



**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)



## First Quarterly Report 2008/09 第一季度報告



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

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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\$671,000 for the three months ended 30 June 2008.
- Loss attributable to shareholders was approximately HK\$3,902,000.
- The directors of the Company (the “Directors”) do not recommend the payment of dividend for the three months ended 30 June 2008.

## RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) herein to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 30 June 2008 together with the comparative unaudited figures for the corresponding periods in 2007 as follows:

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	<b>For the three months ended 30 June</b>	
		<b>2008</b>	2007
		<b>HK\$'000</b>	HK\$'000
Turnover	3	<b>671</b>	1,565
Cost of sales		<b>(269)</b>	(869)
Gross profit		<b>402</b>	696
Other revenues	3	<b>4</b>	67
Selling and distribution expenses		<b>(114)</b>	(321)
General and administrative expenses		<b>(3,487)</b>	(4,268)
Loss from operations		<b>(3,195)</b>	(3,826)
Finance costs	4	<b>(707)</b>	(1,613)
Loss before tax		<b>(3,902)</b>	(5,439)
Tax	5	<b>—</b>	—
Loss for the period		<b>(3,902)</b>	(5,439)
Attributable to:			
Equity holders of the Company		<b>(3,902)</b>	(5,439)
Minority interests		<b>—</b>	—
		<b>(3,902)</b>	(5,439)
Loss per share			
– Basic (in cents)	6	<b>(0.36)</b>	(0.78)

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

	Share Capital	Share premium	Capital redemption reserve	Capital reserve	Special reserve	Translation reserve	Accumulated losses	Attributable to equity holders of the Company	Minority interest	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
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
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	539	–	539	–	539
Loss for the period	–	–	–	–	–	–	(5,439)	(5,439)	–	(5,439)
Balance at 30 June 2007	<u>69,707</u>	<u>29,114</u>	<u>84</u>	<u>3,655</u>	<u>360</u>	<u>1,576</u>	<u>(124,693)</u>	<u>(20,197)</u>	<u>113</u>	<u>(20,084)</u>
Balance at 1 April 2008	104,561	26,818	84	789	360	4,038	(162,102)	(25,452)	–	(25,452)
Conversion of Shares	4,000	985	–	411	–	–	–	5,396	–	5,396
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	(14)	–	(14)	–	(14)
Loss for the period	–	–	–	–	–	–	(3,902)	(3,902)	–	(3,902)
Balance at 30 June 2008	<u>108,561</u>	<u>27,803</u>	<u>84</u>	<u>1,200</u>	<u>360</u>	<u>4,024</u>	<u>(166,004)</u>	<u>(23,972)</u>	<u>–</u>	<u>(23,972)</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 have been set out in the Company’s annual report for the year ended 31 March 2008.

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 2008.

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:–

	<b>For the three months ended 30 June</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Turnover:–		
Distribution of Group's Linux based software and hardware products	<b>424</b>	452
Sale of computer products	<b>119</b>	556
Training income	<b>128</b>	557
	<b>671</b>	1,565
Other revenues:–		
Interest income	<b>1</b>	2
Sundry income	<b>3</b>	65
	<b>4</b>	67
	<b>675</b>	1,632

### 4. Loss before tax (Unaudited)

	<b>For the three months ended 30 June</b>	
	<b>2008</b>	2007
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Loss before tax is arrived at after charging:		
Cost of inventories sold	<b>269</b>	869
Amortisation of product development costs	<b>169</b>	514
Depreciation	<b>337</b>	278
Finance costs		
– Interest on convertible preference shares	<b>258</b>	147
– Interest on convertible notes	<b>–</b>	755
– Other finance costs	<b>449</b>	711
	<b>707</b>	1,613

## **5. Tax**

Hong Kong profits tax is calculated at 16.5% (2007: 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 three months ended 30 June 2008, 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 three months ended 30 June 2008 is based on the loss attributable to equity holders of HK\$3,902,000 (2007: HK\$5,439,000) and the weighted average of 1,085,614,375 (2007: 697,076,250 (after share consolidation)) ordinary shares in issue during the period.

No diluted loss per share is presented as the outstanding share options were anti-dilutive.

## **DIVIDEND**

The Board does not recommend the payment of dividend for the three months ended 30 June 2008 (2007: Nil).

## **BUSINESS REVIEW**

1. We made full use of the advantages of software development of the Group and optimized teaching quality and technical contents for new trainees in their practical training from 2008. The latest technological achievements of the Group, were employed integrating our experience in developing large-scale software into practice and assessment during the training stage through “practical training method with genuine cases”, which enhanced innovation of practical skills and cultivation of students’ real practices, and graduates are assured to become intelligent and skilled IT elites for their employers.
2. We continuously expedited the application of information technologies management. With the technical application of the Group, we applied information technologies into all management tasks, conducting scientific management and application. Systems such as “Business Advisory Online Management System”, “ThizLinux Online Recognition Examination System”, etc. which have been successfully tested and operated online, transformed management and assessment tasks originally done by manual work into operation of advanced online management, significantly enhancing the effectiveness, convenience, security and reliability of the business operation.

3. The first year of the certification course for academic skill classes jointly organized by the Group and Dalian Harbor Specialized College for Linux software engineer and Linux network engineer has completed. The students have smoothly entered their second year of training. We are currently actively carrying out 2008 new student enrollment campaign with the College.
4. We cooperated with Qingdao University of Technology in respect of embedded course training for graduates from Department of Computer Science and Engineering. Upon completing the embedded courses including Linux core, ARM system transformation, the University will guide these students to work out their designs of graduation thesis and tackle questions linking with project topics in Linux embedded practical training stage, which fully demonstrates the practical aspects and comprehensiveness of the course structure.

## **PROSPECT**

1. With the introduction of the Group's Linux products and recognition from the market, training certifications of ThizLinux are recognized by the international market. We will collaborate with IT training institutions in respect of technique certification for Linux network managers in Japan in the future, and provide references for technical requirements for employment in Japanese companies.
2. With the emergence of dual-certification education of academic technical classes in the market, we will continue to link up with various higher education training institutions for long-term cooperation relating to recognition of Linux software engineers and embedded software engineers in the future.
3. We will continue to collect and compile cases of software projects of the Group, strengthen the practical training on these selected projects with IT training institutions and universities and colleges, nourishing qualified and intelligent technicians with academic and practical knowledge and skills.
4. We will continue to optimize Linux core professional techniques of the Group, so as to develop consultation service on software development techniques using the Linux platform and provide enterprise solutions services.



## Financial Performance

The Group's consolidated turnover for the three months ended 30 June 2008 amounted to approximately HK\$671,000 (2007: HK\$1,565,000). During the period under review, loss from operations for the period was HK\$3,195,000, compared to HK\$3,826,000 in the corresponding period of last year. Further, loss attributable to equity holders for the period was HK\$3,902,000 while the corresponding period of last year was HK\$5,439,000.

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

As at 30 June 2008, 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	4.88%
Mr. Wong Hoi Wong ("Mr. Albert Wong") ( <i>Note</i> )	Other	38,301,000	3.53%

*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 June 2008, 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 June 2008
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 three months ended 30 June 2008.

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

Save as disclosed herein, as at 30 June 2008, 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 June 2008, 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 June 2008, 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	5.11%
	Attributable interest of controlled corporation	104,250,000	9.60% ( <i>Note 1</i> )
Ms. Chu Ya Hsin	Beneficial	51,500,000	4.74%
	Attributable interest of controlled corporation	85,090,909	7.84% ( <i>Note 2</i> )

### *Notes:*

- (1) 104,250,000 Shares, representing approximately 9.60% 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 9.60% of the issued share capital of the Company under the SFO.
- (2) 85,090,909 Shares, representing approximately 7.84% 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 7.84% of the issued share capital of the Company under the SFO.

Save as disclosed above, as at 30 June 2008, 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 three months ended 30 June 2008 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 June 2008, 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 three months ended 30 June 2008.

## **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 three months ended 30 June 2008 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 three months ended 30 June 2008.

By Order of the Board  
**Wong Hoi Wong**  
Chairman

Hong Kong, 14 August 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.*