



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

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\$28,395,000 for the nine months ended 31 December 2020.
- Profit attributable to shareholders was approximately HK\$6,329,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the nine months ended 31 December 2020.

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 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	For the three months ended 31 December		For the nine months ended 31 December	
		2020 HK\$'000	2019 HK\$'000	2020 HK\$'000	2019 HK\$'000
Turnover	3	5,566	4,979	28,395	14,468
Cost of sales and services		(3,370)	(694)	(14,236)	(5,000)
Gross profit		2,196	4,285	14,159	9,468
Other income	3	514	26	355	3,346
Selling and distribution expenses		(7)	(9)	(32)	(31)
General and administrative expenses		(3,147)	(2,323)	(7,126)	(7,629)
Finance costs		(399)	(405)	(1,078)	(1,148)
Profit/(loss) before taxation	4	(843)	1,574	6,278	4,006
Taxation	5	–	(52)	51	232
Profit/(loss) for the period		(843)	1,522	6,329	4,238
Exchange differences on translation		(65)	(16)	(120)	100
Total comprehensive income		(908)	1,506	6,209	4,338
Profit/(loss) attributable to:					
Owners of the Company		(843)	1,522	6,329	4,238
Non-controlling interests		–	–	–	–
		(843)	1,522	6,329	4,238
Total comprehensive income attributable to:					
Owners of the Company		(908)	1,506	6,209	4,338
Non-controlling interests		–	–	–	–
		(908)	1,506	6,209	4,338
Earnings/(loss) per share					
– Basic and diluted (in cents)	6	(0.30)	0.54	2.25	1.51

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>	Non- controlling interests <i>HK\$'000</i>	Total equity <i>HK\$'000</i>
Balance at 1 April 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
	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>1,218</u>	<u>(221,302)</u>	<u>77,728</u>	<u>(31)</u>	<u>77,697</u>
Balance at 31 December 2019	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>1,218</u>	<u>(221,302)</u>	<u>77,728</u>	<u>(31)</u>	<u>77,697</u>
Balance at 1 April 2020	280,750	16,618	84	360	(3,005)	(222,282)	72,525	(31)	72,494
Other comprehensive income	-	-	-	-	(120)	-	(120)	-	(120)
Profit for the period	-	-	-	-	-	6,329	6,329	-	6,329
	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>(3,125)</u>	<u>(215,953)</u>	<u>78,734</u>	<u>(31)</u>	<u>78,703</u>
Balance at 31 December 2020	<u>280,750</u>	<u>16,618</u>	<u>84</u>	<u>360</u>	<u>(3,125)</u>	<u>(215,953)</u>	<u>78,734</u>	<u>(31)</u>	<u>78,703</u>

Notes to the Accounts:

1. General information

The Company was incorporated as an exempted company with limited liability in the Cayman Islands under the Companies Law (Cap.22 Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 6 December 2000. The Group is principally engaged in (i) property leasing; (ii) trading business; and (iii) the information technology industry as a developer and provider of a range of solutions pertaining to Linux-based systems and others. The Group has expanded its scope of services to provide Fintech solutions and related post contract support services.

2. Basis of preparation

The unaudited consolidated results of the Group have been prepared in accordance with the new Hong Kong Financial Reporting Standards (“HKFRS”) and Hong Kong Accounting Standards (“HKAS”) (collectively “HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the GEM Listing Rules. They have also been prepared under the historical convention.

The details of adoption of new and revised HKFRSs have been set out in the Company’s annual report for the year ended 31 March 2020.

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. 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		For the nine months ended	
	31 December	2019	31 December	2019
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:				
Software development income	1,384	2,958	12,013	8,536
Trading business	2,355	–	11,406	193
Rental income	1,827	2,021	4,976	5,739
	<u>5,566</u>	<u>4,979</u>	<u>28,395</u>	<u>14,468</u>
Other revenues:				
Fair value (loss)/gain on investment properties	–	–	(203)	2,045
Interest income	24	18	56	55
Compensation for termination of the major transaction	–	–	–	1,200
Sundry income	490	8	502	46
	<u>514</u>	<u>26</u>	<u>355</u>	<u>3,346</u>
	<u><u>6,080</u></u>	<u><u>5,005</u></u>	<u><u>28,750</u></u>	<u><u>17,814</u></u>

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

	For the three months ended		For the nine months ended	
	31 December		31 December	
	2020	2019	2020	2019
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit/(Loss) before tax is arrived at after charging:				
Cost of sales and services	3,370	694	14,236	5,000
Depreciation	14	15	42	45
Depreciation for right-of-use assets	86	97	259	291
Finance costs	399	405	1,078	1,148
Staff costs (including Directors)	1,321	1,038	3,595	3,790
Legal and professional fees	377	529	892	1,324

5. Taxation

Hong Kong profits tax is calculated at 16.5% (2019: 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 2020 is based on the profit attributable to owners of the Company of HK\$6,209,000 (2019 profit: HK\$4,238,000) and the weighted average of 280,750,261 (2019: 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 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 affected by the COVID-19 epidemic and turnover during the period under review declined as compared with the corresponding period of last year.

With the recovery of the macroeconomy and the restoration of market confidence, the rental demand in the office market of Shanghai rebounded this quarter back to the normal level before the 2019 epidemic. During the first half of the year, due to the impact of the epidemic, some supplies were delayed in entering the market, resulting in a concentration of new projects entering the market this quarter. A large amount of new supplies pushed up the vacancy rate by 2 percentage points, and rents still fell slightly, but the decline began to slow down.

Software business

The effect of the COVID-19 epidemic to the Group's software business was limited and turnover increased as compared with the corresponding period of last year. Recently, Fintech in Hong Kong has made numerous progress, such as the launch of the Faster Payment System "FPS", the issuance of virtual bank licenses, the implementation of open application program interfaces for the banking industry, and the construction of a trade financing linkage platform.

Hong Kong's Fintech has always maintained a strong momentum of development. The competitive landscape of the financial industry has been continuously optimized, and there will be more new developments in the future. Hong Kong is one of the first markets to try to establish a virtual bank, which provides users with more options, improves user experience, and reduces the cost of financial institutions. Emerging technologies such as artificial intelligence, blockchain, and digital currency are gaining more and more application, nearly 90% of banks in Hong Kong have adopted or plan to adopt Fintech business.

Trading business

In response to the new supply in the office market in Shanghai, the Group actively expanded the source of income from the office-related decoration trade business, and the turnover of the trade business increased significantly compared with the corresponding period of last year.

Prospects

It is expected that Shanghai's office market demand will continue to increase. However, under the pressure of new supply, the average rent can stabilize and rise in 2021. Projects delayed in entering the market due to the impact of the epidemic have gradually been released. While new supply has risen, net absorption has also increased. The overall market activity has been greatly restored. Under the environment of overall economic stabilization, the company's operating conditions have gradually improved and become the main force in leasing transactions.

Hong Kong will also launch a series of measures in the future, such as improving the construction of financial infrastructure, establishing common standards to help financial institutions and data providers exchange commercial data, and creating a dynamic Fintech ecosystem.

Looking ahead, we will actively respond to the challenging market environment under the epidemic and have full confidence in the future. The Group will adopt a prudent attitude and seek opportunities to expand the income sources of the Group and strengthen its profitability.

Financial highlights

The Group's consolidated turnover for the nine months ended 31 December 2020 amounted to approximately HK\$28,395,000 (2019: HK\$14,468,000). During the period under review, profit from operations for the period was HK\$6,209,000 (2019 profit: HK\$4,238,000). Further, profit attributable to owners of the Company for the period was HK\$6,209,000 (2019 profit: HK\$4,238,000).

Gross profit for the Group increased from HK\$9,468,000 in 2019 to HK\$14,159,000 in 2020, due to the increase of software development income with higher profit margin.

Total operating costs were approximately HK\$7,158,000 (2019: HK\$7,660,000). Compare to the corresponding period of last year, the operating costs have decreased by 7% due to decreasing of staff costs and professional fees.

CONTINUED SUSPENSION OF TRADING

At the request of the Company, trading in the Shares has been suspended with effect from 9:00 a.m. on 15 October 2020 and will continue to be suspended until further notice. The Company will keep the public informed of the latest significant developments by making further announcement(s) as and when appropriate and in accordance with the requirements of the GEM Listing Rules.

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

As at 31 December 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
Mr. Wong Hoi Wong (“Mr. Wong”) (<i>Note</i>)	1,508,600	0.54%

Note: These 1,508,600 shares are registered in name of Eaglemax International Investment Limited. As at 31 December 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 31 December 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 31 December 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 31 December 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 by Advanced Enterprises Limited. Advanced Enterprises Limited is wholly owned by Chang Wei Min. Chang Wei Min is 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 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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.

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 2020.

By Order of the Board

Wong Hoi Wong

Chairman

Hong Kong, 10 February 2021

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.