



First Quarterly Report

第一 季 度 報 告

2009/10



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)

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.

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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.

* For identification purpose only

SUMMARY

- The Group recorded a turnover of approximately HK\$590,000 for the three months ended 30 June 2009.
- Loss attributable to shareholders was approximately HK\$2,377,000.
- The directors of the Company (the “Directors”) do not recommend the payment of dividend for the three months ended 30 June 2009.

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 2009 together with the comparative unaudited figures for the corresponding periods in 2008 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	For the three months ended 30 June	
		2009	2008
		HK\$'000	HK\$'000
Turnover	3	590	671
Cost of sales		(431)	(269)
Gross profit		159	402
Other revenues	3	11	4
Selling and distribution expenses		(26)	(114)
General and administrative expenses		(2,176)	(3,487)
Loss from operations		(2,032)	(3,195)
Finance costs	4	(345)	(707)
Loss before tax		(2,377)	(3,902)
Tax	5	—	—
Loss for the period		(2,377)	(3,902)
Attributable to:			
Equity holders of the Company		(2,377)	(3,902)
Minority interests		—	—
		(2,377)	(3,902)
Loss per share			
— Basic (in cents)	6	(0.18)	(0.36)

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

							Attributable to equity holders			
	Share Capital	Share redemption premium	Capital reserve	Special reserve	Translation reserve	Accumulated losses	of the Company	Minority interest	Total	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
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>
Balance at 1 April 2009	130,274	28,597	84	–	360	4,386	(185,652)	(21,951)	–	(21,951)
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	(30)	–	(30)	–	(30)
Loss for the period	–	–	–	–	–	–	(2,377)	(2,377)	–	(2,377)
Balance at 30 June 2009	<u>130,274</u>	<u>28,597</u>	<u>84</u>	<u>–</u>	<u>360</u>	<u>4,356</u>	<u>(188,029)</u>	<u>(24,358)</u>	<u>–</u>	<u>(24,358)</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 a developer and provider of a range of Linux solutions including Linux operating systems, application systems run on Linux and other businesses.

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 2009.

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 2009.

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 products sold, 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 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover:–		
Distribution of Group's Linux based software and hardware products	308	424
Trading income	282	119
Training income	–	128
	590	671
Other revenues:–		
Interest income	10	1
Sundry income	1	3
	11	4
	601	675

4. Loss before tax (Unaudited)

	For the three months ended 30 June	
	2009	2008
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before tax is arrived at after charging:		
Cost of inventories sold	431	269
Amortisation of product development costs	100	169
Depreciation	163	337
Finance costs		
– Interest on convertible preference shares	–	258
– Other finance costs	345	449
	345	707

5. Tax

Hong Kong profits tax is calculated at 16.5% (2008: 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.

During the three months ended 30 June 2009, 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 2009 is based on the loss attributable to equity holders of HK\$2,377,000 (2008: HK\$3,902,000) and the weighted average of 1,302,737,250 (2008: 1,085,614,375) 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 2009 (2008: Nil).

BUSINESS REVIEW

On 3 August 2009, the Company has entered into a non-legally binding memorandum of understanding with Heihe Free Trade Construction Investment Co., Ltd* (the “Vendor”) in relation to the acquisition of part or all of the Vendor’s assets or business.

Despite the slowdown in the global economy and the challenging business environment, the Group continued its business optimization and upgrade in technology research and development on a steady note and secured resources and business opportunities for gradual market expansion.

Under the positive measures for expanding domestic demand in the PRC and the “appliances to the countryside” policy, our shipment of the Linux software products with well-known PC factories in the PRC continued to increase.

We are conducting an exchange of technology research and development on multi-media digital home solution with a consumer electronic product operator. If the research and development is successful, it will create long-term profits from orders with projected market demand for the product.

Based on thorough analysis of the market environment and resource advantages, we completed the business transformation of a member company of the Group with the introduction of new business operating model and service system for countrywide business operations. We have conducted integration planning and pre-operation negotiation for value-added business services of bank cards provided by certain domestic commercial banks. The project will enable commercial banks to offer more quality value-added services. We expect that the project will generate satisfactory revenues with the introduction of a basket of stimulus policies on the expansion of domestic demand by the PRC government and the anticipated sustaining economic growth.

OUTLOOK

Most recent statistics showed that total revenue of the Linux market in the PRC increased by 26% in 2008. With more matured technology and improved stability of performance, Linux products and systems will be increasingly accepted and used in the market. To capture the opportunities in the development of Linux with the support of solid technological infrastructure, the Group will continue to strengthen the Linux desktop products and its training certification business and seize the market opportunities for generating higher revenue from Linux embedded solutions and enter a new stage of development.

In addition, for the development of new business projects, although the economic situation is still affected by a number of uncertainties and the future will not be as rosy as expected in the past, the introduction of a series of preferential policies by the government will well underpin the substantial consumer demand and steady growth of the economy and hence create more solid market demand for our products and services.

Based on the above, the Group will integrate its resources and introduce new business operations such as cooperating with commercial banks in providing added-value services for bank cards so as to generate growth in operating income for the Group. We will strive to make good preparation for launching of projects including, but not limited to, comprehensive service planning for the provisions of products, logistics arrangements, customer service centers and business operations such as new services of business operating models.

Financial Performance

The Group's consolidated turnover for the three months ended 30 June 2009 amounted to approximately HK\$590,000 (2008: HK\$671,000). During the period under review, loss from operations for the period was HK\$2,032,000, compared to HK\$3,195,000 in the corresponding period of last year. Further, loss attributable to equity holders for the period was HK\$2,377,000 while the corresponding period of last year was HK\$3,902,000.

The Subscription was completed on 22 July 2009 in which an aggregate of 260,000,000 Subscription Shares have been successfully subscribed by the Subscribers at the Subscription Price of HK\$0.10 per Subscription Share.

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

As at 30 June 2009, 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	4.06%
Mr. Wong Hoi Wong ("Mr. Albert Wong") (<i>Note</i>)	Other	24,806,000	1.90%

Note: These 24,806,000 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 2009, 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 2009
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 2009.

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

Save as disclosed herein, as at 30 June 2009, 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 2009, 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 2009, 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	4.26%
	Attributable interest of controlled corporation	117,745,000	9.04% (<i>Note 1</i>)
Ms. Chu Ya Hsin	Beneficial	106,500,000	8.18%
	Attributable interest of controlled corporation	85,090,909	6.53% (<i>Note 2</i>)

Notes:

- (1) 117,745,000 Shares, representing approximately 9.04% 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 9.04% of the issued share capital of the Company under the SFO.
- (2) 85,090,909 Shares, representing approximately 6.53% 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 6.53% of the issued share capital of the Company under the SFO.

Save as disclosed above, as at 30 June 2009, 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 2009 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 2009, 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 2009.

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 2009 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 2009.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 14 August 2009

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.