



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)



Third Quarterly Report 第三季度報告

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\$14,877,000 for the nine months ended 31 December 2011.
- Loss attributable to shareholders was approximately HK\$4,870,000.
- The directors of the Company (the “Directors”) do not recommend the payment of an interim dividend for the nine months ended 31 December 2011.

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 and nine months ended 31 December 2011 together with the comparative unaudited figures for the corresponding periods in 2010 as follows:

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | <i>Notes</i> | For the three months ended 31 December | | For the nine months ended 31 December | |
|--|--------------|---|-------------------------|--|-------------------------|
| | | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> | 2011 <i>HK\$'000</i> | 2010 <i>HK\$'000</i> |
| Turnover | 3 | 939 | 6,859 | 14,877 | 10,238 |
| Cost of sales | | (570) | (6,455) | (13,547) | (9,488) |
| Gross profit | | 369 | 404 | 1,330 | 750 |
| Other income | 3 | 42 | 19 | 245 | 150 |
| Selling and distribution expenses | | (72) | (29) | (121) | (83) |
| General and administrative expenses | | (1,894) | (2,012) | (5,624) | (5,935) |
| Finance costs | 4 | (263) | (138) | (700) | (494) |
| Loss before taxation | | (1,818) | (1,756) | (4,870) | (5,612) |
| Taxation | 5 | — | — | — | — |
| Loss for the period | | (1,818) | (1,756) | (4,870) | (5,612) |
| Exchange differences on translation | | (17) | 67 | (81) | (6) |
| Total comprehensive income | | (1,835) | (1,689) | (4,951) | (5,618) |

| | | For the three months ended 31 December | | For the nine months ended 31 December | |
|--|-------|---|----------------|--|----------------|
| | | 2011 | 2010 | 2011 | 2010 |
| | Notes | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Loss attributable to: | | | | | |
| Owners of the Company | | (1,818) | (1,756) | (4,870) | (5,612) |
| Non-controlling interests | | — | — | — | — |
| | | <u>(1,818)</u> | <u>(1,756)</u> | <u>(4,870)</u> | <u>(5,612)</u> |
| Total comprehensive income attributable to: | | | | | |
| Owners of the Company | | (1,835) | (1,689) | (4,951) | (5,618) |
| Non-controlling interests | | — | — | — | — |
| | | <u>(1,835)</u> | <u>(1,689)</u> | <u>(4,951)</u> | <u>(5,618)</u> |
| Loss per share | | | | | |
| – Basic and diluted (in cents) | 6 | (0.11) | (0.10) | (0.29) | (0.33) |

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 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 and related expenses | 12,000 | – | – | – | – | – | 12,000 |
| Other comprehensive income | – | – | – | – | (6) | – | (6) |
| Loss for the period | – | – | – | – | – | (5,612) | (5,612) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 31 December 2010 | <u>168,274</u> | <u>28,292</u> | <u>84</u> | <u>360</u> | <u>4,377</u> | <u>(202,213)</u> | <u>(826)</u> |
| Balance at 1 April 2011 | 168,274 | 28,060 | 84 | 360 | 4,267 | (204,309) | (3,264) |
| Other comprehensive income | – | – | – | – | (81) | – | (81) |
| Loss for the period | – | – | – | – | – | (4,870) | (4,870) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Balance at 31 December 2011 | <u>168,274</u> | <u>28,060</u> | <u>84</u> | <u>360</u> | <u>4,186</u> | <u>(209,179)</u> | <u>(8,215)</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 31 December | | For the nine months ended 31 December | |
|-----------------|---|---------------------|--|----------------------|
| | 2011 | 2010 | 2011 | 2010 |
| | (Unaudited) | (Unaudited) | (Unaudited) | (Unaudited) |
| | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| Turnover: | | | | |
| Software income | — | 68 | 24 | 202 |
| Trading income | 901 | 6,789 | 14,815 | 9,972 |
| Training income | 38 | 2 | 38 | 64 |
| | <u>939</u> | <u>6,859</u> | <u>14,877</u> | <u>10,238</u> |
| Other revenues: | | | | |
| Interest income | 8 | 4 | 21 | 12 |
| Sundry income | 34 | 15 | 224 | 138 |
| | <u>42</u> | <u>19</u> | <u>245</u> | <u>150</u> |
| | <u>981</u> | <u>6,878</u> | <u>15,122</u> | <u>10,388</u> |

4. Loss before tax (Unaudited)

| | For the three months ended | | For the nine months ended | |
|---|----------------------------|-----------------|---------------------------|-----------------|
| | 31 December | | 31 December | |
| | 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 | 570 | 6,455 | 13,547 | 9,488 |
| Amortisation of product development costs | 103 | 110 | 310 | 310 |
| Depreciation | 15 | 25 | 54 | 108 |
| Finance costs | 263 | 138 | 700 | 494 |

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 nine months ended 31 December 2011 is based on the loss attributable to owners of the Company of HK\$4,870,000 (2010: HK\$5,612,000) 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.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the nine months ended 31 December 2011 (2010: Nil).

BUSINESS REVIEW

In 2011, the world's economy was troubled by the European sovereign debt crisis, US slow recovery, continuous appreciation of RMB and rising corporate operation cost, including rental, labor cost and social cost. With all the above factors, business environment was burdened and thus the Group recorded lower quarterly sales as compared to the corresponding period in 2010.

To cope with the situation, we actively restructured our product line by introducing new products to satisfy the demand of different customers and carried out statistical analysis to identify the most popular products.

PROSPECT

Looking forward to 2012, it is expected that the PRC economy will slow down, together with the continuously rising rental and labor cost. The future operation of the Group is full of uncertainty.

Nonetheless, given the expanding domestic market in PRC and rising consumption expenditure, we expect that the PRC domestic retail market will keep growing and the Group remains cautiously optimistic towards future results. Therefore, we will continue to enhance our marketing promotion and keep expanding our sale network in the PRC with an aim to increase the brand popularity, sales amount and market share.

Financial highlights

The Group's consolidated turnover for the nine months ended 31 December 2011 amounted to approximately HK\$14,877,000 (2010: HK\$10,238,000). During the period under review, loss from operations for the period was HK\$4,170,000, compared to HK\$5,118,000 in the corresponding period of last year. Further, loss attributable to owners of the Company for the period was HK\$4,870,000 while the corresponding period of last year was HK\$5,612,000.

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

As at 31 December 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 31 December 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 |
|-------------------|------------------|------------------|----------------------------------|------------------------------|---|
| | | | | | 31 December 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 nine months ended 31 December 2011.

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

Save as disclosed herein, as at 31 December 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 31 December 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 31 December 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 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 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 nine months ended 31 December 2011.

By Order of the Board
Wong Hoi Wong
Chairman

Hong Kong, 14 February 2012

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.