



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)



Interim Report 中期報告

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\$13,938,000 for the six months ended 30 September 2011.
- Loss attributable to shareholders was approximately HK\$3,052,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the six months ended 30 September 2011.

RESULTS

The board of Directors (the “Board”) of Thiz Technology Group Limited (the “Company”) announces 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 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 September		For the six months ended 30 September	
		2011	2010	2011	2010
	Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	3	796	1,023	13,938	3,379
Cost of sales		(698)	(870)	(12,977)	(3,033)
Gross profit		98	153	961	346
Other income	3	200	62	203	131
Selling and distribution expenses		(26)	(34)	(49)	(54)
General and administrative expenses		(1,961)	(2,028)	(3,730)	(3,923)
Finance costs	4	(268)	(153)	(437)	(356)
Loss before taxation		(1,957)	(2,000)	(3,052)	(3,856)
Taxation	5	—	—	—	—
Loss for the period		(1,957)	(2,000)	(3,052)	(3,856)
Exchange differences on translation		(24)	(66)	(64)	(73)
Total comprehensive income		(1,981)	(2,066)	(3,116)	(3,929)

	For the three months ended 30 September		For the six months ended 30 September	
	2011	2010	2011	2010
Notes	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Loss attributable to:				
Owners of the Company	(1,957)	(2,000)	(3,052)	(3,856)
Non-controlling interests	—	—	—	—
	<u>(1,957)</u>	<u>(2,000)</u>	<u>(3,052)</u>	<u>(3,856)</u>
Total comprehensive income attributable to:				
Owners of the Company	(1,981)	(2,066)	(3,116)	(3,929)
Non-controlling interests	—	—	—	—
	<u>(1,981)</u>	<u>(2,066)</u>	<u>(3,116)</u>	<u>(3,929)</u>
Loss per share:				
– Basic and diluted (in cents) 6	<u>(0.12)</u>	<u>(0.12)</u>	<u>(0.19)</u>	<u>(0.23)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 30 September 2011 <i>HK\$'000</i>	At 31 March 2011 <i>HK\$'000</i>
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	101	140
Deferred development costs	207	414
	308	554
Current assets		
Inventories	607	483
Trade receivables	979	1,924
Other receivables, deposits and prepayments	1,434	1,459
Cash and bank balances	15,153	8,234
	18,173	12,100
Current liabilities		
Trade payables	297	597
Other payables, deposits received and accruals	15,278	2,763
Amount due to director	7,510	–
Amount due to the spouse of a director	1,776	1,837
	24,861	5,197
Net current assets/(liabilities)	(6,688)	6,903
Total assets less current liabilities	(6,380)	7,457
Non-current liabilities		
Other payables	–	(2,731)
Amount due to director	–	(7,990)
	–	(10,721)
Net liabilities	–	(3,264)
EQUITY		
Capital and reserves		
Share capital	168,274	168,274
Reserves	(174,654)	(171,538)
Equity attributable to owners of the Company	(6,380)	(3,264)

UNAUDITED CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended	
	30 September	
	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash flow from operating activities	(4,540)	(5,900)
Net cash flow from investing activities	–	60
Net cash flow from financing activities	11,459	4,800
Net flow in cash and cash equivalents	6,919	(1,040)
Cash and cash equivalents as at 1 April	8,234	14,030
Cash and cash equivalents as at 30 September	15,153	12,990
Analysis of the balances of cash and cash equivalents:		
Cash and bank balances	15,153	12,990

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)
Subscription of Shares	12,000	–	–	–	–	–	12,000
Other comprehensive income	–	–	–	–	(73)	–	(73)
Loss for the period	–	–	–	–	–	(3,856)	(3,856)
	<u>168,274</u>	<u>28,292</u>	<u>84</u>	<u>360</u>	<u>4,310</u>	<u>(200,457)</u>	<u>863</u>
Balance at 30 September 2010	<u>168,274</u>	<u>28,292</u>	<u>84</u>	<u>360</u>	<u>4,310</u>	<u>(200,457)</u>	<u>863</u>
Balance at 1 April 2011	168,274	28,060	84	360	4,267	(204,309)	(3,264)
Other comprehensive income	–	–	–	–	(64)	–	(64)
Loss for the period	–	–	–	–	–	(3,052)	(3,052)
	<u>168,274</u>	<u>28,060</u>	<u>84</u>	<u>360</u>	<u>4,203</u>	<u>(207,361)</u>	<u>(6,380)</u>
Balance at 30 September 2011	<u>168,274</u>	<u>28,060</u>	<u>84</u>	<u>360</u>	<u>4,203</u>	<u>(207,361)</u>	<u>(6,380)</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 revenues

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 September		For the six months ended 30 September	
	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000	2011 (Unaudited) HK\$'000	2010 (Unaudited) HK\$'000
Turnover:–				
Software income	–	49	24	134
Trading income	796	917	13,914	3,183
Training income	–	57	–	62
	<u>796</u>	<u>1,023</u>	<u>13,938</u>	<u>3,379</u>
Other revenues:–				
Interest income	10	–	13	8
Sundry income	190	62	190	123
	<u>200</u>	<u>62</u>	<u>203</u>	<u>131</u>
	<u>996</u>	<u>1,085</u>	<u>14,141</u>	<u>3,510</u>

4. Loss before tax (Unaudited)

	For the three months ended		For the six months ended	
	30 September		30 September	
	2011	2010	2011	2010
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss before tax is arrived at after charging:				
Cost of inventories sold	698	870	12,977	3,033
Amortisation of product development costs	104	100	207	200
Depreciation	24	30	39	83
Finance costs	268	153	437	356

5. Tax

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 six months ended 30 September 2011 is based on the loss attributable to owners of the Company of HK\$3,052,000 (2010: HK\$3,856,000) and the weighted average of 1,682,737,250 (2010: 1,682,737,250) 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.

7. Trade receivables

The ageing analysis of the Group's trade receivables net of allowance for doubtful debts, based on the transaction date was as follows:

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
0 – 30 days	323	1,407
31 – 60 days	–	–
61 – 90 days	–	217
91 – 180 days	24	9
181 – 360 days	456	–
Over 360 days	176	291
	<hr/>	<hr/>
	979	1,924
	<hr/> <hr/>	<hr/> <hr/>

8. Trade payables

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

	30 September 2011 (Unaudited) HK\$'000	31 March 2011 (Audited) HK\$'000
0 – 30 days	60	39
31 – 60 days	2	5
61 – 90 days	24	12
91 – 180 days	114	161
181 – 360 days	23	92
Over 360 days	74	288
	<hr/>	<hr/>
	297	597
	<hr/> <hr/>	<hr/> <hr/>

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 2011 (2010: Nil).

BUSINESS REVIEW

As the world economy is clouded by a second recession, the economy of China is also facing the challenge of “landing”. Under this impact, the business environment this year has been full of challenges.

Since the trend in the larger environment is uncertain, consumer confidence and spending power have become conservative, which caused the Group’s pace of operation to slow down this year. Moreover, it is inevitable that profit margin will be under pressure. However, with the Group’s consistently prudent operation principle, we are not overwhelmingly affected by this impact in the larger environment as we basically upheld our prudent operation strategy as always.

OUTLOOK

Although the risk of mainland China being affected by the European debt crisis is relatively low, under the global economic downturn, the momentum of economic growth this year would inevitably be weaker than that of last year and the year before last year. To prevent the economy from experiencing a “hard-landing”, effective stimuli and efforts to boost the vast domestic market would undoubtedly be the most important financial policy in mainland China at the present stage.

It is anticipated that under the strong leadership of the government, the per capita income in mainland China in the future would continue to grow, which would at the same time facilitate the increase of retail spending amount per capita and the continued growth in scale of the domestic market. Considering the potential of growth of the vast domestic market of mainland China, the Group will adhere to its prudent strategy when formulating business plans and undergoing financial management. We will keep optimizing the internal operation efficiency of the Group, keep looking for partners for business cooperation, explore regional markets with good potential for growth, keep strengthening and consolidating our market position in the mainland China market, so as to raise the operation performance of the Group through the increase of market share.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

The Group's consolidated turnover for the six months ended 30 September 2011 amounted to approximately HK\$13,938,000 (2010: HK\$3,379,000). During the period under review, loss from operations for the period was HK\$2,615,000, compared to HK\$3,500,000 in the corresponding period of last year. Further, loss attributable to owners of the Company for the period was HK\$3,052,000 while the corresponding period of last year was HK\$3,856,000.

Gross profit for the Group increased from HK\$346,000 in 2010 to HK\$961,000 in 2011, while the gross profit margin decreased from 10% to 7%.

Total operating costs were approximately HK\$3,779,000 (2010: HK\$3,977,000). Compare to last year, the operating costs have decreased by 5%.

Loss attributable to owners of the Company and loss per share for the period were HK\$3,052,000 (2010: HK\$3,856,000) and HK0.19 cents (2010: HK0.23 cents) respectively.

Liquidity and financial resources

As at 30 September 2011, the Group had current assets amounted to HK\$18,173,000, of which HK\$15,153,000 were cash and bank deposits. Current liabilities of HK\$24,861,000 mainly comprised of trade payables, other payables, accruals and deposits received. The current ratio of the Group was approximately 0.73. The Group had net current liabilities of approximately HK\$6,688,000 as at 30 September 2011.

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 2011.

	Software development		Trading income		Training services		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010
	<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>
Segment revenue:–								
Sales to external customers	<u>24</u>	<u>134</u>	<u>13,914</u>	<u>3,183</u>	<u>–</u>	<u>62</u>	<u>13,938</u>	<u>3,379</u>
Segment results	<u>(405)</u>	<u>(434)</u>	<u>268</u>	<u>(717)</u>	<u>–</u>	<u>21</u>	<u>(137)</u>	<u>(1,130)</u>
Interest income							13	8
Unallocated income							2	–
Unallocated expenses							<u>(2,493)</u>	<u>(2,378)</u>
Loss from operations							<u>(2,615)</u>	<u>(3,500)</u>
Finance costs							<u>(437)</u>	<u>(356)</u>
Loss before tax							<u>(3,052)</u>	<u>(3,856)</u>
Tax							<u>–</u>	<u>–</u>
Loss for the period							<u><u>(3,052)</u></u>	<u><u>(3,856)</u></u>
Attributable to:								
Owners of the Company							<u>(3,052)</u>	<u>(3,856)</u>
Non-controlling interests							<u>–</u>	<u>–</u>
							<u><u>(3,052)</u></u>	<u><u>(3,856)</u></u>

(b) *Geographical segments*

The following table presents revenue information for the Group's geographical segments for the six months ended 30 September 2011.

	Taiwan		PRC		Israel		U.K.		Others		Consolidated	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	(HK\$'000)											
Segment revenue:-												
Sales to external customers	<u>1,003</u>	<u>694</u>	<u>11,920</u>	<u>1,857</u>	<u>733</u>	<u>670</u>	<u>249</u>	<u>92</u>	<u>33</u>	<u>66</u>	<u>13,938</u>	<u>3,379</u>

Employee information

As at 30 September 2011, the Group had approximately 33 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 2011, 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 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 September 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 September 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 six months ended 30 September 2011.

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

Save as disclosed herein, as at 30 September 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 September 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 September 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 September 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 Company”, at no time during the six months ended 30 September 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.

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 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 six months ended 30 September 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 six months ended 30 September 2011.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 14 November 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.