

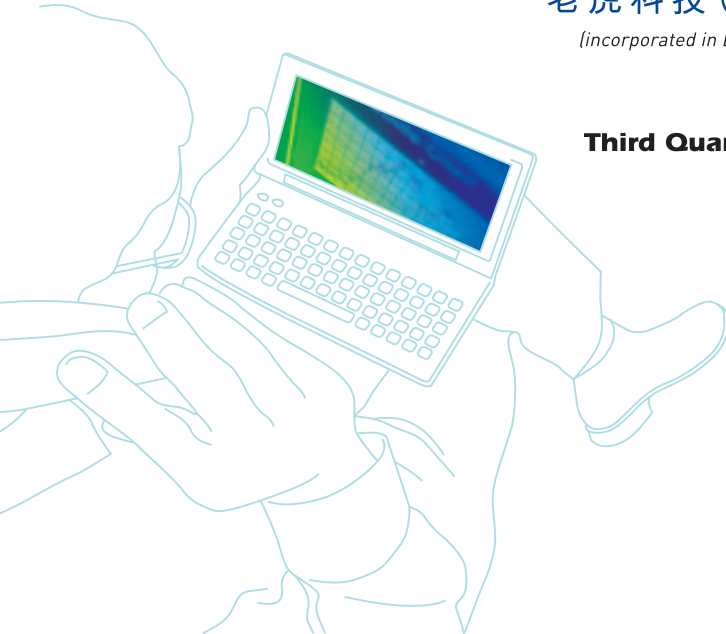
TIGER TECH

TIGER TECH HOLDINGS LIMITED

老虎科技(控股)有限公司*

(incorporated in Bermuda with limited liability)

Third Quarterly Report 2003



*For identification only

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

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

The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors of Tiger Tech Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM” (the “GEM Listing Rules”) for the purpose of giving information with regard to Tiger Tech Holdings Limited. 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 found bases and assumption that are fair and reasonable.



HIGHLIGHTS

- Successful listing of the shares of the Company on GEM on 16 April 2003.
- Turnover achieved approximately HK\$10.1 million for the nine months ended 31 March 2003, representing an increase of approximately 41.8% when compared with the same period in 2002.
- The Group recorded a profit attributable to shareholders of approximately HK\$4.2 million for the nine months ended 31 March 2003.
- The Directors (as defined below) do not recommend the payment of an interim dividend for the nine months ended 31 March 2003.

FINANCIAL INFORMATION

Unaudited Combined Results

The board (the "Board") of directors (the "Directors") of Tiger Tech Holdings Limited (the "Company") is pleased to announce the unaudited combined financial results of the Company and its subsidiaries (together, the "Group") for the three months and the nine months ended 31 March 2003 together with the comparative figures for the corresponding periods ended 31 March 2002 as follows:

CONDENSED COMBINED INCOME STATEMENT

For the three months and the nine months ended 31 March 2003

	Notes	Three months ended		Nine months ended	
		31 March	31 March	31 March	31 March
		2003	2002	2003	2002
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Turnover	2	5,167	3,380	10,122	7,138
Other income		—	—	82	—
Changes in inventories		(871)	141	175	435
Purchase of merchandise		(227)	(1,672)	(1,566)	(2,614)
Staff costs		(868)	(415)	(2,487)	(894)
Depreciation		(132)	(378)	(395)	(389)
Other operating expenses		(457)	(486)	(838)	(931)
Profit before taxation		2,612	570	5,093	2,745
Taxation	3	(460)	(90)	(895)	(440)
Profit for the period		2,152	480	4,198	2,305
Dividend	4	—	—	—	—
Earnings per share - basic	5	0.72 cents	0.16 cents	1.40 cents	0.77 cents



NOTES TO COMBINED FINANCIAL STATEMENTS

For the three months and the nine months ended 31 March 2003

1. Group Reorganisation and Basis of Preparation

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Company Act 1981 of Bermuda. By the written resolutions of the sole shareholder of the Company dated 13 March 2003, the placing of the Company's shares were approved. The shares of the Company were listed on GEM on 16 April 2003.

On 13 March 2003, the Company became the holding company of the other companies comprising the Group pursuant to a corporate reorganisation. The reorganisation involved companies under common control, and the Company and its subsidiaries resulting from the reorganisation are regarded as a continuing group.

The unaudited combined results of the Group for the three months and the nine months ended 31 March 2003 include the results of the companies now comprising the Group as if the current Group structure has been in existence throughout the respective periods, or from their respective dates of incorporation or acquisition by the immediate holding company, whichever is the shorter.

The unaudited combined results of the Group are prepared in accordance with Hong Kong Statement of Standard Accounting Practice issued by the Hong Kong Society of Accountants, accounting principles generally accepted in Hong Kong.

The accounting policies used in the preparation of the unaudited combined results of the Group for the three months and the nine months ended 31 March 2003, are consistent with those used in the preparation of the Accountants' Report as disclosed in Appendix I to the prospectus of the Company dated 31 March 2003.

2. Turnover and Revenue

The principal activities of the Group are the provision of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions.

Turnover and revenue recognized by category are as follows:

	Three months ended 31 March		Nine months ended 31 March	
	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)	2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Enterprise Thin Client Solutions				
- Service income	2,700	223	5,200	1,023
- Sales of goods	1,387	2,232	1,679	3,129
	4,087	2,455	6,879	4,152
Customised Thin Client Application Solutions	1,080	925	3,243	2,986
	5,167	3,380	10,122	7,138

3. Taxation

Hong Kong Profits Tax for each of the three months and the nine months ended 31 March 2003 has been provided at the rate of 17.5% (2002: 16%) on the Group's estimated assessable profit for the period.

4. Dividend

The Directors do not recommend the payment of a dividend for the three months and the nine months ended 31 March 2003 (2002: Nil).



5. Earnings Per Share

The calculation of basic earnings per share for the three months and the nine months ended 31 March 2003 is based on the Group's respective unaudited net profit attributable to shareholders for the periods of HK\$2,152,000 and HK\$4,198,000 (2002: profit of HK\$480,000 and HK\$2,305,000) and on the assumption that 300,000,000 shares were deemed to have been in issue throughout each of the respective financial periods.

No diluted earnings per share has not been presented as the Company has no dilutive potential shares.

6. Reserves

Other than the net profit for the three months and nine months ended 31 March 2003 and 2002, there was no movement in reserves of the Group.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 31 March 2003, the Group recorded a turnover of approximately HK\$10.1 million, representing an increase by approximately 41.8% as compared to the same period in 2002. Net profit margin increased from approximately 32.2% to approximately 41.5% during the review period as compared to the same period in 2002. Net profit attributable to the shareholders of the Company amounted to approximately HK\$4.2 million, representing an increase by approximately 82.1% as compared to the same period in 2002.

The Group's turnover for the three months ended 31 March 2003 amounted to approximately HK\$5.2 million, representing an increase by approximately 52.9% as compared to the same period in 2002. Net profit margin increased from approximately 14.2% to approximately 41.7% during the review period as compared to the same period in 2002. Net profit attributable to the shareholders of the Company amounted to approximately HK\$2.2 million as compared to approximately HK\$0.48 million being recorded in the same period of 2002.

For the three months and the nine months ended 31 March 2003, the Group has dedicated additional resources for the recruitment of staff, which enables the Group to provide its



customers with a more comprehensive total thin client solution (comprising both the sales of goods and offer of consultancy services) on a project basis. Although staff costs increased from approximately HK\$0.9 million for the nine months ended 31 March 2002 to approximately HK\$2.5 million for the nine months ended 31 March 2003, with more staff members, the Group was able to undertake more projects during the review period as compared to the same period in 2002 and from which approximately HK\$5.2 million service income was generated. With the other operating expenses remained at a similar level, a growth in net profit margin was reported. For the three months and the nine months ended 31 March 2002, the income was mainly derived from the sales of goods, which by nature generated less net profit margin than offer of consultancy services.

BUSINESS REVIEW AND OUTLOOK

During the period under review, the Group continued to engage in the research, development, sales and implementation of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions. The Group provides its customers with thin client solutions by offering them a one stop solutions which include the design of thin client network architecture, development and provision of operating and application software and hardware, system integration as well as consultation services.

The Group offers a wide range of products under the Company's brandname "TIGER TECH & Device". In November 2002, the Group appointed a leading telecommunication company as the authorized distributor for the sales of the Group's products. During the period under review, the Group had conducted several roadshows and exhibitions with this telecommunication company in the PRC to market the thin client solutions.

The Company's shares were successfully listed on GEM on 16 April 2003, signifying a major milestone for the Group. In the next few months, comprehensive plans are in hand to expand the Group's business. The Group will focus on the establishment of market channels of the Group's products and the promotional works on the "TIGER TECH & Device" brand name products. Currently, the Group is in negotiation of the distributorship of the Group's products with a Thailand company and a Vietnam company respectively, the Directors believe such arrangement is one of the most effective strategies to allow the Group to penetrate into different markets.



The Group intends to open its first representative overseas office in Taiwan to enhance the Group's exposure and global point of presence and the Group will continue to explore other potential market, such as India, Singapore and Japan.

As for product development, the Group is currently developing a Linux based set top box as per the request of a potential client and the Group will continue to fine-tune its version of Window CE based set top box.

In light of a more competitive environment in the region, the Group will continuously seek new businesses in order to sustain the growth of the Group.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARE CAPITAL

As at 31 March 2003, the interests of the Directors and chief executive of the Company or their respective associates in the equity securities of the Company and their associated corporation (as defined in the Repealed Securities (Disclosure of Interests) Ordinance (the "Repealed SDI Ordinance")) as recorded in the register maintained under section 29 of the Repealed SDI Ordinance, or which are required pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Name of Director	Corporate Interest	Other Interest	Total
Mr. Tony Hoo ("Mr. Hoo")	300,000,000 <i>(Note 1)</i>	34,000,000 <i>(Note 2)</i>	334,000,000
Mr. Tang Tsz Hoo, Anthony	—	2,000,000 <i>(Note 2)</i>	2,000,000
Mr. Chow Kwok Keung	—	2,000,000 <i>(Note 2)</i>	2,000,000
Mr. Kwok Ming Fai	—	—	—
Mr. Lam Din Kan	—	—	—

Note:

- (1) These shares are registered as to 100,000,000 shares in the name of Bestmind Associates Limited ("Bestmind"), 100,000,000 shares in the name of Precision Assets Limited ("Precision Assets") and 100,000,000 shares in the name of Timepiece Associates Limited ("Timepiece"). Mr. Hoo is the beneficial owner of the entire issued share capital of Bestmind, Precision Assets and Timepiece and is deemed to be interested in the shares registered in the name of such companies.
- (2) This represents the number of Shares which may fall to be allotted and issued upon the exercise of all the relevant options granted to the relevant Directors under the Pre-IPO Share Option Scheme.

Save as disclosed above, as at 31 March 2003, none of the Directors, the chief executive of the Company or their respective associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporation as defined in the Repealed SDI Ordinance or which, pursuant to rules 5.40 to 5.59 of the GEM Listing Rules, are required to be notified to the Company and the Exchange.

SUBSTANTIAL SHAREHOLDERS

As at 31 March 2003, the persons or corporations whose interest, being 10% or more of the issued share capital of the Company, as recorded in the register required to be kept under section 16(1) of the Repealed SDI Ordinance or have otherwise notified to the Company were as follows:

Name of shareholder	Number of shares	Shareholding
Bestmind	100,000,000 (Note 1)	75%
Precision Assets	100,000,000 (Note 1)	75%
Timepiece	100,000,000 (Note 1)	75%

Note 1: Bestmind, Precision Assets and Timepiece are companies incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. Hoo.



PRE-IPO SHARE OPTION SCHEME

Pursuant to the Company's Pre-IPO share option scheme adopted and approved by the sole shareholder of the Company dated 13 March 2003, there were 40,000,000 options granted to the employees of the Company. Details of the options granted are as follows:

Name of grantees	No. of options granted	No. of options outstanding as at the date hereof	Exercise price per underlying share
<i>Executive Directors</i>			
Mr. Hoo	34,000,000	34,000,000	HK\$0.01
Mr. Tang Tsz Hoo, Anthony	2,000,000	2,000,000	HK\$0.01
Mr. Chow Kwok Keung	2,000,000	2,000,000	HK\$0.01
<i>Senior Management</i>			
Ms. Wong Fei Tat	2,000,000	2,000,000	HK\$0.01

No options granted pursuant to the Pre-IPO share option scheme as stated above had been exercised or cancelled during the three months ended 31 March 2003.

RIGHTS OF DIRECTORS AND EMPLOYEES TO ACQUIRE SHARES

Save for the options granted under the Pre-IPO share option scheme, during the periods under review, neither the Directors nor employees of the Group has any rights to acquire shares of the Company.

SPONSOR'S INTEREST

Subsequent to 16 April 2003 and immediately after completion of the placing of the shares of the Company, the Company's sponsor, CSC Asia Limited, its directors, employees or associates did not have any interest in the shares of the Company, or any right to subscribe for or to nominate persons to subscribe for any share of the Company.



Pursuant to a sponsor's agreement dated 31 March 2003 entered into between the Company and CSC Asia Limited, CSC Asia Limited will receive a fee for acting as the Group's sponsor for the period from 16 April 2003 to 30 June 2005.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) had an interest in a business, which competes or may compete with the business of the Group.

PURCHASE, SALE OR REPURCHASE OF THE COMPANY'S SHARES

Since the listing of the Company's shares on GEM on 16 April 2003, neither the Company, nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited combined results for the three months and the nine months ended 31 March 2003.

BOARD PRACTICES AND PROCEDURES

Since 16 April 2003, the date of listing of the shares of the Company on GEM, the Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules.

By Order of the Board
Tiger Tech Holdings Limited
Tony Hoo
Chairman

Hong Kong, 14 May 2003