



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 第一季度報告

2011/12

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 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 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\$13,142,000 for the three months ended 30 June 2011.
- Loss attributable to shareholders was approximately HK\$1,095,000.
- The directors of the Company (the “Directors”) do not recommend the payment of dividend for the three months ended 30 June 2011.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) herein announce the unaudited condensed consolidated results of the Company and its subsidiaries (together the “Group”) for the three months ended 30 June 2011 together with the comparative unaudited figures for the corresponding periods in 2010 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the three months ended 30 June	
		2011 HK\$'000	2010 HK\$'000
	Notes		
Turnover	3	13,142	2,356
Cost of sales		(12,279)	(2,163)
Gross profit		863	193
Other income	3	3	69
Selling and distribution expenses		(23)	(20)
General and administrative expenses		(1,769)	(1,895)
Finance costs	4	(169)	(203)
Loss before taxation		(1,095)	(1,856)
Taxation	5	–	–
Loss for the period		(1,095)	(1,856)
Exchange differences on translation		(40)	(7)
Total comprehensive income		(1,135)	(1,863)
Loss attributable to:			
Owners of the Company		(1,095)	(1,856)
Non-controlling interests		–	–
		(1,095)	(1,856)
Total comprehensive income attributable to:			
Owners of the Company		(1,135)	(1,863)
Non-controlling interests		–	–
		(1,135)	(1,863)
Loss per share:			
– Basic and diluted (in cents)	6	(0.07)	(0.12)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Share Capital <i>HK\$'000</i>	Share premium <i>HK\$'000</i>	Capital redemption reserve <i>HK\$'000</i>	Special reserve <i>HK\$'000</i>	Translation reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total attributable to the owners of the Company <i>HK\$'000</i>
Balance at 1 April 2010	156,274	28,292	84	360	4,383	(196,601)	(7,208)
Other comprehensive income	–	–	–	–	(7)	–	(7)
Profit or loss for the period	–	–	–	–	–	(1,856)	(1,856)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 30 June 2010	<u>156,274</u>	<u>28,292</u>	<u>84</u>	<u>360</u>	<u>4,376</u>	<u>(198,457)</u>	<u>(9,071)</u>
Balance at 1 April 2011	168,274	28,060	84	360	4,267	(204,309)	(3,264)
Other comprehensive income	–	–	–	–	(40)	–	(40)
Profit or loss for the period	–	–	–	–	–	(1,095)	(1,095)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Balance at 30 June 2011	<u>168,274</u>	<u>28,060</u>	<u>84</u>	<u>360</u>	<u>4,227</u>	<u>(205,404)</u>	<u>(4,399)</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 2011.

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 2011.

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

3. Turnover and other revenue

Turnover represents the invoiced value of the Group's Linux based software and hardware products distributed, trading income, licence income of Linux based software and training income, after allowances for returns and discounts and net of value added tax. An analysis of the Group's turnover and other revenue is as follows:

	For the three months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Turnover:		
Software income	24	85
Trading income	13,118	2,266
Training income	—	5
	13,142	2,356
Other income:		
Interest income	3	8
Sundry income	—	61
	3	69
	13,145	2,425

4. Loss before taxation (Unaudited)

	For the three months ended 30 June	
	2011	2010
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss before taxation is arrived at after charging:		
Cost of inventories sold	12,279	2,163
Amortisation of product development costs	103	100
Depreciation	15	53
Finance costs	169	203

5. Taxation

Hong Kong profits tax is calculated at 16.5% (2010: 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.

Deductible temporary differences have not been recognised in these financial statements owing to the absence of objective evidence in respect of the availability of sufficient taxable profits that are expected to arise to offset against the deductible temporary differences.

6. Loss per share

The calculation of basic loss per share for the three months ended 30 June 2011 is based on the loss attributable to owners of the Company of HK\$1,095,000 (2010: HK\$1,856,000) and the weighted average of 1,682,737,250 (2010: 1,562,737,250) ordinary shares in issue during the period.

As the outstanding share options during the reporting periods had an anti-dilutive effect on the basic loss per share, the conversion of the share options was not assumed in the calculation of the diluted loss per share. Accordingly, the basic and diluted loss per share are the same.

DIVIDEND

The Board does not recommend the payment of dividend for the three months ended 30 June 2011 (2010: Nil).

BUSINESS REVIEW

Although the Group recorded growth in sales in the first quarter, the operating cost has increased further as a result of the upward adjustment in minimum wage, the soaring inflation and the sustaining appreciation of RMB in Mainland China. And competitions within the industry were still vigorous. In order to maintain the market competitiveness of the Group, and as the price of some orders can no longer fully reflect the increased costs, the Group has adopted a number of measures to explore more income sources and reduce expenses so as to strive for a steady growth of its business.

PROSPECTS

Given that the high inflation rate in the Mainland is unlikely to be alleviated in the short term and that the labor wage adjustment, the establishment and implementation of the social security system in the Mainland will be materialized along with the twelfth Five Year Plan, it is expected that the operating cost of the Group will be further pushed up and the business environment will be even more difficult. To cope with these challenges and uncertainties, the Group will inevitably need to continue its strict cost control on different levels while adopting efficiency-enhancing measures to maintain its competitiveness. In addition, the Group also needs to review its current marketing strategies so as to concentrate and focus its core business on commodities and clients which can derive higher profit.

In the face of an ever-changing business environment, the Group will keep on marching forward through maintaining its dual way strategy of internal and external development, which means exploring new business and clients on one hand and enhancing operational efficiencies on the other hand so as to optimize its business operation and procedures. Besides, regarding its existing clients, the Group will maintain close communication with them, understand their needs as well as reinforcing and developing a mutual beneficial win-win partnership with them, in the hope of achieving breakthroughs in areas of sales, profit and market share.

Financial Performance

The Group's consolidated turnover for the three months ended 30 June 2011 amounted to approximately HK\$13,142,000 (2010: HK\$2,356,000). During the period under review, loss from operations for the period was HK\$926,000, compared to HK\$1,652,000 in the corresponding period of last year. Further, loss attributable to owners of the Company for the period was HK\$1,095,000 while the corresponding period of last year was HK\$1,856,000.

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

As at 30 June 2011, 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	3.15%
Mr. Wong Hoi Wong (“Mr. Albert Wong”) (<i>Note</i>)	Other	15,086,000	0.90%

Note: These 15,086,000 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 2011, 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 2011
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 2011.

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

Save as disclosed herein, as at 30 June 2011, 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 2011, 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 2011, 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	3.30%
	Attributable interest of controlled corporation	117,745,000	7.00% (<i>Note 1</i>)
Ms. Chu Ya Hsin	Beneficial	106,500,000	6.33%
	Attributable interest of controlled corporation	85,090,909	5.06% (<i>Note 2</i>)

Notes:

- (1) 117,745,000 Shares, representing approximately 7% 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% of the issued share capital of the Company under the SFO.
- (2) 85,090,909 Shares, representing approximately 5.06% 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 5.06% of the issued share capital of the Company under the SFO.

Save as disclosed above, as at 30 June 2011, 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 2011 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 2011, 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 2011.

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 2011 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 2011.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 12 August 2011

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.