

TIGERTECH HOLDINGS LIMITED

老虎科技(控股)有限公司



TIGER TECH

GROWING REVENUE
THROUGH
DIVERSIFIED SOURCES

THIRD QUARTERLY REPORT

2004/2005

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.

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The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

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

- The Group recorded a turnover of approximately HK\$4 million for the nine months ended 31 March 2005, representing a decrease of approximately HK\$25 million when compared with the same period in 2004.
- The Group recorded a loss attributable to shareholders of approximately HK\$7.7 million for the nine months ended 31 March 2005.
- The Board of Directors does not recommend the payment of an interim dividend for the nine months ended 31 March 2005.

FINANCIAL INFORMATION

Unaudited Consolidated Results

The Board (the "Board") of Directors (the "Directors") of Tiger Tech Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the nine months ended 31 March 2005 together with the comparative figures for the corresponding period ended in 2004 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 March 2005

	Notes	For the three months ended 31 March		For the nine months ended 31 March	
		2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited) (Restated)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited) (Restated)
Turnover	2	1,881	16,300	4,078	28,999
Other income		20	-	42	1,159
Changes in inventories		(178)	(2,171)	(444)	158
Purchase of merchandise		(704)	(11,712)	(1,418)	(22,428)
Employee benefits expense		(479)	(826)	(3,148)	(2,871)
Depreciation and amortisation		(314)	(512)	(855)	(1,536)
Other operating expenses		(633)	(3,842)	(5,988)	(10,292)
Share of results of jointly controlled entities		-	(198)	-	(198)
Finance costs	3	-	(263)	-	(263)
Loss from ordinary activities before taxation	3	(407)	(3,224)	(7,733)	(7,272)
Taxation	4	-	-	-	-
Loss for the period and attributable to equity holders of the parent		(407)	(3,224)	(7,733)	(7,272)
Loss per share	5				
- Basic (HK cents)		(0.09)	(0.80)	(1.66)	(1.80)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended 31 March 2005

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 (as amended). Pursuant to a group reorganisation (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM"), the Company became the holding company of the Group upon completion of the Reorganisation on 13 March 2003. The shares of the Company were listed on GEM on 16 April 2003.

The unaudited condensed consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards, issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements set out in Chapter 18 of the Rules Governing the Listing of Securities on GEM. The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 30 June 2004. The condensed consolidated financial statements for the nine months ended 31 March 2005 should be read in conjunction with the 2004 annual report.

2. Turnover and Revenue

The Company is an investment holding company. The Group is principally engaged in 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:

	For the three months ended 31 March		For the nine months ended 31 March	
	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited) (Restated)	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited) (Restated)
Enterprise Thin Client Solutions				
– Sales of goods	501	9,631	757	20,107
– Royalty income	188	156	563	219
– Service income	435	13	475	28
	1,124	9,800	1,795	20,354
Cable Network Thin Client Solutions				
– Sales of goods	757	5,780	1,514	5,780
– Service income	–	–	769	–
	757	5,780	2,283	5,780
Customised Thin Client Application Solutions				
– Software license fee	–	720	–	2,865
	1,881	16,300	4,078	28,999

3. Loss from Ordinary Activities before Taxation

	For the nine months ended 31 March	
	2005 HK\$'000 (Unaudited)	2004 HK\$'000 (Unaudited)
This is stated after charging:		
(a) Finance costs		
Interest on bank overdrafts and other borrowings wholly repayable within five years	-	263
(b) Other items		
Contributions to defined contribution plan (included in employee benefits expense)	44	74
Research and development costs in respect of:		
Hardware and design fee	2,400	2,607
Employee benefits expense	-	347
Operating lease charges on premises	1,024	259
Share issuing expenses	-	749
and after crediting:		
Write-back of provision for doubtful debts	-	(1,159)

4. Taxation

No provision for Hong Kong and the PRC profits tax has been made as the Group had no assessable profit for the nine months ended 31 March 2005 (2004: Nil).

5. Loss per Share

The calculation of basic loss per share for the nine months ended 31 March 2005 is based on the Group's unaudited consolidated loss attributable to the equity holders of the parent for the nine months ended 31 March 2005 of HK\$7,733,000 (2004: HK\$7,272,000) and weighted average number of 465,000,000 (2004: 404,386,000) ordinary shares in issue during the period.

No diluted loss per share has been presented for the nine months ended 31 March 2005 as there were no potential ordinary shares. No diluted loss per share has been presented for the nine months ended 31 March 2004 because the exercise of the outstanding potential ordinary shares would have been anti-dilutive.

6. Dividend

The Directors do not recommend the payment of a dividend for the nine months ended 31 March 2005 (2004 : Nil).

7. Reserves

The movements in the reserves of the Group are as follows:

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated (losses) profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2003, as previously reported	14,588	(595)	6,587	20,580
Effect of adopting Hong Kong Accounting Standard 1	12,012	-	(12,012)	-
Issued of shares for acquisition of investment securities	2,450	-	-	2,450
Issue of shares	7,800	-	-	7,800
Net loss for the period (restated)	-	-	(7,272)	(7,272)
At 31 March 2004	36,850	(595)	(12,697)	23,558
Net loss for the period	-	-	(13,677)	(13,677)
At 30 June 2004	36,850	(595)	(26,374)	9,881
Net loss for the period	-	-	(7,733)	(7,733)
At 31 March 2005	36,850	(595)	(34,107)	2,148

8. Comparative Figures

Certain comparative figures have been reclassified and restated to conform to the presentation of the 2004 annual report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

For the nine months ended 31 March 2005, the Group recorded a turnover of approximately HK\$4 million, representing a decrease of HK\$25 million from the corresponding period in the previous fiscal year. The income for the period was mainly attributable from the sales of hardware and software products and the consultancy services provided to the local and the PRC customers. The Group recorded no income for the provision of customised thin client application solutions as compared to a turnover of HK\$2.9 million recorded in the last corresponding period because there was no renewal of the licensing agreement obtained after the expiration of contract with the two financial data providers in March 2004, and no new customer was secured since then.

However, the Group has made a great effort on cost saving. As such, total other operating expenses for the nine months ended 31 March 2005 was reduced from approximately HK\$10 million to approximately HK\$6 million. As a result, net loss attributable to shareholders for this period was approximately HK\$7.7 million, which was slightly increased by HK\$461,000 when compared to the last corresponding period.

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.

With the negative climate of the IT industry as a whole, the Group will continue to face keen competition and price pressure in future. Nevertheless, the management team will continue to increase operating efficiencies in the short term, while formulating long-term strategies to deliver sustained business growth over the coming years. In particular, the Group is currently forming strategic alliance with the prominent telecommunication providers to work on the development of wireless technology, which will drive promising returns to the shareholders in future.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OR SHORT POSITION IN SHARES AND UNDERLYING SHARES

As at 31 March 2005, the interests of the director or chief executives of the Company or their respective associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and required to be entered in the register maintained by the Company pursuant to section 352 of the SFO or which are required, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

Long position in shares of the Company:

Director	Personal interest	Family interests	Corporate interests	Total interests	Total interests as % of the issued share capital
Mr. Tony Hoo	4,000,000	-	242,832,000 <i>(Note)</i>	246,832,000	53.08%
Mr. Tang Tsz Hoo, Anthony	2,000,000	-	-	2,000,000	0.4%
Mr. Chow Kwok Keung	2,000,000	-	-	2,000,000	0.4%

Note: These shares were held as to 42,832,000 shares by Bestmind Associates Limited, a company incorporated in the British Virgin Islands, as to 100,000,000 shares by Precision Assets Limited, a company incorporated in the British Virgin Islands, and as to 100,000,000 shares by Timepiece Associates Limited, a company incorporated in the British Virgin Islands. The entire issued share capital of each of Bestmind Associates Limited, Precision Assets Limited and Timepiece Associates Limited is directly wholly owned by Mr. Tony Hoo, who is also the sole director of each of these companies.

Save as disclosed above, as at 31 March 2005, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation as defined in Part XV of the SFO or which, pursuant to Rules 5.46 to 5.66 of the GEM Listing Rules, are required to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and chief executives' interests in shares or short positions in shares and underlying shares" above, at no time during the period were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate granted to any director or their respective spouse or children under 18 years of age, or were any such rights exercised by them, or was the Company or any of its subsidiaries a party to any arrangement to enable the directors, their spouse or children under 18 years of age to acquire such rights in any other body corporate.

INTEREST OR SHORT POSITION DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 31 March 2005, so far as was known to any directors or chief executives, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in register of interests required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Long position in shares of the Company:

Name	Capacity	Number of shares	Percentage shareholding
Bestmind Associates Limited (<i>Note</i>)	Beneficial owner	42,832,000	9.21%
Precision Assets Limited (<i>Note</i>)	Beneficial owner	100,000,000	21.51%
Timepiece Associates Limited (<i>Note</i>)	Beneficial owner	100,000,000	21.51%

Note: Bestmind Associates Limited, Precision Assets Limited and Timepiece Associates Limited are companies incorporated in the British Virgin Islands with limited liability. The entire issued share capital of each of Bestmind Associates Limited, Precision Assets Limited and Timepiece Associates Limited is directly wholly owned by Mr. Tony Hoo, who is also the sole director of each of these companies.

Saved as disclosed above, as at 31 March 2005, no person, other than the directors of the Company and chief executive of the Group, whose interests are set out in the section "Directors' and chief executives' interests in shares or short position in shares and underlying shares" above, had registered an interest or short position in the share capital, underlying shares and debentures of the Company that was required to be recorded pursuant to Section 336 of the SFO.

SHARE OPTION SCHEME

The Company has adopted a Share Option Scheme. The principle terms and conditions of the Share Option Scheme are set out in the section "Summary of the terms of the Share Option Scheme" in Appendix IV of the Prospectus. As at 31 March 2005, none of the options is granted under the Share Option Scheme.

SPONSOR'S INTEREST

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.

At the date of this report, none of CSC Asia Limited, its directors, employees or associates 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.

COMPETING INTERESTS

None of the Directors, substantial shareholders, management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) is engaged in any business which competes or is likely to compete with the business of the Group and none of them has other conflicts of interests with the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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 March 2005.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rule 5.29 of the GEM Listing Rules. The Audit Committee comprises three independent non-executive directors, namely Mr. Kwok Ming Fai, Mr. Lam Din Kan and Mr. Chai Chi Keung. The Audit Committee is chaired by Mr. Kwok Ming Fai. 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 March 2005 and has provided advice and comment thereon.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rule 5.34 of the GEM Listing Rules for the nine months ended 31 March 2005.

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has complied with Rules 5.46 to 5.67 (where applicable) concerning securities transactions by Directors throughout the accounting period covered by this report and all Directors have complied with the required standard of dealings set out therein.

By Order of the Board
Tiger Tech Holdings Limited
Tony Hoo
Executive Director

Hong Kong, 12 May 2005

As at the date of this report, the Directors of the Company are as follows:

Executive directors: Mr. Lee Hai Chu (Chairman), Mr. Tony Hoo, Mr. Tang Tsz Hoo, Anthony and Mr. Chow Kwok Keung;

Independent non-executive directors: Mr. Kwok Ming Fai, Mr. Lam Din Kan and Mr. Chai Chi Keung.