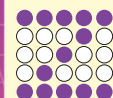


Development
Of
Application
Software



This Technology Group Limited
即時科研集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code : 8119)



Network
Engineers



Application
Solutions

Linux Operating Systems
Game Embedded



Third Quarterly Report 2007/08

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 (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\$4,924,000 for the nine months ended 31 December 2007.
- Loss attributable to shareholders was approximately HK\$15,597,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the nine months ended 31 December 2007.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 31 December 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 31 December		For the nine months ended 31 December	
		2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>	2007 <i>HK\$'000</i>	2006 <i>HK\$'000</i>
Turnover	3	830	2,828	4,924	13,546
Cost of sales		(555)	(1,738)	(2,631)	(3,984)
Gross profit		275	1,090	2,293	9,562
Other revenues	3	459	1	561	57
Selling and distribution expenses		(201)	(655)	(596)	(3,933)
General and administrative expenses		(5,297)	(5,995)	(14,465)	(16,418)
Loss from operations		(4,764)	(5,559)	(12,207)	(10,732)
Finance costs	4	(875)	(1,580)	(3,390)	(4,307)
Loss before tax	4	(5,639)	(7,139)	(15,597)	(15,039)
Tax	5	—	—	—	—
Loss for the period		<u>(5,639)</u>	<u>(7,139)</u>	<u>(15,597)</u>	<u>(15,039)</u>
Attributable to:					
Equity holders of the Company		(5,639)	(7,139)	(15,597)	(15,039)
Minority interests		—	—	—	—
		<u>(5,639)</u>	<u>(7,139)</u>	<u>(15,597)</u>	<u>(15,039)</u>
Loss per share					
– Basic (in cents)	6	<u>(0.54)</u>	<u>(2.33)</u>	<u>(1.49)</u>	<u>(4.91)</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	–	–	–	–	–	(81)	–	(81)	–	(81)
Loss for the period	–	–	–	–	–	–	(15,039)	(15,039)	–	(15,039)
Balance at 31 December 2006	<u>30,617</u>	<u>23,521</u>	<u>84</u>	<u>9,547</u>	<u>360</u>	<u>(632)</u>	<u>(87,033)</u>	<u>(23,536)</u>	<u>–</u>	<u>(23,536)</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	–	–	–	–	–	689	–	689	–	689
Loss for the period	–	–	–	–	–	–	(15,597)	(15,597)	–	(15,597)
Balance at 31 December 2007	<u>104,561</u>	<u>29,114</u>	<u>84</u>	<u>864</u>	<u>360</u>	<u>1,726</u>	<u>(134,851)</u>	<u>1,858</u>	<u>113</u>	<u>1,971</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 31 December		For the nine months ended 31 December	
	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	513	1,200	1,485	1,465
Sale of computer products	292	961	1,804	3,014
Training income	25	667	1,635	9,067
	<u>830</u>	<u>2,828</u>	<u>4,924</u>	<u>13,546</u>
Other revenues:—				
Interest income	116	1	119	6
Sundry income	343	—	442	51
	<u>459</u>	<u>1</u>	<u>561</u>	<u>57</u>
	<u><u>1,289</u></u>	<u><u>2,829</u></u>	<u><u>5,485</u></u>	<u><u>13,603</u></u>

4. Loss before tax (Unaudited)

	For the three months ended 31 December		For the nine months ended 31 December	
	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	555	1,738	2,631	3,984
Amortisation of product development costs	470	727	1,411	1,851
Depreciation	335	198	956	543
Finance costs				
– Interest on convertible preference shares	103	722	959	2,111
– Interest on convertible notes	–	396	147	1,035
– Other finance costs	772	462	2,284	1,161
	<u>875</u>	<u>1,580</u>	<u>3,390</u>	<u>4,307</u>

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 nine months ended 31 December 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 nine months ended 31 December 2007 is based on the loss attributable to equity holders of HK\$15,597,000 (2006: HK\$15,039,000) 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2007 (2006: Nil).

BUSINESS REVIEW

Xi'an Hanyang Training Centre and the Computer Faculty of Xi'an Institute of Posts and Telecommunications agreed to jointly launch an internship programme for the graduates of computer-related professions and the training centre has formally started to admit graduates of Xi'an Institute of Posts and Telecommunications. Not only does this programme allow the graduates to strengthen their practical experiences, it also gives us an opportunity to cooperate with a partner during our course of development.

The cooperation project with Beijing ThizLinux and Beijing Oriental Ruike Information Technology Company Limited has entered the final stage and we expect to develop further cooperation with the company in the future.

As a professional Linux software training organization, we have established a close relationship with different software companies in Dalian such as Hewlett-Packard Company (Dalian), Neusoft Group, Hi-Think Computer and Xinkai Digital etc. in respect of the supply of software talents. The ability of our recommended trainees is recognized by various enterprises. Dalian is seeking for qualified calibers due to the rapid development of its software industry, as such, we are actively discussing a further training programme for people with great potentials and developing a closer partnership with relevant companies.

In order to promote the advanced Linux software technology to students in tertiary institutions, we have jointly launched a Linux promotion campaign with regional tertiary institutions. We successfully organized a number of seminars on Linux technology in Dalian University, Dalian Polytechnic University, Dalian Fisheries University, Dalian Institute of Technology and Dalian Import-Export Institute etc. Teachers and students were very excited about the seminars and found the technology very interesting. The seminars had also broadened the learning perspective of those students who would soon enter the society.

PROSPECT

The demand for Thiz Rescue System is gradually increasing. Our OEM client, BenQ (Shanghai) Co., Ltd., received positive comments from market customers after “BenQ Nurse”, the product we provided to BenQ, has released to the market. Considerable additional order for the product was also received. The company committed to carry out substantial tie-in sales for computers being sold in China in order to enhance the features of BenQ computers. It is expected that the sales of our “Thiz Rescue System” will record a remarkable growth in 2008 and the profits will increase significantly.

As part of the software industry chain, we maintain a positive attitude towards the changing market and incorporate into the international software industry by integrating our abundant resources on training, services, research and development with a view to actively steering towards the following directions:

1. to connect the extensive resources of each subsidiary of the Group so as to provide the trainees with more practical training.
2. to launch a language enhancement programme with language training organizations under the tertiary institutions for the trainees.
3. to launch a training programme with enterprises in demand of software technology.
4. to cooperate with tertiary institutions to continuously promote Linux technology and online certification programme.
5. to carry out a joint recruitment programme with cooperation units such as training organizations and recruitment organizations etc.

Capitalizing on the advantage of being the most professional Linux software training organization, we will integrate the Group’s substantial production and training resources in an effort to satisfy the demand of the market and to provide comprehensive services and fruitful results to the trainees and enterprises in need of talents.

Financial highlights

The Group’s consolidated turnover for the nine months ended 31 December 2007 amounted to approximately HK\$4,924,000 (2006: HK\$13,546,000). During the period under review, loss from operations for the period was HK\$12,207,000, compared to HK\$10,732,000 in the corresponding period of last year. Further, loss attributable to equity holders for the period was HK\$15,597,000 while the corresponding period of last year was HK\$15,039,000.

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

As at 31 December 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 31 December 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
					31 December 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 nine months ended 31 December 2007.

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

Save as disclosed herein, as at 31 December 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 31 December 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 31 December 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 31 December 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 nine Company", at no time during the nine months ended 31 December 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 31 December 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 nine months ended 31 December 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 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 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.

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 2007.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 14 February 2008

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.