



Interim Report

中期報告

| 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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.**

**Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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*This Report, for which the directors (the “Directors”) of Thiz Technology Group Ltd. (the “Company”) 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 (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this Report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this Report misleading; and (iii) 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\$3,057,000 for the six months ended 30 September 2009.
- Loss attributable to shareholders was approximately HK\$4,895,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2009.

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

### CONDENSED CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	<i>Notes</i>	<b>For the three months ended 30 September</b>		<b>For the six months ended 30 September</b>	
		<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
		<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	3	<b>2,467</b>	1,584	<b>3,057</b>	2,255
Cost of sales		<b>(2,254)</b>	(929)	<b>(2,685)</b>	(1,198)
Gross profit		<b>213</b>	655	<b>372</b>	1,057
Other revenues	3	<b>209</b>	2	<b>220</b>	6
Selling and distribution expenses		<b>(127)</b>	(62)	<b>(153)</b>	(176)
General and administrative expenses		<b>(2,498)</b>	(3,512)	<b>(4,674)</b>	(6,999)
Loss from operations		<b>(2,203)</b>	(2,917)	<b>(4,235)</b>	(6,112)
Finance costs	4	<b>(315)</b>	(426)	<b>(660)</b>	(1,133)
Loss before tax	4	<b>(2,518)</b>	(3,343)	<b>(4,895)</b>	(7,245)
Tax	5	—	—	—	—
Loss for the period		<b><u>(2,518)</u></b>	<b><u>(3,343)</u></b>	<b><u>(4,895)</u></b>	<b><u>(7,245)</u></b>
Attributable to:					
Equity holders of the Company		<b>(2,518)</b>	(3,343)	<b>(4,895)</b>	(7,245)
Minority interests		—	—	—	—
		<b><u>(2,518)</u></b>	<b><u>(3,343)</u></b>	<b><u>(4,895)</u></b>	<b><u>(7,245)</u></b>
Loss per share					
– Basic (in cents)	6	<b><u>(0.16)</u></b>	<b><u>(0.31)</u></b>	<b><u>(0.31)</u></b>	<b><u>(0.67)</u></b>

## UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Three months ended 30 September		Six months ended 30 September	
	2009	2008	2009	2008
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the period	<b>(2,518)</b>	(3,343)	<b>(4,895)</b>	(7,245)
Exchange difference arising on translation of foreign operations	<b>(71)</b>	(24)	<b>(101)</b>	(38)
	<hr/>	<hr/>	<hr/>	<hr/>
Total comprehensive loss for the period	<b><u>(2,589)</u></b>	<b><u>(3,367)</u></b>	<b><u>(4,996)</u></b>	<b><u>(7,283)</u></b>
Attributable to:				
Equity holders of the Company	<b>(2,589)</b>	(3,367)	<b>(4,996)</b>	(7,283)
Minority interests	<hr/> —	<hr/> —	<hr/> —	<hr/> —
	<b><u>(2,589)</u></b>	<b><u>(3,367)</u></b>	<b><u>(4,996)</u></b>	<b><u>(7,283)</u></b>

# **UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

		At 30 September 2009 <i>HK\$'000</i>	At 31 March 2009 <i>HK\$'000</i>
	<i>Notes</i>		
<b>NON-CURRENT ASSETS</b>			
Fixed assets		<b>395</b>	636
Product development costs		<b>1,000</b>	1,200
		<b>1,395</b>	1,836
<b>CURRENT ASSETS</b>			
Inventories		<b>436</b>	352
Trade receivables	7	<b>1,141</b>	729
Other receivables, deposits and prepayments		<b>1,500</b>	1,123
Cash and bank balances		<b>26,308</b>	13,660
		<b>29,385</b>	15,864
<b>CURRENT LIABILITIES</b>			
Trade payables	8	<b>922</b>	656
Other payables, accruals and deposits received		<b>20,085</b>	28,008
Amounts due to directors	9	<b>8,710</b>	8,710
Amount due to a spouse of a director	9	<b>1,991</b>	2,058
Tax payable		<b>19</b>	219
		<b>31,727</b>	39,651
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<b>(2,342)</b>	(23,787)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(947)</b>	(21,951)
<b>CAPITAL AND RESERVES</b>			
Share Capital		<b>156,274</b>	130,274
Reserves		<b>(157,221)</b>	(152,225)
<b>TOTAL EQUITY</b>		<b>(947)</b>	(21,951)

# **UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT**

	<b>For the six months ended</b>	
	<b>30 September</b>	
	<b>2009</b>	2008
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
Net cash flow from operating activities	<b>(8,570)</b>	(6,984)
Net cash flow from investing activities	<b>18</b>	(28)
Net cash flow from financing activities	<b>21,200</b>	(3,200)
Net flow in cash and cash equivalents	<b>12,648</b>	(10,212)
Cash and cash equivalents as at 1 April	<b>13,660</b>	11,755
Cash and cash equivalents as at 30 September	<b>26,308</b>	1,543
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	<b>26,308</b>	1,543

**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
	<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 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	–	–	–	–	–	(38)	–	(38)	–	(38)
Loss for the period	–	–	–	–	–	–	(7,245)	(7,245)	–	(7,245)
Balance at 30 September 2008	<u>108,561</u>	<u>27,803</u>	<u>84</u>	<u>1,200</u>	<u>360</u>	<u>4,000</u>	<u>(169,347)</u>	<u>(27,339)</u>	<u>–</u>	<u>(27,339)</u>
Balance at 1 April 2009	130,274	28,597	84	–	360	4,386	(185,652)	(21,951)	–	(21,951)
Subscription of Shares	26,000	–	–	–	–	–	–	26,000	–	26,000
Exchange adjustment on translation of the financial statements of foreign subsidiaries	–	–	–	–	–	(101)	–	(101)	–	(101)
Loss for the period	–	–	–	–	–	–	(4,895)	(4,895)	–	(4,895)
Balance at 30 September 2009	<u>156,274</u>	<u>28,597</u>	<u>84</u>	<u>–</u>	<u>360</u>	<u>4,285</u>	<u>(190,547)</u>	<u>(947)</u>	<u>–</u>	<u>(947)</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 September		For the six months ended 30 September	
	2009	2008	2009	2008
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover:–				
Distribution of Group's				
Linux based software	340	509	648	933
Trading income	2,048	706	2,330	825
Training income	79	369	79	497
	<u>2,467</u>	<u>1,584</u>	<u>3,057</u>	<u>2,255</u>
Other revenues:–				
Interest income	1	2	11	3
Sundry income	208	–	209	3
	<u>209</u>	<u>2</u>	<u>220</u>	<u>6</u>
	<u><u>2,676</u></u>	<u><u>1,586</u></u>	<u><u>3,277</u></u>	<u><u>2,261</u></u>

#### 4. Loss before tax (Unaudited)

	For the three months ended 30 September		For the six months ended 30 September	
	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss before tax is arrived at after charging:				
Cost of inventories sold	2,254	929	2,685	1,198
Amortisation of product development costs	100	169	200	338
Depreciation	96	307	259	644
Finance costs				
– Interest on convertible preference shares	–	–	–	258
– Other finance costs	315	426	660	875
	<u>315</u>	<u>426</u>	<u>660</u>	<u>1,133</u>

#### 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 six months ended 30 September 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 six months ended 30 September 2009 is based on the loss attributable to equity holders of HK\$4,895,000 (2008: HK\$7,245,000) and the weighted average of 1,562,737,250 (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.

## 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:—

	<b>30 September 2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 March 2009</b> <b>(Audited)</b> <b>HK\$'000</b>
0 – 30 days	<b>1,080</b>	468
31 – 60 days	<b>59</b>	233
61 – 90 days	—	—
91 – 180 days	—	4
181 – 360 days	<b>2</b>	—
Over 360 days	—	24
	<b>1,141</b>	<b>729</b>

## 8. Trade payables

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

	<b>30 September 2009</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>31 March 2009</b> <b>(Audited)</b> <b>HK\$'000</b>
0 – 30 days	<b>783</b>	401
31 – 60 days	<b>26</b>	195
61 – 90 days	<b>38</b>	39
91 – 180 days	<b>54</b>	—
181 – 360 days	—	—
Over 360 days	<b>21</b>	21
	<b>922</b>	<b>656</b>

## 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 2009 (2008: Nil).

## **BUSINESS REVIEW**

The Group has carried out business development and cooperated with a number of domestic banks and some banks have started their mail order and credit card gifts operations.

For the development and utilization of Linux technology, the Group has carried out product development and cooperated with a number of PC manufacturers and the audio-visual entertainment and games industry on, including but not limited to, development projects of desktop operating system and notebook drivers under Linux and it looks forward to greater market development in the future.

Also, in order to cope with changes in the market structure, the Group is modifying the training operation model steadily and carrying out partnership adjustment and administration on top of existing training programs.

## **PROSPECT**

Looking ahead, the Group will step up the promotion of its credit card operation with a number of banks and plan to ally with them for the establishment of a credit card associated system.

Meanwhile, as the Group has accumulated technical strength in Linux for years and its products and technology have been improving, it is recognized by and has cooperated with an increasing number of manufacturers. The Group will continue to pursue this way and enhance its technological know-how and develop innovative products so as to secure a leading market position for its brand name with Linux Solution as its core value.

While the training operation is being modified in response to changes in the market, the Group will continue to cooperate with the Education and Examination Center of the Ministry of Industry and Information Technology and collaborate with technical and vocational institutions to provide professional training on Linux, improve teaching resources and enhance technology so as to contribute to the development of Linux.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial review**

The Group's consolidated turnover for the six months ended 30 September 2009 amounted to approximately HK\$3,057,000 (2008: HK\$2,255,000). During the period under review, loss from operations for the period was HK\$4,235,000, compared to HK\$6,112,000 in the corresponding period of last year. Further, loss attributable to equity holders for the period was HK\$4,895,000 while the corresponding period of last year was HK\$7,245,000.

Gross profit for the Group decrease from HK\$1,057,000 in 2008 to HK\$372,000 in 2009, while the gross profit margin from 47% to 12%. 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\$4,827,000 (2008: HK\$7,175,000). Compare to last year, the operating costs have decrease by 33%.

Loss attributable to equity holders and loss per share for the period were HK\$4,895,000 (2008: HK\$7,245,000) and HK0.31 cents (2008: HK0.67 cents) respectively.

### **Liquidity, financial resources and capital structure**

As at 30 September 2009, the Group had current assets amounted to HK\$29,385,000, of which HK\$26,308,000 were cash and bank deposits. Current liabilities of HK\$31,727,000 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 0.93. The Group had net current liabilities of approximately HK\$2,342,000 as at 30 September 2009.

## 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 2009.

	Software development		Trading income		Training services		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue:–								
Sales to external customers	<u>648</u>	<u>933</u>	<u>2,330</u>	<u>825</u>	<u>79</u>	<u>497</u>	<u>3,057</u>	<u>2,255</u>
Segment results	<u>(481)</u>	<u>(1,089)</u>	<u>(591)</u>	<u>(263)</u>	<u>(814)</u>	<u>(2,275)</u>	<u>(1,886)</u>	<u>(3,627)</u>
Interest income							11	3
Unallocated income							–	3
Unallocated expenses							<u>(2,360)</u>	<u>(2,491)</u>
Loss from operations							<u>(4,235)</u>	<u>(6,112)</u>
Finance costs							<u>(660)</u>	<u>(1,133)</u>
Loss before tax							<u>(4,895)</u>	<u>(7,245)</u>
Tax							–	–
Loss for the period							<u>(4,895)</u>	<u>(7,245)</u>
Attributable to:								
Equity holders of the Company							<u>(4,895)</u>	<u>(7,245)</u>
Minority interests							–	–
							<u>(4,895)</u>	<u>(7,245)</u>

(b) *Geographical segments*

The following table presents revenue information for the Group's geographical segments for the six months ended 30 September 2009.

	Taiwan		PRC		Israel		Japan		U.K.		Others		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	(HK\$'000)													
Segment revenue:-														
Sales to external customers	152	258	1,610	1,030	762	800	-	23	472	-	61	144	3,057	2,255

### Employee information

As at 30 September 2009, the Group had approximately 41 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 2009, the Group had no material capital commitments and contingent liabilities.

### Foreign exchange risk

The Group's main operations are in the PRC and Taiwan and its income and expenses are transacted in RMB, USD and NT\$ respectively. Accordingly, it has no significant exposure to foreign exchange risk.

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

As at 30 September 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**

<b>Name of Directors</b>	<b>Type of interest</b>	<b>Total number of shares held</b>	<b>Percentage of shareholding</b>
Mr. Lin Chien Hsin	Personal	52,950,000	3.39%
Mr. Wong Hoi Wong ("Mr. Albert Wong") ( <i>Note</i> )	Other	24,806,000	1.59%

*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 September 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 September 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 six months ended 30 September 2009.

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

Save as disclosed herein, as at 30 September 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 September 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 September 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	3.55%
	Attributable interest of controlled corporation	117,745,000	7.54% ( <i>Note 1</i> )
Ms. Chu Ya Hsin	Beneficial	106,500,000	6.82%
	Attributable interest of controlled corporation	85,090,909	5.44% ( <i>Note 2</i> )

*Notes:*

- (1) 117,745,000 Shares, representing approximately 7.54% 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 7.54% of the issued share capital of the Company under the SFO.
- (2) 85,090,909 Shares, representing approximately 5.44% 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 5.44% of the issued share capital of the Company under the SFO.

Save as disclosed above, as at 30 September 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 Company", at no time during the six months ended 30 September 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 September 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 six months ended 30 September 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 six months ended 30 September 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 six months ended 30 September 2009.

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

Hong Kong, 12 November 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.*