</u>	<u>2,716</u>

(b) Geographical segments (Unaudited)

The following table presents revenue information of the Group's geographical segments for the six months ended 30 September 2020.

	Taiwan		PRC		Hong Kong		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019
	<i>(HK\$'000)</i>							
Segment revenue:–								
Sales to external								
customers	<u>5,002</u>	<u>3,825</u>	<u>15,307</u>	<u>5,244</u>	<u>2,520</u>	<u>420</u>	<u>22,829</u>	<u>9,489</u>

Employee information

As at 30 September 2020, the Group had approximately 32 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 2020, 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 (<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 2020, 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 2020 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 2020.

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 2020 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 2020.

By Order of the Board

Wong Hoi Wong

Chairman

Hong Kong, 12 November 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, and three independent non-executive directors, namely Ms. Chen Yun Jung, Mr. Chu Meng Chi and Ms. Chan Mei Sze.