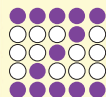


Development
Of
Application
Software



Thiz Technology Group Limited
即時科研集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code : 8119)



Linux Operating Systems
Game Embedded



Network
Engineers



Application
Solutions



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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. 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.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM listed issuers.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which 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 for the purpose of giving information with regard to Thiz Technology Group Limited. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: 1. the information contained in this report is accurate and complete in all material respects and not misleading; 2. there are no other matters the omission of which would make any statement in this report misleading; and 3. all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

SUMMARY

- The Group recorded a turnover of approximately HK\$4,094,000 for the six months ended 30 September 2007.
- Loss attributable to shareholders was approximately HK\$9,958,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2007.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results (“interim accounts”) of the Company and its subsidiaries (together the “Group”) for the three months and six months ended 30 September 2007 together with the comparative unaudited figures for the corresponding periods in 2006 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	For the three months ended 30 September		For the six months ended 30 September	
		2007	2006	2007	2006
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	2,529	6,529	4,094	10,717
Cost of sales		(1,207)	(1,172)	(2,076)	(2,245)
Gross profit		1,322	5,357	2,018	8,472
Other revenues	3	35	52	102	55
Selling and distribution expenses		(74)	(1,152)	(395)	(3,277)
General and administrative expenses		(4,900)	(5,527)	(9,168)	(10,422)
Loss from operations		(3,617)	(1,270)	(7,443)	(5,172)
Finance costs	4	(902)	(1,355)	(2,515)	(2,727)
Loss before tax	4	(4,519)	(2,625)	(9,958)	(7,899)
Tax	5	—	—	—	—
Loss for the period		<u>(4,519)</u>	<u>(2,625)</u>	<u>(9,958)</u>	<u>(7,899)</u>
Attributable to:					
Equity holders of the Company		(4,519)	(2,625)	(9,958)	(7,899)
Minority interests		—	—	—	—
		<u>(4,519)</u>	<u>(2,625)</u>	<u>(9,958)</u>	<u>(7,899)</u>
Loss per share					
– Basic (in cents)	6	<u>(0.43)</u>	<u>(0.86)</u>	<u>(0.95)</u>	<u>(2.58)</u>

CONDENSED CONSOLIDATED BALANCE SHEET

		At 30 September 2007 (Unaudited) HK\$'000	At 31 March 2007 (Audited) HK\$'000
	<i>Notes</i>		
NON-CURRENT ASSETS			
Fixed assets		2,437	3,003
Product development costs		<u>34,148</u>	<u>33,761</u>
		<u>36,585</u>	<u>36,764</u>
CURRENT ASSETS			
Inventories		2,119	2,025
Trade receivables	7	1,712	2,592
Other receivables, deposits and prepayments		2,141	2,571
Cash and bank balances		<u>43,222</u>	<u>1,457</u>
		<u>49,194</u>	<u>8,645</u>
CURRENT LIABILITIES			
Trade payables	8	402	321
Other payables, accruals and deposits received		58,169	42,542
Amounts due to directors	9	8,756	8,724
Amount due to a spouse of a director	9	2,070	2,070
Tax payable		<u>1,200</u>	<u>175</u>
		<u>70,597</u>	<u>53,832</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(21,403)</u>	<u>(45,187)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>15,182</u></u>	<u><u>(8,423)</u></u>
CAPITAL AND RESERVES			
Share Capital		104,561	30,617
Reserves		<u>(97,154)</u>	<u>(85,913)</u>
Equity attributable to equity holders of the Company		7,407	(55,296)
Minority interest		<u>113</u>	<u>113</u>
Total equity		<u>7,520</u>	<u>(55,183)</u>
NON-CURRENT LIABILITIES			
Convertible notes		–	8,945
Convertible preference shares		4,000	32,505
Tax payable		<u>3,662</u>	<u>5,310</u>
		<u>7,662</u>	<u>46,760</u>
		<u><u>15,182</u></u>	<u><u>(8,423)</u></u>

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2007	2006
	(Unaudited)	(Unaudited)
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash used in operating activities	(831)	(2,051)
Net cash used in investing activities	(1,382)	(9,371)
Net cash generated from financing activities	<u>43,978</u>	<u>1,638</u>
Net decrease in cash and cash equivalents	41,765	(9,784)
Cash and cash equivalents as at 1 April	<u>1,457</u>	<u>10,338</u>
Cash and cash equivalents as at 30 September	<u><u>43,222</u></u>	<u><u>554</u></u>
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<u><u>43,222</u></u>	<u><u>554</u></u>

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(UNAUDITED)**

	Share Capital	Share redemption premium	Capital reserve	Capital reserve	Special reserve	Translation reserve	Accumulated losses	Attributable to equity holders of the Company	Minority interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Balance at 1 April 2006	30,617	23,521	84	9,547	360	(551)	(71,994)	(8,416)	–	(8,416)
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	(262)	–	(262)	–	(262)
Loss for the period	–	–	–	–	–	–	(7,899)	(7,899)	–	(7,899)
Balance at 30 September 2006	<u>30,617</u>	<u>23,521</u>	<u>84</u>	<u>9,547</u>	<u>360</u>	<u>(813)</u>	<u>(79,893)</u>	<u>(16,577)</u>	<u>–</u>	<u>(16,577)</u>
Balance at 1 April 2007	30,617	23,521	84	8,339	360	1,037	(119,254)	(55,296)	113	(55,183)
Conversion of Shares	39,090	5,593	–	(4,684)	–	–	–	39,999	–	39,999
Open offer	34,854	–	–	(2,791)	–	–	–	32,063	–	32,063
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	599	–	599	–	599
Loss for the period	–	–	–	–	–	–	(9,958)	(9,958)	–	(9,958)
Balance at 30 September 2007	<u>104,561</u>	<u>29,114</u>	<u>84</u>	<u>864</u>	<u>360</u>	<u>1,636</u>	<u>(129,212)</u>	<u>7,407</u>	<u>113</u>	<u>7,520</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 engages in an information technology industry, in which, it is a developer and provider of a range of Linux solutions including Linux operating systems, application systems run on Linux and related services such as software installation, training and education, operates under the brandname of ThizLinux.

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 effective for accounting period beginning on or after 1 January 2006 have been set out in the Company’s annual report for the year ended 31 March 2007.

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 2007.

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

3. Turnover and other revenues

Turnover represents the invoiced value of computer products sold and Group's Linux based software and hardware products distributed and training income, after allowances for returns and discounts and net of value-added tax.

An analysis of turnover and other revenues is set out below:—

	For the three months ended 30 September		For the six months ended 30 September	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:—				
Distribution of Group's				
Linux based software and				
hardware products	520	91	972	265
Sale of computer products	956	1,010	1,512	2,052
Training income	1,053	5,428	1,610	8,400
	<u>2,529</u>	<u>6,529</u>	<u>4,094</u>	<u>10,717</u>
	-----	-----	-----	-----
Other revenues:—				
Interest income	1	2	3	5
Sundry income	34	50	99	50
	<u>35</u>	<u>52</u>	<u>102</u>	<u>55</u>
	-----	-----	-----	-----
	<u><u>2,564</u></u>	<u><u>6,581</u></u>	<u><u>4,196</u></u>	<u><u>10,772</u></u>

4. Loss before tax (Unaudited)

	For the three months ended 30 September		For the six months ended 30 September	
	2007	2006	2007	2006
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax is arrived at after charging:				
Cost of inventories sold	1,207	1,172	2,076	2,245
Amortisation of product development costs	427	522	941	1,124
Depreciation	343	178	621	344
Finance costs				
– Interest on convertible preference shares	101	705	856	1,389
– Interest on convertible notes	–	262	147	639
– Other finance costs	801	388	1,512	699
	902	1,355	2,515	2,727

5. Tax

Hong Kong profits tax is calculated at 17.5% (2006: 17.5%) 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.

During the six months ended 30 September 2007, the tax effect of temporary differences for deferred tax assets was not recognised in the financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profit that are expected to arise to offset against the deducted temporary differences.

6. Loss per share

The calculation of basic loss per share for the six months ended 30 September 2007 is based on the loss attributable to equity holders of HK\$9,958,000 (2006: HK\$7,899,000) and the weighted average of 1,045,614,375 (2006: 306,167,160) ordinary shares in issue during the period.

No diluted loss per share is presented as the outstanding share options, convertible preference shares and convertible notes were anti-dilutive.

7. Trade receivables

The Group's trading terms with its customers are mainly on a cash-on-delivery basis, except for major customers, where an average credit period of 30 days to 60 days is normally given.

The following is an aged analysis of trade receivables (net of impairment losses) at the reporting date:—

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
0 – 30 days	148	235
31 – 60 days	191	21
61 – 90 days	134	3
91 – 180 days	849	1,754
181 – 360 days	223	440
Over 360 days	167	139
	1,712	2,592

8. Trade payables

The following is an aged analysis of trade payables at the reporting date:—

	30 September 2007 (Unaudited) HK\$'000	31 March 2007 (Audited) HK\$'000
0 – 30 days	60	218
31 – 60 days	65	—
61 – 90 days	53	—
91 – 180 days	120	—
181 – 360 days	—	—
Over 360 days	104	103
	402	321

9. Amounts due to directors and amount due to a spouse of a director

The amounts are interest bearing with Hong Kong prime lending rate per annum, unsecured and repayable on demand, which were effective from 1 July 2005.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 September 2007 (2006: Nil).

BUSINESS REVIEW

It is very important for the Company, as a software manufacturer and a benchmark enterprise of Linux training, to establish comprehensive external communication and cooperation. We make connection with major internet enterprises, departments of information industry and universities of science and engineering in the PRC in respect of research and development projects and training of trainers, as well as, endeavor to negotiate further intensive cooperation.

Currently, we have successfully negotiated an interactive platform cooperation project, which is expected to operate as a base of on-site training. The implementation of the project not only will strengthen the cooperation with the telecommunication industry in China, it will also introduce practical projects with appropriate difficulty and scale in research and development for trainees of the base, which may in turn stimulate trainees' enthusiasm in conducting research and development.

The Company has strengthened the enterprise-university cooperation and has further negotiated with the colleges and universities in respect of the increased recognition for Linux-based THIZ training programmes and research and development projects. We plan to initiate a Linux-based THIZ training programme related to the programmes of universities, and promote Linux-based THIZ and its other brands in the universities. We will also employ teachers of related programmes to further improve the training system of the Company, in order to build an image for the flagship of Linux.

As for the software products, currently, several popular PC manufacturers in the PRC, such as Tsinghua Tongfang, Haier, BenQ, etc., constitute the major customer channel of THIZ. Of which, the pre-installed THIZ desktop operating system of Tsinghua Tongfang accounts for most of its overall computers produced, which basically fulfills the demand for genuine software products of Tongfang. On the front of technical support and service, the Company fully demonstrates solid strength and service standard of the THIZ desktop system. In addition, we have established satisfactory cooperation with the manufacturers leveraging on our technical support and service, which further provides Linux-based solutions and line of thought on strategic application for our customers. At the same time, the pre-sale support offered by project managers of the Company basically maintains a "borderless teamwork" to work closely with our customers.

PROSPECT

The four main directions for the development of software products of the Company in 2008 are:

Direction 1: provides THIZ's Integrated Solution of Digital Hotel System to PC manufacturers and the extensive hotel businesses.

Direction 2: provides THIZ's Integrated Solution of Computer Data Backup and System Restore to PC manufacturers and end-users in general.

Direction 3: provides THIZ's Integrated Solution of Numerical HD Multi-media Player System for the PC manufacturers and end-users in general.

Direction 4: provides THIZ's Integrated Solution of Customer Education and Training for the traditional education training organizations.

On the foundation of maintaining its leading position in Linux desktop PC bundling market, we will make unremitting efforts in strengthening the development of application, to quickly expand the application of a better Linux system with more choices to different sectors, so that more computer manufacturers will be benefited, and more end-users will experience the excellent application of Linux-based THIZ desktop operating system.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

Financial highlights

The Group's consolidated turnover for the six months ended 30 September 2007 amounted to approximately HK\$4,094,000 (2006: HK\$10,717,000). During the period under review, loss from operations for the period was HK\$7,443,000, compared to HK\$5,172,000 in the corresponding period of last year. Further, loss attributable to equity holders for the period was HK\$9,958,000 while the corresponding period of last year was HK\$7,899,000.

In line with the significant decrease in turnover, gross profit for the Group decrease from HK\$8,472,000 in 2006 to HK\$2,018,000 in 2007, while the gross profit margin from 79% to 49%. The major reason for the decrease in gross profitability was due to decrease in the training income that had much higher profit margins.

Total operating costs were approximately HK\$9,563,000 (2006: HK\$13,699,000. Compare to last year, the operating costs have decrease by 30%.

Loss attributable to equity holders and loss per share for the period were HK\$9,958,000 (2006: HK\$7,899,000) and HK0.95 cents (2006: HK2.58 cents) respectively.

Liquidity, financial resources and capital structure

As at 30 September 2007, the Group had current assets amounted to HK\$49,194,000, of which HK\$43,222,000 were cash and bank deposits. Current liabilities of HK\$74,259,000 mainly comprised of trade payables, other payables, accruals and deposits received, and amounts due to the directors. The current ratio of the Group was approximately 0.66. The Group had net current liabilities of approximately HK\$21,403,000 as at 30 September 2007.

Net current assets show an increase by HK\$40,549,000 at 30 September 2007. The increase was mainly due to cash inflow by open offer.

Investments held and material acquisitions and disposals

The Group had no material investments, acquisitions or disposals during the reporting period.

Segmental information

(a) Business segments

The following table presents revenue and loss information for the Group's business segments for the six months ended 30 September 2007.

	Software development		Computer products		Training services		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:–								
Sales to external customers	<u>972</u>	<u>265</u>	<u>1,512</u>	<u>2,052</u>	<u>1,610</u>	<u>8,400</u>	<u>4,094</u>	<u>10,717</u>
Segment results	<u>(1,875)</u>	<u>(1,707)</u>	<u>(335)</u>	<u>(1,347)</u>	<u>(3,013)</u>	<u>1,890</u>	<u>(5,223)</u>	<u>(1,164)</u>
Interest income							3	5
Unallocated income							–	–
Unallocated expenses							<u>(2,223)</u>	<u>(4,013)</u>
Loss from operations							<u>(7,443)</u>	<u>(5,172)</u>
Finance costs							<u>(2,515)</u>	<u>(2,727)</u>
Loss before tax							<u>(9,958)</u>	<u>(7,899)</u>
Tax							–	–
Loss for the period							<u><u>(9,958)</u></u>	<u><u>(7,899)</u></u>
Attributable to:								
Equity holders of the Company							<u>(9,958)</u>	<u>(7,899)</u>
Minority interests							–	–
							<u><u>(9,958)</u></u>	<u><u>(7,899)</u></u>

(b) *Geographical segments*

The following table presents revenue information for the Group's geographical segments for the six months ended 30 September 2007.

	Taiwan		PRC		USA		Japan		Vietnam		Denmark		Others		Consolidated	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
	(HK\$'000)															
Segment revenue:-																
Sales to external customers	463	377	2,261	8,404	812	294	266	490	-	397	-	331	292	424	4,094	10,717
	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==	==

Employee information

As at 30 September 2007, the Group had approximately 180 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 2007, the Group had no material capital commitments and contingent liabilities.

Exposure to foreign exchange risk

Since the functional currencies of the Group's operations are Hong Kong dollars, Renminbi and New Taiwan dollars, the Directors consider that the potential foreign exchange exposure of the Group is limited.

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

As at 30 September 2007, 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\$0.1 of the Company

Name of Directors	Type of interest	Total number of shares held	Percentage of shareholding
Mr. Lin Chien Hsin	Personal	52,950,000	5.06%
Mr. Wong Hoi Wong ("Mr. Albert Wong") (<i>Note</i>)	Other	38,301,000	3.66%

Note: These 38,301,000 shares are registered in name of Eaglemax International Investment Limited, a company wholly owned by Intelligent Management Limited as the trustee of Intelligent Management Discretionary Trust, a family discretionary trust, the objects of which include Mr. Albert Wong and his family and any charity in the world. As at 30 September 2007, Mr. Albert Wong held the entire issued share capital of Intelligent Management Limited. By virtue of SFO, Mr. Albert Wong has interest of such shares.

Long positions in underlying shares of equity derivatives of the Company

The Company adopted a share option scheme (the “2001 Scheme”) on 6 July 2001, pursuant to which it may grant options to full-time employees of the Group including executive directors of the Company to subscribe for shares in the Company. On 5 August 2004, the Company adopted a new share option scheme (the “2004 Scheme”), pursuant to which it may grant options to eligible participants including executive directors of the Company to subscribe for shares in the Company and on the same day, the 2001 Scheme was terminated.

Name of Directors	Type of interest	Date of grant	Exercise price per share HK\$	Exercisable period	Number of ordinary shares eligible for subscription under options granted and outstanding as at
					30 September 2007
Mr. Wong Hoi Wong	Personal	21 November 2001	2.20	30 June 2002 to 29 June 2012	234,995

No options were granted or exercised under the 2001 Scheme and the 2004 Scheme during the six months ended 30 September 2007.

(b) Short positions in the shares and underlying shares of the Company

Save as disclosed herein, as at 30 September 2007, 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 2007, 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 2007, 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	Nature of interests	Number of Shares Held	Approximate percentage of issued share capital
Ms. Hsu Chia-Huey	Beneficial	55,470,628	5.31%
	Attributable interest of controlled corporation	104,250,000	9.97% (<i>Note 1</i>)
Ms. Chu Ya Hsin	Beneficial	51,500,000	4.93%
	Attributable interest of controlled corporation	85,090,909	8.14% (<i>Note 2</i>)
Ms. Chang Pei Chi	Beneficial	51,000,000	4.88%
	Attributable interest of controlled corporation	60,056,601	5.74% (<i>Note 3</i>)

Notes:

- (1) 104,250,000 Shares, representing approximately 9.97% of the total issued share capital of the Company, were held by Extra Bright Trading Limited, which was owned as to 51% by Ms. Hsu Chia-Huey. Ms. Hsu Chia-Huey was therefore deemed to be interested in 9.97% of the issued share capital of the Company under the SFO.
- (2) 85,090,909 Shares, representing approximately 8.14% of the total issued share capital of the Company, were held by Maxbase Holdings Limited, which in turn was 50% held by Ms. Chu Ya Hsin. Ms. Chu Ya Hsin was therefore deemed to be interested in 8.14% of the issued share capital of the Company under the SFO.
- (3) Richagain International Limited holds 27,748,909 Shares and 32,307,692 Convertible Preference Shares. If all its Convertible Preference Shares are converted into Shares, Richagain International Limited will be interested in 5.57% of the total Shares in issue as enlarged by the conversion of all outstanding Convertible Preference Shares issued by the Company and approximately 5.74% of the Company's total issued share capital as at the Latest Practicable Date. Richagain International Limited was 100% held by Ms. Chang Pei Chi. Ms. Chang Pei Chi was therefore deemed to be interested in 5.74% of the issued share capital of the Company under the SFO.

Save as disclosed above, as at 30 September 2007, 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 2007 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.

MANAGEMENT SHAREHOLDERS' INTERESTS

Save for the interests disclosed above in respect of the Directors, chief executive and their associates, the Directors are not aware of any person who, as at 30 September 2007, was entitled to exercise or control the exercise of 5 per cent or more of the voting power at general meetings of the Company and who was able, as a practical matter, to direct or influence the management of the Company.

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 2007.

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. Li Zhe, Mr. Chu Meng Chi and Mr. 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 2007 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.

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 six months ended 30 September 2007.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 14 November 2007

As at the date hereof, the board of directors of the Company comprises three executive directors, namely Mr. Wong Hoi Wong, Mr. Lin En Fu and Mr. Yuan Luke Tsu, three non-executive directors, namely Mr. Lin Chien Hsin, Ms. Hsieh Yi Chen and Ms. Wu Chiao Ru and three independent non-executive directors, namely Ms. Li Zhe, Mr. Chu Meng Chi and Ms. Chan Mei Sze.