THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect about this document or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Tiger Tech Holdings Limited (the "Company")**, you should at once hand this document, together with the enclosed form of acceptance and transfer to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

TIGER TECH

Orient State Limited

(incorporated in the British Virgin Islands with limited liability)

Tiger Tech Holdings Limited
老虎科技(控股)有限公司*

(incorporated in Bermuda with limited liability)

(Stock code: 8046)

Mandatory conditional general offer by Grand Vinco Capital Limited on behalf of Orient State Limited for all the issued Shares in Tiger Tech Holdings Limited (other than those Shares already owned by Orient State Limited and parties acting in concert with it)

Joint financial advisers to Orient State Limited

VINCO 城高
Grand Vinco Capital Limited

Nuada Limited

Independent financial adviser to the Independent Board Committee of Tiger Tech Holdings Limited

VEDA | CAPITAL
智略資本

A letter from the board of directors of the Company is set out on pages 5 to 11 of this document.

A letter from Grand Vinco Capital Limited containing, among other things, the details of the terms of the Offer (as defined herein) is set out on pages 12 to 19 of this document.

A letter from the Independent Board Committee (as defined herein) to the Independent Shareholders (as defined herein) containing its recommendations in respect of the Offer is set out on page 20 to 21 of this document.

A letter from Veda Capital Limited containing their advice to the Independent Board Committee in respect of the Offer is set out on pages 22 to 35 of this document.

The procedures for acceptance and settlement of the Offer are set out on pages 36 to 40 in Appendix I to this document and in the Form of Acceptance (as defined herein). Acceptances of the Offer should be received by Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong no later than 4:00 p.m. on Wednesday, 9 May 2007 or such later time and or date as Orient State Limited may determine and announce in accordance with the Takeovers Code (as defined herein).

This Document will be available for inspection on the website of the Stock Exchange at http://www.hkex.com.hk as long as the Offer remains open.

18 April 2007

* *For identification purposes only*

CHARACTERISTICS OF GEM

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 in order to obtain up-to-date information on GEM-listed issuers.

CONTENTS

	2007 *(Note 1)*
Offer commences	Wednesday, 18 April
First closing date of the Offer *(Note 2)*	Wednesday, 9 May
Latest time for acceptance of the Offer on the first closing date *(Note 2)*	4:00 p.m. on Wednesday, 9 May
Announcement of the results of the Offer and the level of acceptances as at the first closing date uploaded to the Stock Exchange's website	not later than 7:00 p.m. on Wednesday, 9 May
Posting of remittance to the Shareholders in respect of valid acceptances of the Offer lodged on or before the first closing date (if the Offer becomes unconditional on the first closing date) *(Note 3)*	Tuesday, 15 May
Latest time for acceptance of the Offer (if the Offer becomes unconditional on the first closing date) *(Note 4)*	4:00 p.m. on Wednesday, 23 May
Close of the Offer (if the Offer becomes unconditional on the first closing date) *(Note 4)*	Wednesday, 23 May
Latest date by which the Offer can be declared unconditional *(Note 5)*	Friday, 15 June

Notes:

1. All times and dates refer to Hong Kong local times and dates.

2. In accordance with the Takeovers Code, the Offer must initially be open for acceptance for at least 21 days following the date on which the composite offer document was posted. The latest time for acceptance of the Offer on the first closing date is 4:00 p.m. on Wednesday, 9 May 2007.

3. Subject to the Offer becoming, or has been declared, unconditional, the amounts due to each of the Shareholders who accept the Offer shall be paid for by the Offeror as soon as possible but in any event within 10 days of the later of the date on which the offer becomes, or is declared unconditional and the date of receipt of a duly completed acceptance in accordance within the Takeovers Code.

4. Where the Offer becomes or is declared unconditional, the Offer will remain open for acceptance for not less than 14 days thereafter in accordance with the Takeovers Code.

5. Under Rule 15.5 of the Takeovers Code, except with the consent of the Executive, an offer (whether revised or not) may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the day the initial offer document was posted. Accordingly, unless the Offer has previously become or been declared unconditional as to acceptances, as the 60th day after the day the initial offer document was posted is a Sunday, the Offer will lapse at 7:00 p.m. on Friday, 15 June 2007 unless the Offer is extended by the Offeror with the consent of the Executive.

In this document, unless the context otherwise requires, the following expressions shall have the following meanings:

"acting in concert"	has the meaning ascribed to it under the Takeovers Code
"Announcement"	the announcement dated 13 March 2007 jointly made by the Offeror and the Company containing, among others, details of the Offer
"associates"	has the meaning ascribed thereto under the GEM Listing Rules
"Bestmind"	Bestmind Associates Limited, a company incorporated in the British Virgin islands with limited liability, which is wholly and beneficially owned by Mr. Tony Hoo
"Board"	board of Directors
"Business Day(s)"	a day (other than a Saturday, Sunday, public holidays or days on which a tropical cyclone warning signal no. 8 or above or a black rainstorm warning signal is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours
"CCASS"	the Central Clearing and Settlement System established and operated by Hong Kong Securities Clearing Company Limited
"Company"	Tiger Tech Holdings Limited (Stock Code: 8046), a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the terms and conditions of the S&P Agreement on 14 March 2007
"Composite Offer Document"	this document jointly issued by the Offeror and the Company to the Shareholders in accordance with the Takeovers Code containing, among others, terms and conditions of the Offer, the Form of Acceptance, the advice of Veda Capital to the Independent Board Committee in respect of the Offer, and the advice of the Independent Board Committee to the Independent Shareholders in relation to the Offer
"connected persons"	has the meaning ascribed to it under the GEM Listing Rules
"Consideration"	HK$3.8 million

"Directors"	directors of the Company
"Dollars" or the sign "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Executive"	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
"Form(s) of Acceptance"	the accompanying form(s) of acceptance and transfer in respect of the Offer
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	the Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Guarantor''	Mr. Tony Hoo, the sole shareholder and sole director of Precision and Timepiece and is an executive Director
"HKSCC"	Hong Kong Securities Clearing Company Limited
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Independent Board Committee"	a committee of the Board comprising the three independent non-executive Directors constituted to advise the Independent Shareholders in relation to the Offer
"Independent Shareholders"	those Shareholders other than the Vendors and parties acting in concert with them, and the Offeror and parties acting in concert with it
"Last Trading Day"	Thursday, 1 March 2007, being the last trading day prior to the release of the Announcement
"Latest Practicable Date"	16 April 2007, being the latest practicable date prior to the printing of this Composite Offer Document for the purpose of ascertaining certain information contained herein
"Mr. Lam"	Mr. Lam Shu Chung, the sole shareholder and director of the Offeror
"Nuada"	Nuada Limited, a licensed corporation for Type 6 (advising on corporate finance) regulated activities under the SFO, and one of the joint financial advisers to the Offeror in respect of the Offer

"Offer"	the conditional general offer made by the Vinco on behalf of the Purchaser (subject to Completion) to the Shareholders (other than the Purchaser and parties acting in concert with it) for their Shares in compliance with the Takeovers Code
"Offer Price"	the offer price of HK$0.0266 per Offer Share pursuant to the Offer
"Offer Share(s)"	issued Share(s) other than those already owned by the Offeror and parties acting in concert with it
"Overseas Shareholders"	Shareholders whose addresses (as shown on the register of members of the Company) are outside Hong Kong
"Precision"	Precision Assets Limited, a company incorporated in the British Virgin Islands with limited liability
"PRC"	the People's Republic of China, which for the purpose of this Composite Offer Document, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan respectively
"Purchaser" or "Offeror"	Orient State Limited, a company incorporated in the British Virgin Islands with limited liability, is wholly and beneficially owned by Mr. Lam
"Registrar"	Tengis Limited, 26th Floor, Tebury Centre, 28 Queen's Road East, Wanchai, Hong Kong
"SFC"	the Securities and Futures Commission
"SFO"	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"S&P Agreement"	the agreement dated 1 March 2007 and entered into among the Purchaser, the Vendors and the Guarantor for the sale and purchase of the Sale Shares
"Sale Shares"	the 143,000,000 Shares registered in the name of and beneficially owned by the Vendors representing approximately 30.75% of the entire issued share capital of the Company as at the date of the S&P Agreement
"Share(s)"	shares of HK$0.01 each in the share capital of the Company
"Shareholder(s)"	holder(s) of Shares

"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers
"Timepiece"	Timepiece Associates Limited, a company incorporated in the British Virgin Islands with limited liability
"Veda Capital"	Veda Capital Limited, a licensed corporation for Type 6 (advising on corporate finance) regulated activities under the SFO, the independent financial adviser appointed by the Company to advise the Independent Board Committee
"Vendors"	Precision and Timepiece
"Vinco"	Grand Vinco Capital Limited, a licensed corporation for Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, and one of the joint financial advisers to the Offeror in respect of the Offer
"Warranties"	the representations, warranties and indemnities given by the Vendors under the S&P Agreement
"%"	per cent.

Tiger Tech Holdings Limited
老虎科技(控股)有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 8046)

Executive Directors:
Mr. Lee Hai Chu
Mr. Tony Hoo
Mr. Too Shu Wing
Mr. Tso Hai Sai, Bosco
Mr. Yim Kai Pung

Independent non-executive Directors:
Dr. Pak Wai, Martin
Mr. Lam Nai Hung
Mr. Yu Kam Sing, Raymond

Registered office:
Clarendon House,
2 Church Street,
Hamilton HM11,
Bermuda

Head office and principal place of business in Hong Kong:
Room 301, 3/F,
Dannies House,
20 Luard Road,
Wanchai, Hong Kong

18 April 2007

To the Independent Shareholders

Dear Sir or Madam,

Mandatory conditional general offer by
Grand Vinco Capital Limited
on behalf of
Orient State Limited
for all the issued Shares in Tiger Tech Holdings Limited
(other than those Shares already owned by
Orient State Limited and parties acting in concert with it)

INTRODUCTION

On 1 March 2007, Orient State Limited, being the Purchaser, entered into the S&P Agreement with the Vendors, pursuant to which the Purchaser conditionally agreed to purchase and the Vendors conditionally agreed to sell an aggregate of 143,000,000 Shares at a total consideration of HK$3,800,000 (equivalent to approximately HK$0.0266 per Share). The S&P Agreement is conditional upon fulfillment of the conditions specified therein and as described in the paragraph headed "Conditions" in the section headed "S&P Agreement" of this Composite Offer Document.

* *For identification purposes only*

Mr. Tony Hoo has agreed to act as the Guarantor in the S&P Agreement to guarantee in favour of the Purchaser the due and the punctual performance of the obligations of the Vendors under the S&P Agreement subject to and upon the terms and conditions of the S&P Agreement.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold any Shares in the Company. Upon Completion on 14 March 2007, the Purchaser and parties acting in concert with it owned in aggregate 143,000,000 Shares, representing approximately 30.75% of the entire issued share capital of the Company as at the Latest Practicable Date and is required under Rule 26.1 of the Takeovers Code to make mandatory conditional cash Offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it.

The terms of the Offer are set out under the section headed "Mandatory Conditional General Offer" below.

The purpose of this Composite Offer Document is to provide you with, among other things, (i) the information relating to the Group, the Offeror and the Offer; (ii) the letter from the Independent Board Committee containing its recommendation and advice to the Independent Shareholders in respect of the Offer; and (iii) the letter from Veda Capital, which Veda Capital has been appointed as independent financial adviser by the Independent Board Committee, containing its advice to the Independent Board Committee in respect of the Offer.

S&P AGREEMENT

Date: 1 March 2007

Vendors: Precision and Timepiece, owned as to 44,000,000 Shares and 100,000,000 Shares, respectively representing approximately 9.46% and 21.51% of the entire issued share capital of the Company, collectively representing approximately 30.97% of the issued share capital of the Company prior to Completion on 14 March 2007. Precision and Timepiece are wholly and beneficially owned by Mr. Tony Hoo, an executive Director.

Prior to Completion, Mr. Tony Hoo owned 44,000,000 Shares, 100,000,000 Shares, and 42,832,000 Shares through his beneficial holding in Precision, Timepiece, Bestmind respectively, representing approximately 9.46%, 21.51% and 9.21% of the entire issued share capital of the Company respectively. Mr. Tony Hoo also owned 4,000,000 Shares directly, representing approximately 0.86% of the entire issued share capital of the Company. In aggregate, Mr. Tony Hoo directly and indirectly owned 190,832,000 Shares, representing approximately 41.04% of the entire issued share capital of the Company immediately prior to Completion. Immediately after completion of the Offer, Mr. Tony Hoo will remain beneficially interested in 47,832,000 Shares, representing about 10.29% of the entire issued capital of the Company as he has irrevocably undertaken to the Offeror that he and parties acting in concert with him will not accept the Offer in relation to same Shares.

Purchaser: Orient State Limited, a company incorporated in the British Virgin Islands.

Immediate prior to the Completion, each of the Purchaser and its ultimate beneficial owners is not acting in concert with any Shareholders and is a third party independent of the Company and its connected persons.

Sale Shares: 43,000,000 and 100,000,000 Shares beneficially owned by Precision and Timepiece respectively, which in aggregate of 143,000,000 Shares, representing approximately 30.75% of the entire issued share capital of the Company by the Vendors before Completion

Consideration: HK$3,800,000, representing a price of approximately HK$0.0266 per Sale Share.

Conditions Completion is conditional upon:

(1) trading in the Shares on GEM not being suspended for a period of more than seven consecutive trading days in the period of 21 days immediately preceding Completion excluding any suspension for the purposes of clearing any announcement or circular in relation to the Offer by the regulatory authorities;

(2) trading in the Shares on the GEM not being revoked or withdrawn at any time prior to Completion;

(3) there being no indication from the Stock Exchange or the SFC that listing of the Shares will be suspended, revoked or withdrawn at any time after Completion, whether in connection with any of the transactions contemplated by the S&P Agreement;

(4) completion of the due diligence review to be conducted under the S&P Agreement and the results of such due diligence review have not revealed or disclosed any matter, fact or circumstances which constitutes or is likely to constitute any material breach of any of the Warranties or other provisions under the S&P Agreement;

(5) the Warranties remaining true and accurate in the material respects; and

(6) all necessary consents and approvals as may be required in respect of the sale of the Sales Shares and the transactions contemplated under the S&P Agreement having been obtained by the Vendors.

Completion: Upon compliance with or fulfillment or waiver of all conditions of the S&P Agreement as set out above, Completion shall take place on the date falling on the second Business Day after all the conditions set out under the S&P Agreement have been fulfilled or waived or such other date as may be agreed between the parties.

The S&P Agreement was completed on 14 March 2007.

CONDITIONAL MANDATORY GENERAL OFFER

Immediately following Completion on 14 March 2007, the Offeror and parties acting in concert with it was interested in 143,000,000 Shares, representing approximately 30.75% of the entire issued share capital of the Company. Accordingly, the Offeror and parties acting in concert with it are required to make a conditional mandatory general offer for all the issued Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it).

Principal terms of the Offer

Vinco is making Offer on behalf of the Offeror to the Shareholders in compliance with the Takeovers Code on the following basis:

for each Offer Share .... HK$0.0266 in cash

As at the Latest Practicable Date, there were 465,000,000 Shares in issue and there were no outstanding warrants or share options or derivatives or securities convertible into Shares. Taking into account the aggregate of 143,000,000 Shares acquired by the Offeror and parties acting in concert with it under the S&P Agreement, 322,000,000 Shares will be subject to the Offer.

The Offeror did not have interest in any outstanding warrants or options or derivatives or securities convertible into Shares as at the Latest Practicable Date.

Immediately after completion of the Offer, Mr. Tony Hoo will remain beneficially interested in 47,832,000 Shares, representing approximately 10.29% of the entire issued capital of the Company as he has given an irrevocable undertaking in favour of the Offeror that he and parties acting in concert with him will not accept the Offer in relation to same Shares.

As at the Latest Practicable Date, save for the Shares acquired by the Offeror and parties acting in concert with it under the S&P Agreement and the irrevocable undertaking by Mr. Tony Hoo to reject the Offer in respect of 47,832,000 Shares held by him and parties acting in concert with him, (i) there are no arrangements in relation to shares of the Offeror or the Company and which might be material to the Offer; and (ii) there are no agreements or arrangements to which the Offeror is a party which relate to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer. As at the Latest Practicable Date, save for the irrevocable undertaking given by Mr. Tony Hoo in favour of the Offeror that Mr. Tony Hoo and parties acting in concert with him will not accept the Offer as to 47,832,000 Shares (representing approximately 10.29% of the entire issued share capital of the Company) beneficially owned by Mr. Tony Hoo and parties acting in concert with him after Completion, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or not to accept the Offer.

Comparison of value

The price of HK$0.0266 for each Offer Share is the same as the price agreed to be paid by Purchaser for each Sale Share under the S&P Agreement and represents:

(a) a discount of approximately 58.44% to the closing price of HK$0.0640 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 58.18% to the average of the closing prices of HK$0.0636 per Share for the 5 trading days up to and including the Last Trading Day;

(c) a discount of approximately 55.14% to the average of the closing prices of HK$0.0593 per Share for the 10 trading days up to and including the Last Trading Day;

(d) a discount of approximately 48.65% to the average of the closing prices of approximately HK$0.0518 per Share for the 30 consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 83.98% to the closing price of approximately HK$0.166 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(f) a premium of approximately 158.25% over the unaudited consolidated net asset value per Share of approximately HK$0.0103 as at 31 December 2006 based on the unaudited consolidated accounts of the Group; and

(g) a premium of approximately 153.33% over the audited consolidated net asset value per Share of approximately HK$0.0105 as at 30 June 2006 based on the audited consolidated financial statements of the Group.

Total consideration for the Offer

As at the Latest Practicable Date, there are 465,000,000 Shares in issue. Based on the Offer price of HK$0.0266 per Offer Share, the entire issued share capital of the Company is valued at HK$12,369,000 and the 143,000,000 Sale Shares are valued at HK$3,800,000. The 322,000,000 Shares subject to the Offer as at the Latest Practicable Date, based on the Offer price of HK$0.0266 per Offer Share, are valued at HK$8,565,200.

Vinco and Nuada are satisfied that there are sufficient financial resources available to the Offeror to meet the Consideration for the Sale Shares and the full acceptance of the Offer.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company on 9 September 2002 with limited liability, and the issued Shares of which are listed on GEM. The Group is principally engaged in the provision of enterprise thin client solutions and cable networking thin client solutions.

Based on the annual reports of the Company, the audited net loss attributable to equity holders of the Company for the year ended 30 June 2005 and 30 June 2006 was approximately HK$7.17 million and HK$2.48 million, representing a loss per Share of approximately HK$0.0154 and HK$0.0053 respectively. Based on unaudited consolidated financial statement of the Group for the six months ended 31 December 2006, the unaudited consolidated net asset value of the Group as at 31 December 2006 was approximately HK$4.78 million representing net assets per Share of approximately HK$0.0103, the unaudited net loss attributable to equity holders of the Company for the same period was approximately HK$0.11 million, representing a loss per Share of approximately HK$0.0002.

The following table sets out the shareholding structure of the Company before Completion and as at the Latest Practicable Date:

	Before Completion		**As at the Latest Practicable Date**	
	Number of Shares	**% (approx.)**	**Number of Shares**	**% (approx.)**
Vendors *Note 1*	144,000,000	30.97	1,000,000	0.22
Bestmind *Note 1*	42,832,000	9.21	42,832,000	9.21
Mr. Tony Hoo	4,000,000	0.86	4,000,000	0.86
Sub-total for Mr. Tony Hoo and parties acting in concert with him	190,832,000	41.04	47,832,000	10.29
Smart Trader (Hong Kong) Limited	25,000,000	5.38	25,000,000	5.38
The Offeror and parties acting in concert with it	—	—	143,000,000	30.75
Public	249,168,000	53.58	249,168,000	53.58
Total	**465,000,000**	**100.00%**	**465,000,000**	**100.00%**

Note 1: The Vendors and Bestmind are wholly and beneficially owned by Mr. Tony Hoo.

INFORMATION ON THE OFFEROR

Your attention is drawn to the sections headed "Information on the Offeror" and "Intentions of the Offeror regarding the Company" in the letter from Vinco as set out on pages 12 to 19 of this Composite Offer Document.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatize the Company. The Offeror intends to maintain the listing of the Shares on GEM. The Company, the Directors and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend trading in the Shares.

GENERAL

Your attention is drawn to the statutory and general information set out in Appendix III to this Composite Offer Document.

RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on pages 20 to 21 of this Composite Offer Document. Your attention is also drawn to the letter of advice from Veda Capital which contains, among other things, their advice to the Independent Board Committee in respect of the terms of the Offer and the principal factors and reasons considered by it in arriving at such advice. The text of the letter from Veda Capital is set out on pages 22 to 35 of this Composite Offer Document.

By Order of the Board
Tiger Tech Holdings Limited
Too Shu Wing
Executive Director

VINCO 城高
Grand Vinco Capital Limited
Unit 4909-4910, 49/F, The Center
99 Queen's Road Central, Hong Kong

18 April 2007

To the Independent Shareholders

Dear Sir or Madam,

Mandatory conditional general offer by Grand Vinco Capital Limited on behalf of Orient State Limited for all the issued Shares in Tiger Tech Holdings Limited (other than those Shares already owned by Orient State Limited and parties acting in concert with it)

INTRODUCTION

On 13 March 2007, the Company announced that Orient State Limited, being the Offeror, has entered into the S&P Agreement with, among others, the Vendors, pursuant to which the Offeror conditionally agreed to purchase and the Vendors conditionally agreed to sell an aggregate of 143,000,000 Shares at a total consideration of HK$3,800,000 (equivalent to approximately HK$0.0266 per Share) on 1 March 2007. The Sale Shares represent an approximately 30.75% of the entire issued share capital of the Company as at the Latest Practicable Date.

Mr. Tony Hoo has agreed to act as the Guarantor in the S&P Agreement to guarantee in favour of the Purchaser the due and the punctual performance of the obligations of the Vendors under the S&P Agreement subject to and upon the terms and conditions of the S&P Agreement.

Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold any Shares in the Company. Immediately following Completion, the Offeror and parties acting in concert with it owned in aggregate 143,000,000 Shares, representing approximately 30.75% of the entire issued share capital of the Company. Accordingly, the Offeror and parties acting in concert with it are required under Rule 26.1 of the Takeovers Code to make mandatory conditional general Offer for all the issued Shares not already owned by the Offeror and parties acting in concert with it respectively.

This letter sets out details of the terms of the Offer, information on the Offeror and the intentions of the Offeror regarding the Group. Further details of the terms of the Offer are set out under the section headed "Acceptance and settlement" below, in Appendix I to this Composite Offer Document and in the accompanying Form(s) of Acceptance.

THE OFFER

Principal terms of the Offer

Vinco is making Offer on behalf of the Offeror to the Shareholders in compliance with the Takeovers Code on the following basis:

for each Offer Shares .... HK$0.0266 in cash

As at the Latest Practicable Date, there are no outstanding warrants or options or derivatives or securities convertible into Shares. Taking into account the aggregate of 143,000,000 Shares owned by the Offeror and parties acting in concert with it, 322,000,000 Shares will be subject to the Offer. The Offeror did not have interests in any outstanding warrants or options or derivatives or securities convertible into Shares as at the Latest Practicable Date.

As at the Latest Practicable Date, save as the irrevocable undertaking given by Mr. Tony Hoo in favour of the Offeror that Mr. Tony Hoo and parties acting in concert with him will not accept the Offer as to 47,832,000 Shares (representing approximately 10.29% of the entire issued share capital of the Company), beneficially owned by Mr. Tony Hoo and parties acting in concert with him after completion of the S&P Agreement, the Offeror and parties acting in concert with it have not received any irrevocable commitment to accept or not to accept the Offer. Moreover, there is no arrangement in relation to the shares of the Offeror or the Shares and which might be material to the Offer. Furthermore, there is no agreement or arrangement to which the Offeror is party which relates to the circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer.

Comparison of value

The price of HK$0.0266 for each Offer Share is the same as the price agreed to be paid by Purchaser for each Sale Share under the S&P Agreement and represents:

(a) a discount of approximately 58.44% to the closing price of HK$0.0640 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 58.18% to the average of the closing prices of HK$0.0636 per Share for the 5 trading days up to and including the Last Trading Day;

(c) a discount of approximately 55.14% to the average of the closing prices of HK$0.0593 per Share for the 10 trading days up to and including the Last Trading Day;

(d) a discount of approximately 48.65% to the average of the closing prices of approximately HK$0.0518 per Share for the 30 consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 83.98% to the closing price of approximately HK$0.166 per Share as quoted on the Stock Exchange on the Latest Practicable Date;

(f) a premium of approximately 158.25% over the unaudited consolidated net asset value per Share of approximately HK$0.0103 as at 31 December 2006 based on the unaudited consolidated accounts of the Group; and

(g) a premium of approximately 153.33% over the audited consolidated net asset value per Share of approximately HK$0.0105 as at 30 June 2006 based on the audited consolidated financial statements of the Group.

Total consideration for the Offer

As at the Latest Practicable Date, there was 465,000,000 Shares in issue. Based on the Offer Price of HK$0.0266 per Offer Share, the entire issued share capital of the Company is valued at HK$12,369,000 and the 143,000,000 Sale Shares are valued at HK$3,800,000. The 322,000,000 Shares subject to the Offer as at the Latest Practicable Date, based on the Offer price of HK$0.0266 per Offer Share, are valued approximately at HK$8,565,200.

Vinco and Nuada are satisfied that there are sufficient financial resources available to the Offeror to meet the Consideration for the Sale Shares and the full acceptance of the Offer. The Offeror confirmed that the financial resources for meeting obligations under the Offer are funded by internal resources. Mr. Lam, being, the sole director of the Offeror, also confirmed that no payment of interest on, repayment of or a security for any liquidity (contingent or otherwise) in relation to the amount of fund required for the funds required for the full acceptance of the Offer will depend to any significant extent on the business of the Company.

Conditions of the Offer

The Offer will only be conditional upon the Offeror having received acceptances of the Offer for the Shares which, together with the Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it before or during the offer period, will result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights of the Company.

Effect of accepting the Offer

By accepting the Offer, the Shareholders will sell their Shares to the Offeror free from all liens, claims and encumbrances and together with all rights attaching to the Shares as at the date of the close of the Offer, including the rights to receive all dividends and distribution declared, made or paid on or after completion of the Offer.

The accepting Shareholders shall be entitled to withdraw their acceptances after 21 days from the first closing date of the Offer if the Offer has not by then become unconditional as to acceptances.

Stamp duty and settlement of the consideration

Stamp duty arising in connection with acceptance of the Offer amounting to of HK$1 for every HK$1,000 (or part thereof) of the amount payable in respect of relevant acceptances by the Shareholders, or the market value of the Shares, whichever is greater, will be deducted from the amount payable to the Shareholders who accept the Offer. The Offeror will then pay such stamp duty deducted to the Stamp Office of the Inland Revenue Department of Hong Kong.

The amounts due to the Shareholders who accept the Offer should be paid by the Offeror to the Shareholders as soon as possible but in any event within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of a duly completed and valid Form(s) of Acceptance in accordance with the Takeovers Code.

Settlement of the consideration to which any Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any right to set off, counterclaim or other analogous right to which the Offeror may be, or claim to be entitled against such Shareholder.

Dealing in Shares

Save for the S&P Agreement, there have been no dealings in the Shares by the Offeror and parties acting in concert with it during the six-month period immediately prior to the date of the S&P Agreement and up to the Latest Practicable Date.

Compulsory acquisition

The Offeror and parties acting in concert with it do not intend to exercise any right which may be available to it to acquire compulsorily any outstanding issued Shares not acquired under the Offer after it is closed.

INFORMATION ON THE GROUP

The Company was incorporated in Bermuda as an exempted company on 9 September 2002 with limited liability, and the issued Shares of which are listed on GEM. The Group is principally engaged in the provision of enterprise thin client solutions and cable networking thin client solutions.

Based on the annual reports of the Company, the audited net loss attributable to equity holders of the Company for the year ended 30 June 2005 and 30 June 2006 was approximately HK$7.17 million and HK$2.48 million, representing a loss per Share of approximately HK$0.0154 and HK$0.0053 respectively. Based on the unaudited consolidated financial statements of the Group for the six months ended 31 December 2006, the unaudited consolidated net asset value of the Group as at 31 December 2006 was approximately HK$4.78 million representing net assets per Share of approximately HK$0.0103, the unaudited net loss attributable to equity holders of the Company for the same period was approximately HK$0.11 million, representing a loss per Share of approximately HK$0.0002.

The following table sets out the shareholding structure of the Company before Completion and as at the Latest Practicable Date:

	Before Completion		As at the Latest Practicable Date	
	Number of Shares	**% (approx.)**	**Number of Shares**	**% (approx.)**
Vendors *Note 1*	144,000,000	30.97	1,000,000	0.22
Bestmind *Note 1*	42,832,000	9.21	42,832,000	9.21
Mr. Tony Hoo *Note 1*	4,000,000	0.86	4,000,000	0.86
Sub-total for Mr. Tony Hoo and parties acting in concert with him	190,832,000	41.04	47,832,000	10.29
Smart Trader (Hong Kong) Limited	25,000,000	5.38	25,000,000	5.38
The Offeror and parties acting in concert with it	—	—	143,000,000	30.75
Public	249,168,000	53.58	249,168,000	53.58
Total	**465,000,000**	**100.00%**	**465,000,000**	**100.00%**

Note 1: The Vendors and Bestmind are wholly and beneficially owned by Mr. Tony Hoo. Except for the Sales Shares, Mr. Tony Hoo and parties acting in consent with him had undertaken irrevocably will not accept the offer as to 47,832,000 shares (representing approximately 10.29% of the entice issued capital of the Company.)

INFORMATION ON THE OFFEROR

The Offeror is incorporated in the British Virgin Islands on 1 February 2007 has not commenced any business and will be an investment holding company. The entire issued share capital of the Offeror is beneficially owned by Mr. Lam.

Mr. Lam is the sole director of the Offeror. Mr. Lam has around 20 years of experience in the Hong Kong financial market, ranging from the field of securities, foreign exchange to corporate banking. He has been actively involved in the management of a number of reputable financial institutions over 10 years. Mr. Lam is currently an executive director of Aurora Global Investment Holdings Limited (stock code: 353).

INTENTIONS OF THE OFFEROR REGARDING THE COMPANY

It is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has currently no intention to make any material changes to the continuations of the employment of the employees or management of the Group or to dispose of any material assets or businesses of the Group, including redeployment of fixed assets, other than in its ordinary course of business and has currently no intention to inject any material assets or businesses into the Group as at the Latest Practicable Date. However, the Offeror may nominate new director(s) to the Board and/or to replace the existing Directors as and when it considers appropriate. Any appointment of new directors to the Board will be made in full compliance with the requirements of the Takeovers Code.

As at the Latest Practicable Date, the Offeror, its beneficial owners and parties acting in concert with any of them did not hold any shares or any options, warrants, derivatives or securities convertible into Share. The Offeror, its beneficial owners and parties acting in concert with any of them had not dealt in any shares or any options, warrants, derivatives or securities convertible into Share during the period commencing on the date falling six months prior to the date of the S&P Agreement and up to the Latest Practicable Date.

In view of the consecutive losses recorded by the Group for the past few years and as a long term plan of the Group, after completion of the Offer, the Offeror intends to strengthen the overall competitiveness of the Group and conduct a review of business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining the existing business operation. Subject to the result of the review and should suitable investment or business opportunities arises, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities had been identified at the Latest Practicable Date.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatize the Company. The Offeror intends to maintain the listing of the Shares on GEM. The Company, the Directors and the Offeror will jointly and severally undertake to the Stock Exchange to take appropriate steps to ensure that not less than 25% of the Shares will be held by the public at all times.

The Stock Exchange has indicated that if, upon closing of the Offer, less than the minimum prescribed percentage applicable to the Company, being 25% of the issued Shares, are held by the public or if the Stock Exchange believes that:

(i) a false market exists or may exist in the Shares; or

(ii) there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend trading in the Shares.

FURTHER TERMS OF THE OFFER

Further terms and conditions of the Offer, including, among other things, procedures for acceptance and settlement, the acceptance period and taxation matters are set out in Appendix I to this Composite Offer Document and in the Form of Acceptance.

GENERAL

To ensure equality of treatment of all Shareholders, those registered Shareholders who hold Shares as nominee for more than one beneficial owner should, as far as practicable, treat the holding of each beneficial owner separately. In order for the beneficial owners of the Shares whose investments are registered in nominee names to accept the Offer, it is essential that they provide instructions to their nominees of their intentions with regard to the Offer.

The attention of the Overseas Shareholders is drawn to the section headed "Overseas Shareholders" in Appendix I to this Composite Offer Document.

Stockbrokers, banks and others who deal in relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and those clients are willing to comply with them. Principal traders and dealers, who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules pursuant to the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than HK$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquires. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.

Independent Shareholders are strongly advised to consider carefully the information contained in the letter from the Board, the letter from the Independent Board Committee and the letter from Veda Capital set out in this Composite Offer Document.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the Appendices to this Composite Offer Document, which form part of this Composite Offer Document.

Yours faithfully,
For and on behalf of
Grand Vinco Capital Limited

Alister Chung
Managing Director

Tiger Tech Holdings Limited
老虎科技(控股)有限公司*

(incorporated in Bermuda with limited liability)
(Stock code: 8046)

18 April 2007

To the Independent Shareholders

Dear Sir or Madam,

Mandatory conditional general offer by Grand Vinco Capital Limited on behalf of Orient State Limited for all the issued Shares in Tiger Tech Holdings Limited (other than those Shares already owned by Orient State Limited and parties acting in concert with it)

The Independent Board Committee refers to the composite offer document dated 18 April 2007 (the "Composite Offer Document") issued jointly by the Offeror and the Company, of which this letter forms part. Terms defined in the Composite Offer Document shall have the same meanings in this letter unless the context otherwise requires.

The Independent Board Committee has been established to give a recommendation to the Independent Shareholders in respect of the Offer. We, being the members of the Independent Board Committee, have declared that we are independent and do not have any conflict of interest in respect of the Offer and are therefore able to consider the terms of the Offer and make recommendations to the Independent Shareholders. Veda Capital has been appointed as the independent financial adviser to advise us in this respect.

Your attention is drawn to the "Letter from the Board" and the "Letter from Vinco" set out on pages 5 to 19 of the Composite Offer Document and the "Letter from Veda Capital" setting out its advice to us regarding the Offer as set out on pages 22 to 35 of the Composite Offer Document. Having considered the advice given in the letter from Veda Capital, we concur with the advice of Veda Capital and recommend the Independent Shareholders to accept the Offer.

* *For identification purposes only*

The Independent Shareholders should note that the Offer Price represents discount of approximately 36.21% to the average of the closing prices of the Shares of approximately HK$0.0417 per Share during the period from 1 March 2006 to 1 March 2007 (being the 12 calendar months period prior to the Last Trading Day). The Offer Price also represents discount of approximately 83.98% to the closing price of the Shares of HK$0.166 per Share on the Latest Practicable Date. The Independent Shareholders should also note the possibility that, following the close of the Offer, the price of the Shares may or may not be higher than the Offer Price. Should the market price of the Shares exceed the Offer Price during the period while the Offer is open, the Independent Shareholders should consider not to accept the Offer and should seek to sell their Shares on the market during the period while the Offer is open.

Notwithstanding our recommendations, the Independent Shareholders should consider carefully the terms and conditions of the Offer.

Yours faithfully,
For and on behalf of the Independent Board Committee

Dr. Pak Wai, Martin	**Mr. Lam Nai Hung**	**Mr. Yu Kam Sing, Raymond**
Independent non-executive Director	*Independent non-executive Director*	*Independent non-executive Director*

The following is the full text of a letter of advice from Veda Capital to the Independent Board Committee in relation to the Offer, which has been prepared for the purpose of inclusion in this Composite Offer Document.

VEDA | CAPITAL
智略資本
Veda Capital Limited
Suite 11-12, 13/F, Nam Fung Tower
173 Des Voeux Road Central, Hong Kong

18 April 2007

To the Independent Board Committee of
Tiger Tech Holdings Limited

Dear Sirs,

Mandatory conditional general offer by
Grand Vinco Capital Limited
on behalf of
Orient State Limited
for all the issued Shares in Tiger Tech Holdings Limited
(other than those Shares already owned by
Orient State Limited and parties acting in concert with it)

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in relation to the Offer, details of which are set out in the "Letter from the Board" and "Letter from Vinco" contained in this composite offer document (the "Composite Offer Document") dated 18 April 2007 to the Independent Shareholders, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Composite Offer Document unless the context requires otherwise.

On 1 March 2007, the Offeror entered into the S&P Agreement with the Vendors, pursuant to which the Offeror conditionally agreed to purchase and the Vendors (both being wholly and beneficially owned by Mr. Tony Hoo) conditionally agreed to sell an aggregate of 143,000,000 Shares at a total consideration of HK$3,800,000 (equivalent to approximately HK$0.0266 per Share). Immediately prior to Completion, the Offeror and parties acting in concert with it did not hold any Shares in the Company. Completion took place on 14 March 2007. Upon Completion and as at the Latest Practicable Date, the Offeror and parties acting in concert with it owned in aggregate 143,000,000 Shares, representing approximately 30.75% of the issued share capital of the Company as at the Latest Practicable Date.

Accordingly, Vinco, on behalf of the Offeror, is making a mandatory conditional cash offer for all the issued Shares (other than those already owned by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Detailed terms and conditions of the Offer, including the procedures for acceptance, are set out in the Composite Offer Document, in particular in "Letter from the Board", "Letter from Vinco" and Appendix I to the Composite Offer Document.

The Independent Board Committee (comprising three independent non-executive Directors namely Dr. Pak Wai, Martin, Mr. Lam Nai Hung and Mr. Yu Kam Sing, Raymond) has been formed to advise the Independent Shareholders on the terms of the Offer. We have been appointed by the Company as the independent financial adviser to advise the Independent Board Committee in respect of the Offer and such appointment has been approved by the Independent Board Committee.

As at the Latest Practicable Date, Mr. Tony Hoo remained beneficially interested in 47,832,000 Shares, representing about 10.29% of the entire issued capital of the Company and he has irrevocably undertaken to the Offeror that he and parties acting in concert with him will not accept the Offer in relation to same Shares.

BASIS OF OUR ADVICE

In formulating our opinion and recommendation, we have relied on the accuracy of the information, opinions and representations contained or referred to in the Composite Offer Document and provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, opinions and representations contained or referred to in the Composite Offer Document were true and accurate at the time when they were made and continued to be true and accurate at the date of the Composite Offer Document. We have also assumed that all statements of belief, opinion and intention made by the Directors and the Offeror in the Composite Offer Document were reasonably made after due enquiries and considerations. We have no reasons to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance which would render the information provided and representations and opinions made to us untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view and to justify reliance on the accuracy of the information contained in the Composite Offer Document to provide a reasonable basis for our opinions and recommendations. Having made all reasonable enquiries, the Directors have confirmed that, to the best of their knowledge, there are no other facts or representations the omission of which would make any statement in the Composite Offer Document, including this letter, misleading. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group and/or the Offeror.

In formulating our opinions, we have not considered the taxation implications on the Independent Shareholders arising from acceptances or non-acceptances of the Offer as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offer. In particular, the Independent Shareholders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consult their own tax positions, an if in any doubt, should consult their own professional advisers.

In formulating our opinions, we have made reference to the IT Comparables (as defined hereafter) and the subject companies of the Comparable Offers (as defined hereafter), which are listed on GEM for analysis purpose and we have assumed the truthfulness and accuracy of the information available to us regarding the IT Comparables and the Comparable Offers. We have not, however, carried out any independent verification of the information available to us regarding the subject companies of the Comparable Offers, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the IT Comparables the subject companies of the Comparables Offers. Our opinions are necessarily based upon the financial, economic, market, regulatory and other conditions as they existed on, and the facts, information, representations, and opinions made available to us as of the Latest Practicable Date. We disclaim any undertaking or obligation to advise any person of any change in any fact or matter affecting the opinion expressed herein which may come or be brought to our attention until the close of the Offer.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In assessing the Offer and in giving our recommendation to the Independent Board Committee, we have taken into account the following principal factors and reasons:

Financial and business highlights of the Group

The Group was incorporated in Bermuda as an exempted company with limited liability and the issued Shares of which are listed on GEM. The Group is principally engaged in the provision of enterprise thin client solutions and cable networking thin client solutions. The Group provides its customers with thin client solutions by offering them one stop solution which included the design of the thin client network architecture, development and provision of operating and application software and hardware, system integration as well as consultation services.

According to the annual report of the Company for the two years ended 30 June 2005 and 2006, the Group has been incurring losses since 2001 except for the year ended 30 June 2002. During the last six financial years, turnover of the Group has been very fluctuating with the lowest in financial year 2001 of approximately HK$1.11 million and the highest in financial year 2002 of approximately HK$23.4 million. Set out below are the analysis for the financial performance of the Group for the two years ended 30 June 2005 and 2006 and six months ended 31 December 2006.

(i) Financial year ended 30 June 2005 versus financial year ended 30 June 2004

For the year ended 30 June 2005, the Group recorded turnover of approximately HK$7.7 million, representing a substantial decrease of approximately 74% from that of the year ended 30 June 2004 of approximately HK$29.6 million. According to 2005 annual report of the Company, competition of IT industry remained fierce and the court case mentioned in the section headed "Court case in relation to the substantial Shareholders" below has also adversely affected the brand equity of the Company and reduced the turnover of the Group. Net loss attributable to Shareholders for the year ended 30 June 2005 was approximately HK$7.2 million whereas for the year ended 30 June 2004, the Group recorded a net loss attributable to the Shareholders of approximately HK$20.9 million. The decrease of approximately HK$13.7 million of net loss attributable to Shareholders was due to the fact that the Group had exercised stringent measures to reduce operating costs and has been conservative in selecting its products and customers so as to minimize requirement on cash flow.

Court case in relation to the substantial Shareholder

As announced in the announcement of the Company dated 8 June 2004, the Company received a letter from Fortuna Investments Limited ("Fortuna") in respect of its intention to make a voluntary offer to acquire all the issued Shares at HK$0.012 per Share and the executive Director and substantial Shareholder, Mr. Tony Hoo has confirmed that he would not accept such offer.

On 9 June 2004, Mr. Hoo has confirmed to the Board that he has received a writ of summons issued from Fortuna in respect of his alleged breach of verbal contract to sell 237,150,000 Shares, representing 51% of the total issued Shares, at the price of HK$0.012 per Share to Fortuna. Fortuna sought for a declaration by the Court that Mr. Hoo shall sell his interest in the Company to Fortuna or claimed for damages for the alleged breach. Mr. Hoo has appointed a lawyer to defend such claim on his behalf. The application made by Fortuna to the Court for an injunction preventing Mr. Hoo from disposing of his interest in the Company to any third party was rejected by the Court according to the ruling dated 4 February 2005. In this case, as the interim injunction application has been dismissed, Fortuna's underlying claim for damages for alleged breach of contract or specific performance may proceed to trail in the usual way, unless both parties manage to reach an out of court settlement. Mr. Hoo has informed the Company that the plaintiff so far has not pursued any further action. As a defendant, Mr. Hoo is passive and therefore is unable to provide any further information other than the above-mentioned status.

(ii) Financial year ended 30 June 2006 versus financial year ended 30 June 2005

For the year ended 30 June 2006, the Group recorded turnover of approximately HK$8.0 million, representing a slight increase of approximately 3.9% from the turnover of the previous year of approximately HK$7.7 million. Compared to the net loss attributable to the Shareholders for the year ended 30 June 2005 of approximately HK$7.2 million, net loss attributable to the Shareholders improved by approximately 65.3% to approximately HK$2.5 million for the year ended 30 June 2006.

(iii) Six months ended 31 December 2006 versus six months ended 31 December 2005

As for the six months ended 31 December 2006, turnover of the Group was approximately HK$4.8 million, representing a decrease of approximately 6% from the turnover for the six months ended 31 December 2005 of approximately HK$5.1 million. Loss attributable to Shareholders for the six months ended 31 December 2006 was approximately HK$107,000 compared to the loss of approximately HK$576,000 for the six months ended 31 December 2005. As stated in the latest interim report of the Company, the improvement in loss of the Group was mainly due to tightened control on operation costs of the Group. However, such measures were not able to eliminate the accumulated losses of the Group.

The Offer

Pursuant to Rule 26.1 of the Takeovers Code, Vinco, on behalf of the Offeror, is making the Offer on the following basis:

For each Share.. HK$0.0266 in cash

The Offer Price of HK$0.0266 for each Offer Share is the same as the price payable by the Offeror for each Sale Share under the S&P Agreement. The Offer Price represents:

(a) a discount of approximately 58.44% over the closing price of HK$0.0640 per Share as quoted by the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 58.18% over the average of the closing prices of HK$0.0636 per Share for the 5 trading days up to and including the Last Trading Day;

(c) a discount of approximately 55.14% over the average of the closing prices of approximately HK$0.0593 per Share for the 10 trading days up to and including the Last Trading Day;

(d) a discount of approximately 48.65% over the average of the closing prices of approximately HK$0.0518 per Share for the 30 consecutive trading days up to and including the Last Trading Day;

(e) a discount of approximately 83.98% to the closing price of HK$0.166 per Share as quoted by the Stock Exchange on the Latest Practicable Date;

(f) a premium of approximately 153.33% over the audited consolidated net asset value per Share of approximately HK$0.0105 per Share as at 30 June 2006; and

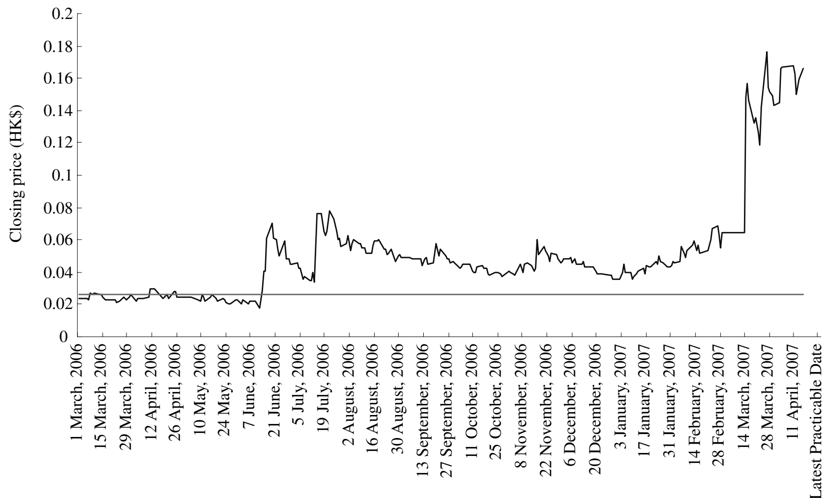
(g) a premium of approximately 158.25% over the unaudited consolidated net asset value per Share of approximately HK$0.0103 per Share as at 31 December 2006 based on the unaudited consolidated accounts of the Group.

Independent Shareholders should note that the Offer is conditional upon the Offeror having received acceptances of the Offer which, together with the Shares already owned or agreed to be acquired by the Offeror or parties acting in concert with it before or during the offer period, will result in the Offeror and any person acting in concert with it holding more than 50% of the voting rights of the Company.

Further terms and conditions of the Offer, including the procedures for acceptance, are set out in the "Letter from Vinco" and Appendix I to the Composite Offer Document.

Historical Share Price Performance

The graph below illustrates the closing price level of the Shares during the period from 1 March 2006 to 18 April 2007 (being the 12 calendar months period prior to the Last Trading Day and thereafter up to and including the Latest Practicable Date) (the "Review Period").



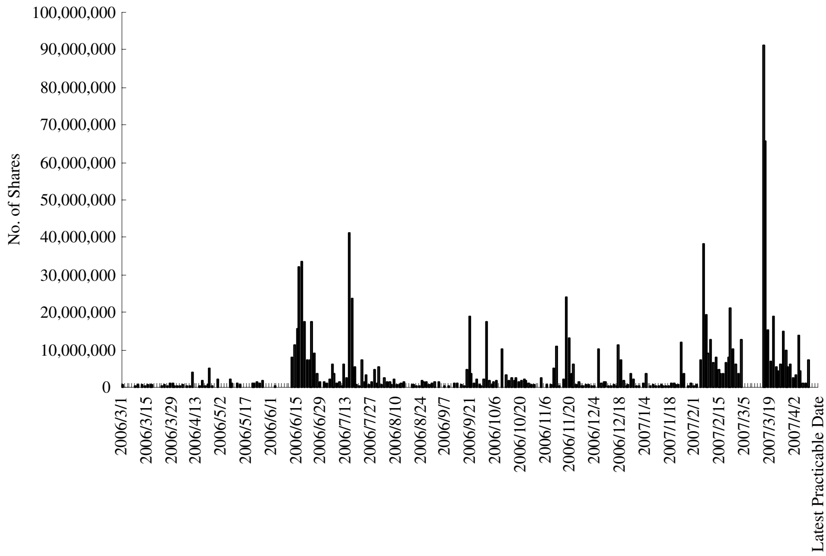
Note: Trading of the Shares was suspended between 2 and 13 March 2007 pending publication of the Announcement

During the Review Period, the closing price of the Shares ranged from the lowest of HK$0.018 per Share (recorded on 16 June 2006) to the highest of HK$0.176 (recorded on 26 March 2007). The Offer Price has been below the closing prices of the Shares between the period from 13 June 2006 and the Latest Practicable Date. We also note that the Offer Price represents a discount of approximately 47.58% to the daily average closing price of the Shares of approximately HK$0.0507 per Share during the Review Period. The Offer Price also represents a discount of approximately 83.98% to the closing price of the Shares of HK$0.166 on the Latest Practicable Date.

We would like to remind the Independent Shareholders that although the Offer Price is below the closing price of the Shares for most of the days during the Review Period, in particular, since 13 June 2006, and represents a discount to the daily average closing price of the Shares for the Review Period as well as the closing price of the Shares on the Latest Practicable Date, there is no guarantee that the trading price of the Shares will sustain and be higher than the Offer Price during and after the Offer period. The Independent Shareholders, in particular those who may wish to realize their investments in the Shares, are thus reminded to closely monitor the market price of the Shares during the Offer period.

Liquidity of the Shares

The graph and table below set out (i) daily trading volume of the Shares; and (ii) average daily number of Shares traded per month and the respective percentages of monthly trading volume compared to the issued share capital and the Shares held by the Independent Shareholders respectively during the Review Period.



	Average daily trading volume *(Shares)*	Percentage to the total number of issued Shares *(%) (Note 1)*	Percentage to the number of issued Shares held by the Independent Shareholders *% (Note 2)*
2006			
March	431,478	0.0928	0.1732
April	1,003,294	0.2158	0.4027
May	601,400	0.1293	0.2414
June	7,553,091	1.6243	3.0313
July	5,560,762	1.1959	2.2317
August	1,216,000	0.2615	0.4880
September	2,724,000	0.5858	1.0932
October	1,886,400	0.4057	0.7571
November	3,379,273	0.7267	1.3562
December	2,331,789	0.5015	0.9358
2007			
January	1,353,091	0.2910	0.5430
February	9,424,444	2.0268	3.7824
March (Last Trading Day, i.e. March 2007)	12,752,000	2.7424	5.1178
March (since resumption of trading of the Shares on 14 March 2007)	19,553,377	4.2050	7.8475
April (up to the Latest Practicable Date)	5,956,000	1.2809	2.3904
Since resumption of trading of the Shares on 14 March 2007 up to the Latest Practicable Date	14,373,424	3.0911	5.7686

Source: website of the Stock Exchange (www.hkex.com.hk)

Notes:

1. Based on 465,000,000 Shares in issued as at the Latest Practicable Date.

2. Based on 249,168,000 issued Shares held by the Independent Shareholders as at the Latest Practicable Date.

3. Trading of Shares was suspended during the period from 2 to 13 March 2007.

As illustrated in the table above, the trading volume of the Shares during the Review Period had been thin. During the period from 1 March 2006 up to the Last Trading Day, the highest daily average trading monthly volume amounted to approximately 9,424,444 Shares during the month of February 2007, representing approximately 2.0268% of the total number of issued Shares and approximately 3.7824% of the number of Shares held by the Independent Shareholders respectively. We also note that the trading volume of the Shares revived after the release of the Announcement. The average daily trading volume of Shares since resumption of trading of the Shares on 14 March 2007 until the Latest Practicable Date amounted to approximately 14,373,424 Shares, representing approximately 3.0911% of the total number of issued Shares and approximately 5.7686% of the number of Shares held by the Independent Shareholders respectively. If we look at the average trading of the Shares by month since resumption of trading of the Shares, we notice that (i) the average daily trading volume of Shares in March (since resumption of trading of the Shares on 14 March 2007) amounted to approximately 19,553,377 Shares, representing approximately 4.205% of the total number of issued Shares and approximately 7.8475% of the number of Shares held by the Independent Shareholders respectively; and (ii) the average daily trading volume of Shares dropped in April (up to the Latest Practicable Date on 16 April 2007) and amounted to approximately 5,956,000 Shares, representing approximately 1.2809% of the total number of issued Shares and approximately 2.3904% of the number of Shares held by the Independent Shareholders respectively. Trading volume of the Shares on the Latest Practicable Date amounted to 8,160,000 Shares, representing 1.7548% of the total number of issued Shares and approximately 3.2749% of the number of Shares held by the Independent Shareholders respectively. We noted that average trading volume of the Shares have been high since resumption of trading of the Shares on 14 March 2007 was due to the sharp rise in trading of the Shares during the 2 days of 14 and 15 March 2007 and the average trading volume of these two days amounted to approximately 78,528,000 Shares, representing approximately 16.888% of the total number of issued Shares and approximately 31.516% of the number of Shares held by the Independent Shareholders respectively. However, we consider that the overall liquidity of the Shares was low during the Review Period.

Given the low liquidity of the Shares, we consider that despite the Offer Price represents a discount to the prevailing market price of the Shares as detailed in the section headed "Historical Share Price Performance" above, the Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares. Therefore, we consider that the Offer provides an alternative for the Independent Shareholders who would like to realize their investment in the Shares. Nevertheless, Independent Shareholders who intend to dispose part or all of their Shares are reminded to closely monitor the market price and the liquidity of the Shares during the Offer period and consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the disposal of such Shares in the open market would exceed that receivable under the Offer.

Cash offer comparable analysis

In assessing the fairness and reasonableness of the Offer, we have identified three comparable companies ("IT Comparables") principally engaged in the field of information technology (i.e. similar to that of the Company) and listed on GEM, which were the subjects of general cash offers during the Review Period. Our findings on the IT Comparables are summarized below:

Date of the offer document	Date of announcement	Company	Principal business	Market capitalization as at the Last Trading Day *(HKS million)*	Offer price *(HK$)*	Closing price as at the last trading day *(HK$)*	Net asset value per share *(HK$)*	Profit/(loss) attributable to shareholders per share *(HKS)*	Premium/ (discount) of Offer price over/(to) closing price as at the last trading day *(%)*	Premium/ (discount) of Offer price over/(to) latest published net asset value per share *(%)*
4 Jan 07	1 Dec 06	SJTU Sunway Software Industry Limited (Stock code: 8148)	Information localization services provider principally engaged in the software development in Hong Kong and the PRC	114	0.1360	0.1350	0.04469	(0.19)	0.7	204.3
29 Nov 06	8 Nov 06	Sys Solutions Holdings Limited (Stock code: 8182)	Provision of network infrastructure solutions and services	210	0.060579	0.05	(0.0105)	(0.020)	21.16	Not applicable since in net liabilities position
25 Apr 06	7 Apr 06	Shine Software (Holdings) Limited (Stock code: 8270)	Development of computer software, resale of hardware, provision of system integration and maintenance	101	0.021142	0.08	0.079	(0.0139)	(73.6)	(73.2)
18 Apr 07	**13 Mar 07**	**The Company**	**Provision of enterprise thin client solutions and cable networking thin client solutions**	**30**	**0.0266**	**0.0640**	**0.0105**	**(0.0053)**	**(58.44)**	**153.33**

Since the samples of the comparison provided by the IT Comparables are limited and the comparisons of the offer prices to the closing price on the last trading day and net asset value per share vary from discount to premium, we consider it not meaningful to draw a conclusion on the fairness and reasonableness of the Offer based on the IT Comparables. In order to have a sizable number of comparisons to asses the fairness and reasonableness of the Offer, we compare it with all general cash offers (the "Comparable Offers") of companies listed on GEM, which has despatched the offer documents during the Review Period. Our findings on the Comparable Offers are summarized below:

Date of the offer document	Date of announcement	Company	Principal business	Market capitalization as at the Last Trading Day *(HK$ million)*	Offer price *(HK$)*	Closing price as at the last trading day *(HK$)*	Net asset value per share *(HK$)*	Profit/(loss) attributable to shareholders per share *(HK$)*	Premium/ (discount) of Offer price over/(to) closing price as at the last trading day *(%)*	Premium/ (discount) of Offer price over/(to) latest published net asset value per share *(%)*
2 Mar 07	12 Jan 2007	FX Creations International Holdings Limited (Stock code: 8136)	Retail sales and wholesale of bags and accessories under its brandname	594	0.04902	0.08	0.0148	(0.013)	(38.73)	231.2
4 Jan 07	1 Dec 06	SJTU Sunway Software Industry Limited (Stock code: 8148)	Information localization services provider principally engaged in the software development in Hong Kong and the PRC	114	0.1360	0.1350	0.04469	(0.19)	0.7	204.3
29 Nov 06	8 Nov 06	Sys Solutions Holdings Limited (Stock code: 8182)	Provision of network infrastructure solutions and services	210	0.060579	0.05	(0.0105)	(0.020)	21.16	Not applicable since in net liabilities position
23 Nov 06	10 Oct 06	MP Logistics International Holdings Limited (Stock code: 8239)	Coordinating various logistics services including sea, road and air freight forwarding, customs clearance and decoration, purchasing on behalf of customers of insurance policies, repackaging and storage	345	0.01	0.10	0.012	(0.022)	(90)	(16.7)
26 Sep 06	5 Sep 06	Panorama International Holdings Limited (Stock code: 8173)	Distribute and sub-license distribution rights of video programmes mainly in VCD and DVD formats for home entertainment in Hong Kong and other Asian countries	63	0.04	0.045	0.166	0.0057	(11.11)	(75.96)
18 Jul 06	29 May 06	Galileo Capital Group Limited (Stock code: 8029)	Provision of business brokerage, fund raising services and business consultancy services	365	0.025	0.030	(0.0033)	(0.0024)	(16.7)	Not applicable since in net liabilities position
27 Jun 06	6 Jun 06	MegaInfo Holdings Limited (Stock code: 8279)	Provision of self-developed digital image processing management solutions in PRC and Macau	4.052	0.0318	0.07	0.0146	(0.0052)	(54.57)	117.81

Date of the offer document	Date of announcement	Company	Principal business	Market capitalization as at the Last Trading Day *(HKS million)*	Offer price *(HK$)*	Closing price as at the last trading day *(HK$)*	Net asset value per share *(HK$)*	Profit/(loss) attributable to shareholders per share *(HKS)*	Premium/ (discount) of Offer price over/(to) closing price as at the last trading day *(%)*	Premium/ (discount) of Offer price over/(to) latest published net asset value per share *(%)*
25 Apr 06	7 Apr 06	Shine Software (Holdings) Limited (Stock code: 8270)	Development of computer software, resale of hardware, provision of system integration and maintenance	101	0.021142	0.08	0.079	(0.0139)	(73.6)	(73.2)
29 Mar 06	8 Mar 06	FX Creations International Holdings Limited (Stock code: 8136)	Retail sales and wholesale of bags and accessories under its brandname	594	0.03	0.17	0.029	(0.013)	(82.4)	3.45
Maximum premium									21.16	231.20
Minimum premium									0.70	3.45
Average premium									10.93	139.19
Maximum discount									(90)	(75.96)
Minimum discount									(11.11)	(16.70)
Average discount									(52.44)	(55.29)
18 Apr 07	**13 Mar 07**	**The Company**	**Provision of enterprise thin client solutions and cable networking thin client solutions**	**30**	**0.0266**	**0.0640**	**0.0105**	**(0.0053)**	**(58.44)**	**153.33**

Source: website of the Stock Exchange (www.hkex.com.hk)

We are mindful of the fact that pricing of a cash offer may vary under different factors, including but not limited to stock market conditions, industry, nature of business, size of companies, liquidity of the shares, as well as among companies with different financial standings and business performance (including loss making companies and profit making companies). Nevertheless, we consider that a broader comparison of cash offers announced recently would provide a more general reference for the reasonableness of the pricing of the Offer.

The table above shows that majority, i.e. seven out of nine, of the Comparable Offers had the offer prices set at a discount to their respective closing prices as quoted on the last trading day prior to the date of the relevant announcement, ranging from approximately 11.11% to approximately 90% with average discount rate of approximately 52.44%. The Offer Price of HK$0.0266 represents a discount of 58.44% to the closing price of the Shares as at the Last Trading Day, which falls within the range of discounts represented by seven Comparable Offers and has a slightly deeper discount than the average.

Four out of nine Comparable Offers had the offer price set at premium over the latest published net asset value prior to the publication of the announcement in relation to the offer ranging from approximately 3.45% to approximately 232.1% and with an average premium of approximately 139.19%. On the other hand, 3 Comparable Offers had the offer prices set at a discount to their respective latest published net asset value prior to the publication of the announcement in relation to the offers, ranging from approximately 16.7% to approximately 75.96%. The subject company of two of the Comparable Offers recorded net liabilities as at its latest published balance sheet date prior to the date of the respective announcements in relation to the offers. As a majority of the Comparable Offers, i.e. five cases out of a total of nine had offer prices not set at a premium (i.e. either set at a discount to the respective net asset value of the subject companies or the subject companies are at net liabilities position), we consider that the Offer Price, representing a premium of approximately 158.25% over the unaudited consolidated net asset value of the Company as at 31 December 2006 and a premium of approximately 153.33% over the audited consolidated net asset value of the Company as at 30 June 2006, has been determined at a level which is more favourable than the majority of the offer prices under the Comparable Offers as far as the net asset value is taken into account.

Based on the above analysis on the Offer Price by comparison with those under the cash offers made for companies that are listed on GEM during the Review Period, we are of the view that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned.

Intention of the Offeror

As stated in “Letter from Vinco”, it is the intention of the Offeror that the existing principal activities of the Group will remain unchanged and the Offeror has currently no intention to make any material changes to the employees or management of the Group or to dispose of any material assets or businesses of the Group other than in its ordinary course of business and has currently no intention to inject any material assets or businesses into the Group as at the Latest Practicable Date. However, the Offeror may nominate new director(s) to the Board and/or to replace the existing Directors as and when it considers appropriate and in accordance with the Takeovers Code.

Meanwhile, the Offeror is conducting a review of business operation and financial position of the Group for the purpose of formulating business plans and strategies for streamlining the existing business operation and improve the financial position of the Group and for the future business development of the Group. Subject to the result of the review and should suitable investment or business opportunities arises, the Offeror may consider diversifying the business of the Group with an objective to broaden its income source. However, no such investment or business opportunities have been identified at this stage.

RECOMMENDATION

Taking into consideration of the above mentioned principal factors and reasons, being:

(i) the consistent loss of the Group for the last six financial years except for the year ended 30 June 2002;

(ii) the low liquidity of the Shares during the Review Period, in particular, before the Last Trading Day;

(iii) the Offer Price represents a discount of 58.44% to the closing price of the Shares as at the Last Trading Day, which falls within the range of discounts represented by seven out of nine Comparable Offers; and

(iv) the Offer Price, representing a premium of approximately 158.25% over the unaudited consolidated net asset value of the Company as at 31 December 2006 and premium of approximately 153.33% over the audited consolidated net asset value of the Company as at 30 June 2006, has been determined at a level which is more favourable than the majority of the offer prices under the Comparable Offers as far as the net asset value is taken into account,

we are of the opinion that the Offer Price is fair and reasonable so far as the Independent Shareholders are concerned. In addition, the Offer is incidental to and as a result of the completion of the purchase of the Sale Shares by the Offeror at HK$0.0266 per Shares (the "Purchase Price"). Under the Offer, the Independent Shareholders are treated even-handedly by the Offeror as the Offer Price is equivalent to the Purchase Price. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Offer.

The Independent Shareholders, in particular those who intend to accept the Offer, are reminded to note the recent increase in trading volume and Share price after the release of the Announcement in relation to the Offer, and that there is no guarantee that the current market price will not sustain and will not be higher than the Offer Price during and after the Offer. The Independent Shareholders who intend to accept the Offer are reminded to closely monitor the market price and the liquidity of the Shares during the Offer period and shall, having regard to their own circumstances, consider selling their Shares in the open market, instead of accepting the Offer, if the net proceeds from the sale of such Shares would be higher than that receivable under the Offer.

Furthermore, despite the discount represented by the Offer Price to the market price of the Shares during most of the Review Period as detailed above, given the low liquidity of the Shares during the Review Period before the date of the Announcement, we would like to remind the Independent Shareholders who may wish to realize their investment in the Shares that they might not be able to do so, especially those with sizeable shareholdings, in the open market, without adversely affecting the market price level of the Shares. Thus, the Offer represents an alternative for the Independent Shareholders who would like to realize their investment in the Shares. We would like to remind the Independent Shareholders that there is no guarantee whether the current market price of the Shares will sustain or will not sustain and will or will not be higher than the Offer Price during and after the Offer.

The Independent Shareholders should read carefully the procedures for accepting the Offer as detailed in Appendix I to the Composite Offer Document.

Yours faithfully,
For and on behalf of
Veda Capital Limited
Hans Wong **Julisa Fong**
Managing Director *Director*

1. PROCEDURES FOR ACCEPTANCE

The Offer

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares are in your name, and you wish to accept the Offer, you must send the duly completed relevant Form of Acceptance together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title and/or any indemnity or indemnities required in respect thereof, to the Registrar, Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong in any event not later than 4:00 p.m. on Wednesday, 9 May 2007 or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are in the name of a nominee company or some name other than your own, and you wish to accept the Offer whether in full or in respect of part of your holding of Shares, you must either:

(a) lodge your Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title, with the nominee company, or other nominee, and with instructions authorizing it to accept the Offer on your behalf and requesting it to deliver the relevant Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to the Registrar; or

(b) arrange for the Shares to be registered in your name by the Company through the Registrar and send the relevant Form of Acceptance duly completed together with the relevant Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title to the Registrar; or

(c) if your Shares have been lodged with your licensed securities dealer/custodian bank through CCASS, instruct your licensed securities dealer/custodian bank to authorize HKSCC Nominees Limited to accept the Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer in your securities/custodian bank for the timing on processing of your instruction, and submit your instruction to your licensed securities dealer/custodian bank as required by them; or

(d) if your Shares have been lodged with your Investor Participant's Account with CCASS, authorise your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.

If the Share certificate(s) and/or transfer receipt(s) and/or any other document(s) of title in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Offer, the Form of Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your Share certificate(s) and/or transfer receipts and/or other document(s) of title or that it/they is/are not readily available. If you find such document(s) or if it/they become available, it/they should be forwarded to the Registrar as soon as possible thereafter. If you have lost your Share certificate(s), you should also write to the Registrar a letter of indemnity which, when completed in accordance with the instruction given, should be returned to the Registrar.

If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your Share certificate(s), and you wish to accept the Offer, you should nevertheless complete the Form of Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will be deemed to be an irrevocable authority to any of Vinco, the Company, the Offeror or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant Share certificate(s) when issued and to deliver such Share certificates to the Registrar and to authorise and instruct the Registrar to hold such Share certificate(s), subject to the terms and conditions of the Offer, as if it/they were delivered to the Registrar with the relevant Form of Acceptance.

An acceptance may not be counted as valid unless:

(a) it is received by the Registrar on or before the latest time for acceptance on the first closing date at 4:00 p.m. on Wednesday, 9 May 2007 (or a later date which may be amended later) and the Registrar has recorded that the acceptance and any relevant documents required under paragraph (b) below have been so received; and

(b) the Form of Acceptance is duly completed and is: (i) accompanied by Share certificate(s) in respect of the relevant Shares and, if that/those Share certificate(s) is/are not in the name of the acceptor, such other documents (e.g. a duly stamped transfer of the relevant Shares in blank or in favour of the acceptor executed by the registered holder) in order to establish the right of the acceptor to become the registered holder of the relevant Shares; or (ii) from a registered Shareholder or his personal representatives (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under the other subparagraph of this paragraph (b)); or certified by the Registrar or the Stock Exchange.

If the Form of Acceptance is executed by a person other than the registered Shareholder, appropriate evidence of authority (e.g. grant of probate or certified copy of a power of attorney) must be produced.

No acknowledgement of receipt of any Form of Acceptance, Share certificate(s) and/ or transfer receipt(s) and/or any other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) will be given.

2. SETTLEMENT

The Offer

Provided that the Form(s) of Acceptance and relevant Share certificate(s) and/or transfer receipt(s) and/or any document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) are in complete and good order and have been received by the Registrar by not later than 4:00 p.m. on Wednesday, 9 May 2007 being the latest time for acceptance of the Offer, a cheque for the amount due to the accepting Shareholders in respect of the Shares tendered by them under the Offer, less seller's ad valorem stamp duty payable by them, will be despatched to the accepting Shareholders to the addresses specified on the Forms of Acceptance by ordinary post at their own risk within 10 days of the later of the date on which the Offer becomes, or is declared, unconditional and the date of receipt of all the relevant documents by the Registrar to render such acceptance complete and valid.

3. ACCEPTANCE PERIOD AND REVISIONS

Unless the Offer has previously been revised, the latest time and date for acceptance will be 4:00 p.m. on Wednesday, 9 May 2007.

If the Offer is revised, the announcement of such revision will state the next closing date. If the Offer is revised, it will remain open for acceptance for a period of not less than 14 days from the posting of the revised offer document.

In order to be valid, Form(s) of Acceptance for the Offer must be received by the Registrar in accordance with the instructions printed thereon by 4:00 p.m. on Wednesday, 9 May 2007.

4. ANNOUNCEMENTS

By 6:00 p.m. on Wednesday, 9 May 2007, which is the closing date of the Offer, or such later time and/or date as the Executive may in exceptional circumstances permit, the Offeror must inform the Executive and the Stock Exchange of its decisions in relation to revision, extension, expiry of the Offer. The Offeror shall publish an announcement to be posted on the Stock Exchange's website by 7:00 p.m. on the first closing date of the Offer stating whether the Offer have been revised or extended, have expired. The announcement shall specify the number of Shares (a) for which valid acceptances have been received, (b) held, controlled or directed by the Offeror or persons acting in concert with it before the period of the Offer; and (c) acquired or agreed to be acquired by the Offeror or any person acting in concert with it during the period of the Offer.

The announcement must specify the percentages of the relevant classes of share capital, and the percentages of voting rights of the Company represented by these numbers of Shares.

5. RIGHT OF WITHDRAWAL

Independent Shareholders who accept the Offer shall be entitled to withdraw their acceptances after 21 days from the first closing date of the Offer on Wednesday, 9 May, 2007, if the Offer has not by then become unconditional. This entitlement to withdraw shall be exercisable until such time as the Offer becomes or is declared unconditional as to acceptances; however, on Friday, 15 June 2007 (or any date beyond which the Offeror has stated that the Offer will not be extended) the final time for the withdrawal must coincide with the final time for the lodgement of acceptances set out in Rule 15.5 of the Takeover Code, and this time must not be later than 4.00 p.m. Friday, 15 June 2007. Pursuant to Rule 19.2 of the Takeovers Code which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offer as described under the section headed "Announcements" above, the Executive may require that acceptors be granted a right of withdrawal on terms acceptable to the Executive until such requirements can be met.

6. STAMP DUTY

Hong Kong stamp duty at a rate of HK$1.00 for every HK$1,000 (or part thereof) of the amount payable which is based on the number of accepted Shares and the market value of the Share or the Offer Price of the Share (at the discretion of the Collector of Stamp Duty) in respect of relevant acceptances will be deducted from the consideration payable to the accepting Shareholders. The Offeror will then, on behalf of the accepting Shareholders, pay such amount to the Inland Revenue Department of Hong Kong. The Offeror will also pay stamp duty payable by it as purchaser of the Shares pursuant to the Offer based on the gross consideration payable to the accepting Shareholders in respect of the Offer.

7. TAXATION

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their accepting the Offer. It is emphasised that none of the Offeror, Vinco or Nuada or any of their respective directors or any persons involved in the Offer accept responsibility for any tax effects or liabilities of any person or persons as a result of their acceptance of the Offer.

8. OVERSEAS SHAREHOLDERS

The making of the Offer to Overseas Shareholders may be prohibited or affected by the laws of the relevant jurisdiction. Overseas Shareholders should obtain appropriate legal advice on, inform themselves about and observe any applicable legal requirement. It is the responsibility of each Overseas Shareholder who wishes to accept the Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or legal requirements.

9. GENERAL

(i) Acceptance of the Offer by any person or persons holding Shares will be deemed to constitute a warranty by such person or persons to the Offeror that the Shares acquired under the Offer are sold by any such person or persons free from all liens, charges, encumbrances, equities and third party rights and together with all rights attaching thereto, including the right to receive all dividends and distributions declared, made or paid on or after their acceptance of the Offer.

(ii) All communications, notices, Forms of Acceptance, Share certificates, transfer receipts, other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) and remittances to be delivered by or sent to or from the Shareholders will be delivered by or sent to or from them, or their designated agents, through post at their own risk, and none of the Offeror, the Company, Vinco, Nuada or the Registrar or any of their respective agents, accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.

(iii) The provisions set out in the Form of Acceptance form part of the terms of the Offer.

(iv) The accidental omission to despatch this Composite Offer Document and/or the Form of Acceptance or any of them to any person to whom the Offer are made will not invalidate the Offer in any way.

(v) The Offer and all acceptances will be governed by and construed in accordance with the Laws of Hong Kong.

(vi) Due execution of a Form of Acceptance will constitute an authority to the Company, the Offeror, any director of the Offeror, Vinco, Nuada or such person or persons as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror, or such person or persons as it may direct, the Shares in respect of which such person or persons has/have accepted the Offer.

(vii) References to the Offer in this Composite Offer Document and in the Form of Acceptance shall include any revision thereof.

(viii) The English text of this Composite Offer Document and of the Form of Acceptance shall prevail over their respective Chinese text.

A. SUMMARY OF FINANCIAL RESULTS OF THE GROUP FOR THREE YEARS ENDED

The following is a summary of the unaudited consolidated income statement and balance sheet of the Group for the six-month period ended 31 December 2006 and the audited consolidated income statement and balance sheet of the Group for each of the three years ended 30 June 2006:

	For the six-month period ended 31 December		**For the year ended 30 June**	
	2006	2006	2005	2004
in HK$'000				
Turnover	4,773	8,037	7,659	29,600
Other income	—	154	41	1,159
Changes in inventory	—	(331)	(112)	(45)
Purchase of merchandise	(518)	(4,285)	(2,980)	(22,598)
Employee benefits expense	(689)	(1,216)	(3,612)	(3,371)
Depreciation	(6)	(14)	(1,103)	(2,481)
Other operation expenses	(3,667)	(4,827)	(7,060)	(22,681)
Share of results of jointly controlled entities	—	—	—	(3)
Finance costs	—	—	—	(529)
Profit/(loss) before taxation	**(107)**	**(2,482)**	**(7,167)**	**(20,949)**
Tax	—	—	—	—
Net profit/(loss) after taxation	**(107)**	**(2,482)**	**(7,167)**	**(20,949)**
Earning/(loss) per Share				
Basic (Hong Kong cents)	(0.02)	(0.53)	(1.54)	(5.03)

in HK$'000	For the six-month period ended 31 December 2006	For the year ended 30 June 2006	2005	2004
Non-current assets				
Property, plant and equipment	62	68	881	2,167
Interest in subsidiaries	—	—	—	—
Interests in jointly controlled entities	—	—	—	34
Total non-current assets	**62**	**68**	**881**	**2,201**
Current assets				
Inventories	—	—	331	443
Trade and other receivables	4,733	2,653	5,228	4,225
Bank balances and cash	90	2,453	4,269	8,239
Tax prepaid				1,322
Total current assets	**4,823**	**5,106**	**9,828**	**14,229**
Current liabilities				
Trade and other payables	110	292	3,345	1,899
Total current liabilities	**110**	**292**	**3,345**	**1,899**
Net current assets	**4,713**	**4,814**	**6,483**	**12,330**
Total assets less current liabilities	**4,775**	**4,882**	**7,364**	**14,531**
Net assets	**4,775**	**4,882**	**7,364**	**14,531**
Equity				
Issued capital	4,650	4,650	4,650	4,650
Reserves	125	232	2,714	9,881
Total equity	**4,775**	**4,882**	**7,364**	**14,531**

No dividend has been paid or declared by the Company for each of the three years ended 30 June 2006 and for the six-month period ended 31 December 2006.

There is no extraordinary or exceptional item for each of the three years ended 30 June 2004, 2005, and 2006. There is no qualification contained in the auditors' report by Moores Rowland Mazars for the two years ended 30 June 2004 and 2005 and by K. S. Liu & Company, CPA Limited for the year ended 30 June 2006.

There is no material changes in the financial or trading position or outlook of the Company subsequent to the last published audited amounts for the year ended 30 June 2006

B. AUDITED FINANCIAL INFORMATION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2004, 2005 AND 2006

Set out below are the audited consolidated financial statements of the Group for the year ended 30 June 2004, 2005 and 2006:

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2004

	Note	**2004** *HK$'000*	**2003** *HK$'000* (restated)
Turnover	*4*	29,600	12,147
Other income	*5*	1,159	90
Changes in inventories		(45)	(95)
Purchase of merchandise		(22,598)	(1,777)
Employee benefits expense		(3,371)	(3,659)
Depreciation and amortisation		(2,481)	(904)
Other operating expenses		(22,681)	(19,476)
Share of results of jointly controlled entities		(3)	—
Finance costs	*6*	(529)	—
Loss from ordinary activities before taxation	*6*	(20,949)	(13,674)
Taxation	*7*	—	(49)
Loss for the year and attributable to equity holders of the parent	*9*	(20,949)	(13,723)
Loss per share	*10*		
Basic (HK cents)		(5.03)	(4.28)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2004

	Attributable to the equity holders of the parent				
	Issued capital	**Share premium**	**Capital reserve**	**Accumulated (losses) profits**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2002	—	—	(595)	8,298	7,703
Issue of shares	1,600	29,000	—	—	30,600
Capitalisation issue	2,400	(2,400)	—	—	—
Net loss for the year (restated)	—	—	—	(13,723)	(13,723)
At 30 June 2003	4,000	26,600	(595)	(5,425)	24,580
At 1 July 2003	4,000	14,588	(595)	6,587	24,580
Prior year adjustment *(Note 3)*	—	12,012	—	(12,012)	—
As restated	4,000	26,600	(595)	(5,425)	24,580
Issue of shares for acquisition of investment securities	50	2,450	—	—	2,500
Issue of shares	600	7,800	—	—	8,400
Net loss for the year	—	—	—	(20,949)	(20,949)
At 30 June 2004	4,650	36,850	(595)	(26,374)	14,531

CONSOLIDATED BALANCE SHEET
At 30 June 2004

	Note	2004 HK$'000	2003 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	*12*	2,167	1,552
Intangible assets	*13*	—	5,719
Goodwill	*14*	—	—
Investment securities	*15*	—	—
Interests in jointly controlled entities	*17*	34	1
		2,201	7,272
Current assets			
Inventories	*18*	443	488
Due from a shareholder of a jointly controlled entity	*19*	—	4,300
Trade and other receivables	*20*	4,225	7,805
Tax prepaid		1,322	—
Bank balances and cash		8,239	8,590
		14,229	21,183
Current liabilities			
Trade and other payables	*21*	1,899	1,926
Taxation		—	1,949
		1,899	3,875
Net current assets		12,330	17,308
NET ASSETS		14,531	24,580
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Issued capital	*22*	4,650	4,000
Reserves		9,881	20,580
		14,531	24,580

BALANCE SHEET
At 30 June 2004

	Note	2004 HK$'000	2003 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment securities	*15*	—	—
Interests in subsidiaries	*16*	100	14,402
Interests in jointly controlled entities	*17*	—	1
		100	14,403
Current assets			
Due from a shareholder of a jointly controlled entity	*19*	—	4,300
Trade and other receivables	*20*	4	72
Bank balances and cash		—	1
Current liabilities		4	4,373
Trade and other payables	*21*	772	950
Net current (liabilities) assets		(768)	3,423
NET (LIABILITIES) ASSETS		(668)	17,826
CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT			
Issued capital	*22*	4,650	4,000
Reserves	*24*	(5,318)	13,826
		(668)	17,826

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2004

	Note	2004 *HK$'000*	2003 *HK$'000* (restated)
OPERATING ACTIVITIES			
Cash used in operations	25	(6,350)	(15,934)
Interest paid		(529)	—
Hong Kong profits tax paid		(3,271)	—
Net cash used in operating activities		(10,150)	(15,934)
INVESTING ACTIVITIES			
Acquisition of jointly controlled entities		(198)	(1)
Acquisition of software license rights		—	(6,100)
Advance to a shareholder of a jointly controlled entity		—	(4,300)
Repayment from a jointly controlled entity		4,200	—
Purchase of property, plant and equipment		(1,211)	(25)
Net cash outflow from acquisition of interests in a subsidiary	26	(1,302)	—
Expenses incurred on acquisition of investment securities		(90)	—
Net cash from (used in) investing activities		1,399	(10,426)
FINANCING ACTIVITIES			
New loan raised		3,500	—
Repayment of amounts borrowed		(3,500)	—
Proceeds from issue of shares		8,400	30,000
Net cash from financing activities		8,400	30,000
Net (decrease) increase in cash and cash equivalents		(351)	3,640
Cash and cash equivalents at beginning of year		8,590	4,950
Cash and cash equivalents at end of year, represented by bank balances and cash		8,239	8,590

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2004

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Companies Act 1981 of Bermuda (as amended). Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the group structure in connection with the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the ultimate holding company of the companies now comprising the Group. This was accomplished by acquiring the entire issued share capital of Cableplus Group Limited ("Cableplus"), the then holding company of the Group, in consideration for the allotment and issue of shares of the Company to the then shareholder of Cableplus on 13 March 2003 and the Company has become the ultimate holding company of the Group. Further details of the Group Reorganisation are set out in the Company's prospectus dated 31 March 2003 (the "Prospectus"). Pursuant to the placing arrangement (the "Placing"), details of which are set out in the Prospectus, 100,000,000 ordinary shares were issued. The shares of the Company were listed on the GEM of the Stock Exchange on 16 April 2003.

2. GOING CONCERN BASIS

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of recurring losses and negative cashflows from operations. Going concern basis is adopted because the directors consider the level of cash on hand is sufficient for operations.

3. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements 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 of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

In the current year, the Group adopted revised Statement of Standard Accounting Practice 12 "Income taxes" issued by HKICPA, which is effective for accounting periods commencing on or after 1 January 2003. The adoption of revised SSAP12 represents a change in accounting policy, which has been applied retrospectively but has no material effects on these financial statements. The changes to the Group's accounting policy on income taxes are set out in the accounting policy below.

The Group has adopted Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" issued by the HKICPA in advance of its effective date. The presentation in the current year's financial statements has been modified in order to conform with the requirements of the new standard. Comparative amounts have been restated in order to achieve a consistent presentation. Under the HKAS1, all items of expense, including share issuing expense, recognised in a period shall be included in profit or loss unless another accounting standard or interpretation requires otherwise. As a result of the adoption of HKAS1, the loss for the year has been increased by HK$749,000 (2003: HK$12,012,000). The adoption of HKAS1 has been applied retrospectively, with the opening accumulated losses and the comparative information adjusted for the amounts relating to prior periods as disclosed in the consolidated statement of changes in equity and note 24 to the financial statements.

A summary of the principal accounting polices adopted by the Group is set out below.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost.

Basis of consolidation

The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Except for the Group Reorganisation as described above, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group taken as a whole.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is an enterprise, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recovered amount on individual basis.

Jointly controlled entity

A joint venture is a contractual arrangement whereby the Group or the Company and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

The Group's interest in a jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment losses determined on an individual basis. The Group's share of the post-acquisition results of its jointly controlled entity is included in the consolidated income statement.

The Company's interest in a jointly controlled entity is stated at cost less accumulated impairment losses. Results of the jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired.

Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life or twenty years, whichever is shorter. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill arising on consolidation represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the nonmonetary assets acquired is recognised immediately in the consolidated income statement.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

Investment securities

Investment held on a continuing basis with an identified long term purpose are classified as investment securities, which are stated at cost less any provision for impairment losses that is expected to be other than temporary.

The carrying amount of individual investment securities, or holdings of the same securities are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the period in which the decline occurs.

The impairment loss is written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Major costs incurred in restoring assets to their normal working conditions are char ged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net sales proceeds and the carrying amount of the assets and is recognised as income or expense in the income statement.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Computer equipment	20%
Office equipment	20%
Leasehold improvement	over the lease term

Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. Other development expenditure is recognised as an expense as incurred.

Computer software license rights

The initial cost of acquiring the computer software license rights is capitalised if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost can be measured reliably.

Computer software license rights are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software license rights are amortised on the straight-line basis over their estimated useful lives but not exceeding 4 years.

Impairment loss

At each balance sheet date, the Group reviews internal and external sources of information to determine whether the carrying amounts of its assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises purchase costs and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Service income is recognised in the period when services are rendered.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with time when goods are delivered to customers and title has passed.

Software license fee and royalty income are recognised on an accrual basis in accordance with the relevant terms of the license/royalty agreements.

Foreign currencies

The Group maintains its accounting records in Hong Kong dollars and transactions involving foreign currencies are translated at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date. Translation differences are included in the consolidated income statement.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax liabilities or assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

No deferred tax is provided for temporary differences arising from goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination and that affecting neither accounting nor taxable profits, and investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

In prior years, deferred taxation was accounted for at the current tax rate in respect of timing differences between profit as computed for taxation purposes and profit as stated in the financial statements to the extent that a liability was expected to be payable in the foreseeable future. Deferred tax assets were not recognised unless their realisation was assured beyond reasonable doubt. The adoption of revised SSAP 12 represents a change in accounting policy, which has been applied retrospectively but has no material effects on these financial statements.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payable under operating leases are recognised as an expense on the straight-line basis over the lease terms. Lease incentives received are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset.

Cash equivalents

For the purpose of cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts, if any.

Employee benefits

Defined contribution plans

The Group participates in a Mandatory Provident Fund scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees as required by the Mandatory Provident Fund Ordinance. The assets of the scheme are held separately from those of the Group in an independently administered fund. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. The contribution borne by the Group is calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$20,000 for each eligible employee).

Equity compensation benefits

The share option scheme allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised when the Group grants options to employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

4. TURNOVER AND REVENUE

The Company is an investment holding company. The Group is principally engaged in the provision of Enterprises Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions.

Turnover and revenue recognised by category are as follows:

	2004	**2003**
	HK$'000	*HK$'000*
Turnover		
Service income	68	5,200
Sales of goods	26,261	2,314
Software license fee	2,865	4,633
Royalty income	406	—
	29,600	12,147

5. OTHER INCOME

Other income mainly represents the write back of provision for doubtful debts amounted to HK$1,159,000 (2003: Nil).

6. LOSS FROM ORDINARY ACTIVITIES BEFORE TAXATION

	2004	**2003**
	HK$'000	*HK$'000*
This is stated after charging:		
(a) Finance costs		
Interest on bank overdrafts and other borrowings wholly repayable within five years	529	—

	2004	2003
	HK$'000	*HK$'000*
(b) Other items		
Cost of inventories	22,643	1,872
Auditors' remuneration:		
Current year	500	280
Underprovision in previous year	350	—
Contributions to defined contribution plan (included in employee benefits expense)	89	117
Loss on disposal of property, plant and equipment	108	12
Provision for doubtful debts	—	1,159
Research and development costs in respect of:		
Hardware and design fee	4,887	1,032
Employee benefits expense	347	463
Operating lease charges on premises	346	240
Impairment losses (included in other operating expenses) on:		
Investment securities	2,590	—
Goodwill	939	—
Intangible assets	4,194	—
Interests in jointly controlled entities	195	—
Share issuing expenses	749	12,012

7. TAXATION

	2004	2003
	HK$'000	*HK$'000*
The charge comprises:		
Hong Kong Profits Tax		
Current year	—	—
Under provision in prior year	—	49

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year.

	2004	2003
	HK$'000	*HK$'000*
Reconciliation of tax expense		
Loss from ordinary activities before tax	(20,949)	(13,674)
Income tax at applicable tax rate of 17.5% (2003: 17.5%)	(3,666)	(2,393)
Non-deductible expenses	1,007	2,108
Unrecognised tax losses	1,626	1,199
Unrecognised temporary differences	1,033	(914)
Underprovision in prior year	—	49
Tax expense for the year	—	49

The applicable tax rate is the Hong Kong profits tax rate of 17.5% (2003: 17.5%).

8. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' emoluments paid and payable to the directors of the Company are as follows:

	2004	**2003**
	HK$'000	*HK$'000*
Fees		
Executive directors	—	—
Independent non-executive directors	400	300
Other emoluments		
Salaries and other benefits	1,345	990
Contributions to retirement schemes	36	33
	1,781	1,323

In addition to directors' emoluments disclosed above, options to subscribe for 38,000,000 shares of the Company were granted to three executive directors as set out in note 23 to the financial statements in previous year under the Pre-IPO Share Option Scheme and the options granted were fully exercised during the year.

The four (2003: three) executive directors of the Company, Mr. Tony Hoo, Mr. Tang Tsz Hoo, Anthony, Mr. Chow Kwok Keung and Mr. Lee Hai Chu, received individual emoluments for the year ended 30 June 2004 of approximately HK$757,000 (2003: HK$561,000), HK$312,000 (2003: HK$231,000), HK$312,000 (2003: HK$231,000) and HK$ Nil respectively. The two independent non-executive directors Mr. Kwok Ming Fai and Mr. Lam Din Kan, of the Company received directors' fees for the year ended 30 June 2004 of HK$200,000 (2003: HK$150,000) and HK$200,000 (2003: HK$150,000) respectively.

No directors waived any emoluments for each of the two years ended 30 June 2004. No emoluments were paid to the directors as an inducement to join or upon joining the Group during each of the two years ended 30 June 2004.

The emoluments of the six (2003: five) individuals with highest emoluments in the Group for the year with two individuals having same fifth highest emoluments, including three (2003: one) directors Mr. Tony Hoo, Mr. Tang Tze Hoo, Anthony and Mr. Chow Kwok Keung, whose emoluments are set out above.

	2004	**2003**
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	1,622	2,165
Contributions to retirement schemes	54	59
	1,676	2,224

The number of the highest-paid individual senior executives whose emoluments fell within the following band is as follows:

	2004	**2003**
Nil — HK$1,000,000	3	4

No emoluments were paid to the six (2003: five) highest-paid individuals as an inducement to join or upon joining the Group during each of the two years ended 30 June 2004.

The 2,000,000 options granted to one senior management under the Pre-IPO Share Option Scheme in 2003 was granted to one of the senior executives mentioned above. All such options granted were fully exercised during the year.

9. LOSS FOR THE YEAR AND ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the year includes a loss of approximately HK$29,394,000 (2003: HK$12,175,000) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the parent for the year of HK$20,949,000 (2003: HK$13,723,000) and weighted average number of 416,672,000 (2003: 320,822,000) ordinary shares in issue during the year.

The weighted average number of shares used to calculate prior year's loss per share is based on the assumption that the 300,000,000 shares were deemed to have been in issue comprising 60,000,000 shares issued as a consideration for the acquisition of the entire share capital of Cableplus and the capitalisation issue of 240,000,000 shares.

Additionally, the weighted average number of shares used for prior year also includes the 100,000,000 shares issued pursuant to the Placing.

No diluted loss per share has been presented for current year as there were no potential ordinary shares. No diluted loss per share has been presented for the year ended 30 June 2003 because the exercise of the outstanding potential ordinary shares would have been anti-dilutive.

11. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segment

The Group comprises the following main business segments:

	Enterprise Thin Client Solutions		Customised Thin Client Application Solutions		Cable Network Thin Client Solutions		Others		Group	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000* (restated)
Revenue										
Segment turnover from external customers	20,955	4,194	2,865	4,633	5,780	—	—	3,320	29,600	12,147
Segment results	1,031	842	(1,909)	2,847	(3,693)	—	—	2,392	(4,571)	6,081
Unallocated income									—	90
Unallocated expenses									(15,846)	(19,845)
Loss from operations									(20,417)	(13,674)
Share of results of jointly controlled entities									(3)	—
Finance costs									(529)	—
Loss from ordinary activities before taxation									(20,949)	(13,674)
Taxation									—	(49)
Loss for the year and attributable to equity holders of the parent									(20,949)	(13,723)
Assets										
Segment assets	1,734	2,367	—	6,877	2,205	—	—	3,320	3,939	12,564
Unallocated assets									12,491	15,891
Consolidated total assets									16,430	28,455
Liabilities										
Segment liabilities	365	453	—	—	—	—	—	—	365	453
Unallocated liabilities									1,534	3,422
Consolidated total liabilities									1,899	3,875
Other information										
Capital expenditure	—	—	—	6,100	—	—	—	—	—	6,100
Unallocated capital expenditure									1,211	25
									1,211	6,125
Depreciation and amortisation	—	—	1,525	381	—	—	—	—	1,525	381
Unallocated depreciation and amortisation									956	523
									2,481	904
Impairment loss	—	—	4,194	—	—	—	—	—	4,194	—
Unallocated impairment loss									3,724	—
									7,918	—

Geographical segment

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Revenue from external customers		Segment assets		Capital expenditure incurred during the year	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	22,037	9,662	12,918	27,296	11	6,125
Taiwan	1,624	2,485	—	1,159	—	—
USA	2,806	—	271	—	—	—
Singapore	135	—	—	—	—	—
PRC	2,998	—	3,241	—	1,200	—
	29,600	12,147	16,430	28,455	1,211	6,125

12. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office equipment	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 July 2003	2,595	26	—	2,621
Additions	11	—	1,200	1,211
Disposals	(180)	—	—	(180)
At 30 June 2004	2,426	26	1,200	3,652
Accumulated depreciation				
At 1 July 2003	1,053	16	—	1,069
Charge for the year	483	5	—	488
Eliminated on disposals	(72)	—	—	(72)
At 30 June 2004	1,464	21	—	1,485
Net book value				
At 30 June 2004	962	5	1,200	2,167
At 1 July 2003	1,542	10	—	1,552

The carrying amount of property, plant and equipment are subject to the review of impairment loss at the balance sheet date. The process of review of impairment loss as set out in the accounting policy above involves significant estimation of the assets' recoverable amounts by the directors, including the assets' value in use.

13. INTANGIBLE ASSETS

	Software license rights *HK$'000*
At beginning of year	
Cost	6,100
Accumulated amortisation	(381)
Opening carrying amount	5,719
Amortisation charge	(1,525)
Impairment losses	(4,194)
Closing carrying amount	—
At balance sheet date	
Cost	6,100
Accumulated amortisation and impairment losses	(6,100)
Closing carrying amount	—

During the year ended 30 June 2003, the Group acquired exclusive rights to use and to sub-license an interactive voice recognition system (the "System") specialised for use in securities trading in Hong Kong, the People's Republic of China (the "PRC") and Taiwan at a cost of HK$6,100,000. The Group also entered into an agreement with a customer in Taiwan to sub-license the System for use in Taiwan. Sub-license fee of HK$455,000 had been received up to 30 June 2003 and such fee was recognised as income for the year then ended.

During the year, technical problems were identified and the Group has taken prompt steps to improve the System. Upon negotiation with the customer, further sub-license fee of HK$600,000 had been mutually agreed and received during the current financial year as a final settlement for the outstanding contract sum. In preparing the financial statements for the year ended 30 June 2004, the directors have reviewed the future potential economic benefits to be generated from the System and consider that it is prudent to make provision against the carrying amount of the intangible assets.

14. GOODWILL

	Total *HK$'000*
Additions	1,407
Amortisation charges	(468)
Impairment losses	(939)
Closing carrying amount	—
At balance sheet date	
Cost	1,407
Accumulated amortisation and impairment losses	(1,407)
Closing carrying amount	—

Goodwill of HK$1,407,000 arose from the acquisition of additional 50% interest in a jointly control entity, Tiger Tech (China) Holdings Limited ("Tiger Tech China"), during the year. As a result of the acquisition, Tiger Tech China became a wholl-yowned subsidiary of the Company. Tiger Tech China was originally set up by the Company and a third party with a view to engage in the provision of enterprise thin client solutions and cable network thin client solutions in the PRC. However, up to the date of these financial statements, Tiger Tech China has not yet generated any income and impairment loss on the balance of unamortised goodwill of HK$939,000 is recognised accordingly.

15. INVESTMENT SECURITIES

	The Group and the Company	
	2004	**2003**
	HK$'000	*HK$'000*
Unlisted shares, at cost	2,590	—
Less: Impairment loss	(2,590)	—
	—	—

At the balance sheet date, the Company held 10% interest in the ordinary share capital of Mediacute Technology Limited, a company incorporated in Hong Kong and is engaged in the development of Thai language input method for mobile phones.

Up to the date of these financial statements, the investee has not yet generated any profits. Future per formance of the investee is uncertain and, therefore, impairment loss has been made accordingly.

16. INTERESTS IN SUBSIDIARIES

	2004	**2003**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1,401	1
Impairment loss	(1,400)	—
	1	1
Due from subsidiaries	23,211	14,401
Provision for doubtful debts	(23,112)	—
	99	14,401
	100	14,402

The amount due from subsidiaries are unsecured, interest-free and not expected to be realised in the next twelve months from the balance sheet date.

Details of the subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Percentage of equity interest held by the Company		Principal activities
			Direct	Indirect	
Cableplus Group Limited	British Virgin Islands/ Hong Kong	10 ordinary shares of US$1 each	100%	—	Investment holding
Eurosino Holdings Limited	British Virgin Islands/ Hong Kong	1 ordinary shares of US$1 each	100%	—	Inactive
Tiger Tech Corporation Limited	Hong Kong	5,000 ordinary shares of HK$1 each	—	100%	Provision of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions
Tiger Tech (China) Holdings Limited	British Virgin Islands/ Hong Kong	100 ordinary shares of US$1 each	100%	—	Provision of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group		The Company	
	2004	2003	2004	2003
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	—	—	195	1
Less: Impairment loss	—	—	(195)	—
Share of net assets	—	1	—	—
Due from a jointly controlled entity	34	—	—	—
	34	1	—	1

Particulars of jointly controlled entities at the balance sheet date are as follows:

Name of jointly controlled entity	Form of business structure	Principal place of operation	Place of incorporation	Nature of business	Class of share	Proportion of nominal value of issued capital held by the Company
AI-Times International Limited	Corporate	Hong Kong	Hong Kong	Development	Ordinary	50%
Tiger Tech Mobile Limited	Corporate	Hong Kong	British Virgin Islands	Distribution of mobile and related IT products	Ordinary	50%

At 30 June 2003, interest in a jointly controlled entity represented 50% equity interest in Tiger Tech China which became a wholly-owned subsidiary of the Company during the year.

18. INVENTORIES

Inventories represent merchandise of computer hardware and accessories.

19. DUE FROM A SHAREHOLDER OF A JOINTLY CONTROLLED ENTITY

As at 30 June 2003, the amount due from a shareholder of a jointly controlled entity who held 50% equity interest of the issued capital of the Company's jointly controlled entity was unsecured and interest-free. During the year, the amount was deposited into the bank account of the jointly controlled entity on behalf of the Company in fulfillment of the Company's obligation to contribute to the working capital of the jointly controlled entity.

20. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables				
From third parties	2,696	6,356	—	—
Other receivables				
Deposits, prepayments and other debtors	1,529	1,449	4	72
	4,225	7,805	4	72

The Group has no specific credit policy. However, the Group normally allows one to six months repayment period to its customers. Aging analysis of trade receivables is as follows:

	2004	**2003**
	HK$'000	*HK$'000*
0 – 30 days	2	1,380
31 – 90 days	203	638
91 – 180 days	2,220	4,622
Over 180 days	271	875
	2,696	7,515
Provision for doubtful debts	—	(1,159)
	2,696	6,356

The carrying value of trade receivables of the Group amounted to HK$2,696,000 (2003: HK$6,356,000) are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are estimated by the directors by reference to a number of factors such as past default experience, the relationship with customers and the actual settlement subsequent to the balance sheet date.

21. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2004	**2003**	**2004**	**2003**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
To third parties	—	452	—	—
Other payables				
Accrued charges and other creditors	1,899	1,474	772	950
	1,899	1,926	772	950

Aging analysis of trade payables is as follows:

	2004 *HK$'000*	2003 *HK$'000*
0 – 30 days	—	296
31 – 90 days	—	156
	—	452

22. ISSUED CAPITAL

	Note	2004 *Number of share*	2004 *HK$'000*	2003 *Number of share*	2003 *HK$'000*
Authorised:					
At beginning of year, at HK$0.01 each		10,000,000,000	100,000	—	—
On incorporation		—	—	10,000,000	100
Increase in authorised share capital		—	—	9,990,000,000	99,900
At balance sheet date		10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:					
At beginning of year, at HK$0.01 each		400,000,000	4,000	—	—
Issue of shares upon incorporation		—	—	10,000,000	100
Issue of shares on Group Reorganisation		—	—	50,000,000	500
Capitalisation issue		—	—	240,000,000	2,400
Issue of shares upon exercise of share options	(c)	40,000,000	400	—	—
Issue of shares for acquisition	(a)	5,000,000	50	—	—
Issue of shares	(b)	20,000,000	200	—	—
Issue of shares pursuant to the Placing		—	—	100,000,000	1,000
At balance sheet date		465,000,000	4,650	400,000,000	4,000

Notes:

(a) On 9 January 2004, 5,000,000 shares of HK$0.01 each of the Company were issued at a price of HK$0.5 per share in consideration of 10% equity interest in an investment securities. The excess of HK$0.49 each for total 5,000,000 shares was credited as share premium.

(b) During the year, the Company issued 20,000,000 shares of HK$0.01 each at a price of HK$0.4 per share at a placement. The excess of HK$0.39 per share from the placement was credited to share premium.

(c) Pursuant to the Company's Pre-IPO share option scheme, the Company issued 40,000,000 shares of HK$0.01 each of which all were exercised during the year, resulting in net proceed of approximately HK$400,000.

23. SHARE OPTION SCHEMES

Pursuant to the written resolutions of the sole shareholder of the Company dated 13 March 2003, two share option schemes, namely the pre-IPO share option scheme ("Pre-IPO Share Option Scheme") and the share option scheme ("Share Option Scheme") were approved and adopted.

Share Option Scheme

The major terms of the Share Option Scheme which will remain in force for 10 years from 13 March 2003 are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants, which include any person who is a full time or part time employee or director of the Group, a consultant or agent of or advisor to the Group, as incentives or rewards for their contributions to the Group.

(b) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the shares in issue upon completion of the Placing, the capitalisation issue and the issue of shares which may fall to be issued pursuant to the exercise of the Over-allotment Option (details as set out in the Prospectus). The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time (including the Pre-IPO Share Option Scheme) shall not exceed 30% of the shares in issue from time to time.

(c) The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at date of grant.

(d) Any grant of options to a director, chief executive or substantial shareholder of the Company or any of its associates is required to be approved by the independent non-executive directors. In addition, if the Company proposes to grant options to a substantial shareholder of the Company or any independent non-executive director or their respective associates, in excess of 0.1% of the shares of the Company on the date of the offer and with an aggregate value (based on the closing price of the shares at the date of each offer) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

(e) The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercisable period of the share options granted is determinable by the directors after a certain vesting period at the discretion of the directors and ends on a date which is not later than ten years from the date of approval of the Share Option Scheme.

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of shares as stated in Stock Exchange on the date of grant, (ii) the average of the closing prices of the share as stated in the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Upto the date of this report, no options have been granted or agreed to be granted under the Share Option Scheme since its effective date on 13 March 2003.

Pre-IPO Share Option Scheme

The purpose of the Pre-IPO Share Option Scheme is to recognise the contributions of certain employees of the Group and/or other persons to the growth of the Group and/or the listing of the Company's shares on GEM. The principal terms of the Pre-IPO Share Option Scheme approved and adopted by written resolutions of the sole shareholder of the Company dated 13 March 2003 are substantially the same as the terms of the Share Option Scheme described above, except that:

(a) The exercise price per share is HK$0.01, being the par value of the shares, representing a discount of approximately 97% of the Placing price of HK$0.30;

(b) The aggregate number of shares subject to the Pre-IPO Share Option Scheme is 40,000,000 equivalent to 10% of the issued share capital of the Company as at 16 April 2003 assuming the Over-allotment Option is not exercised;

(c) There are no similar restrictions on (i) the granting of options to connected persons (as defined in the GEM Listing Rules); (ii) the total number of shares which may be issued upon exercise of all of the options to be granted; and (iii) the maximum entitlement of each grantee in relation to the total number of shares issuable to him/her upon exercise of options granted to him/her under the Pre-IPO Share Option Scheme; and

(d) Save for the options which have been granted under the Pre-IPO Share Option Scheme, no further options will be offered or granted under the Pre-IPO Share Option Scheme, as the right to do so will terminate upon the listing of the shares on GEM.

Details of the movement of Pre-IPO Share Options granted on 13 March 2003 with exercise price of HK$0.01 are as follows:

Category of grantees	Options outstanding at 1 July 2003	Exercised during the year	Options outstanding at 30 June 2004	Exercisable period
Three executive directors:				
Mr. Tony Hoo	34,000,000	(34,000,000)	—	16 April 2004 to 12 March 2013
Mr. Tang Tsz Hoo, Anthony	2,000,000	(2,000,000)	—	16 April 2004 to 12 March 2013
Mr. Chow Kwok Keung	2,000,000	(2,000,000)	—	16 April 2004 to 12 March 2013
One senior executive	2,000,000	(2,000,000)	—	13 March 2003 to 12 March 2013

24. RESERVES

The Company

	Share premium *HK$'000*	Capital reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
Issue of shares on incorporation	—	(600)	—	(600)
Issue of shares for acquisition of subsidiaries	—	1	—	1
Issue of shares	29,000	—	—	29,000
Capitalisation issue	(2,400)	—	—	(2,400)
Net loss for the year (restated)	—	—	(12,175)	(12,175)
At 30 June 2003	26,600	(599)	(12,175)	13,826
At 1 July 2003	14,588	(599)	(163)	13,826
Prior year adjustment *(note 3)*	12,012	—	(12,012)	—
As restated	26,600	(599)	(12,175)	13,826
Arising from acquisition of investment securities	2,450	—	—	2,450
Issue of shares	7,800	—	—	7,800
Net loss for the year	—	—	(29,394)	(29,394)
At 30 June 2004	36,850	(599)	(41,569)	(5,318)

Share premium

The application of the share premium account is governed by the Company's Bye-Law and the Companies Act 1981 of Bermuda (as amended).

Capital reserve

The capital reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

The capital reserve of the Company represents the difference between the nominal value of the share capital of Cableplus acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

Accumulated losses

Included in the figures for the accumulated losses of the Group is an amount of HK$3,000 (2003: HK$Nil), being the accumulated losses attributable to the jointly controlled entities.

25. CASH USED IN OPERATIONS

	2004	2003
	HK$'000	*HK$'000*
		(restated)
Loss from ordinary activities before taxation	(20,949)	(13,674)
Interest expenses	529	—
Depreciation and amortisation	2,481	904
Loss on disposal of property, plant and equipment	108	12
(Write back) Provision for doubtful debts	(1,159)	1,159
Share of results of jointly controlled entities	3	—
Impairment loss on jointly controlled entities	195	—
Impairment loss on intangible assets	4,194	—
Impairment loss on goodwill	939	—
Impairment loss on investment securities	2,590	—
Changes in working capital:		
Inventories	45	95
Trade and other receivables	4,739	(667)
Trade and other payables	(31)	(3,763)
Due from jointly controlled entities	(34)	—
Cash used in operations	(6,350)	(15,934)

26. ACQUISITION OF A SUBSIDIARY

On 19 April 2004, the Group acquired additional 50% interest in Tiger Tech China for HK$1,400,000, satisfied in cash.

	HK$'000
Net assets acquired:	
Bank balances	98
Other creditors	(104)
Contribution of capital by venturer	(1)
Net identifiable assets and liabilities	(7)
Carrying value of interest in the jointly controlled entity	—
Goodwill arising on consolidation	1,407
Total consideration paid, satisfied in cash	1,400
Less: Cash and cash equivalents acquired	(98)
Net cash outflow in respect of the acquisition of a subsidiary	1,302

The subsidiary acquired did not have significant contribution to the Group's turnover, results and cash flows for the year.

27. MATERIAL NON-CASH TRANSACTIONS

During the year, the Group acquired 10% equity interest in Mediacute Technology Limited at a consideration of HK$2,500,000 by the issuance of 5,000,000 ordinary shares of the Company at an issue price of HK$0.5 per share.

As set out in note 19 to the financial statements, a shareholder of a jointly controlled entity settled the amount of HK$4,300,000 due to the Group by depositing the settlement into the bank account of the jointly controlled entity on behalf of the Company.

28. DEFERRED TAXATION

Recognised deferred tax assets (liabilities)

	2004	**2003**
	HK$'000	*HK$'000*
Depreciation allowance	(238)	(1,174)
Tax losses	238	1,174
Net deferred tax assets (liabilities)	—	—

Unrecognised deferred tax assets

The Group has not recognised deferred tax assets in respect of tax losses of HK$11,608,000 (2003: HK$144,000). The tax losses have no expiry date under current tax legislation.

29. RELATED PARTY TRANSACTION

During the year, the Group borrowed a loan amounting to HK$3,500,000 for general working capital purpose from a finance company which was guaranteed by a director of the Company and secured by floating charge of the Company's assets. The amount borrowed has been fully repaid during the year.

30. COMMITMENTS

Commitments under operating leases

At the balance sheet date, the Group had total future minimum lease payments under a non cancellable operating lease, which are payable as follows:

	2004	**2003**
	HK$'000	*HK$'000*
Within one year	1,283	355
In the second to fifth years inclusive	2,175	195
	3,458	550

Capital expenditure commitments

At the balance sheet date, the Group had capital commitments contracted but not provided for net of deposit paid amounting to HK$1,200,000 (2003: Nil). The Company had no material commitments at the respective balance sheet dates.

31. POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, the Company has established a wholly owned foreign enterprise in the PRC of which the registered capital amounted to US$500,000.

CONSOLIDATED INCOME STATEMENT
Year ended 30 June 2005

	Note	2005 HK$'000	2004 HK$'000
Turnover	4	7,659	29,600
Other income	5	41	1,159
Changes in inventories		(112)	(45)
Purchase of merchandise		(2,980)	(22,598)
Employee benefits expense		(3,612)	(3,371)
Depreciation and amortisation		(1,103)	(2,481)
Other operating expenses		(7,060)	(22,681)
Share of results of jointly controlled entities		—	(3)
Finance costs	6	—	(529)
Loss before taxation	6	(7,167)	(20,949)
Taxation	7	—	—
Loss for the year and attributable to equity holders of the parent	9	(7,167)	(20,949)
Loss per share	10		
Basic *(HK cents)*		(1.54)	(5.03)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 30 June 2005

	Attributable to the equity holders of the parent				
	Issued capital	**Share premium**	**Capital reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2003	4,000	26,600	(595)	(5,425)	24,580
Issue of shares for acquisition of investment securities	50	2,450	—	—	2,500
Issue of shares	600	7,800	—	—	8,400
Net loss for the year	—	—	—	(20,949)	(20,949)
At 30 June 2004	4,650	36,850	(595)	(26,374)	14,531
At 1 July 2004	4,650	36,850	(595)	(26,374)	14,531
Net loss for the year	—	—	—	(7,167)	(7,167)
At 30 June 2005	4,650	36,850	(595)	(33,541)	7,364

CONSOLIDATED BALANCE SHEET

Ar 30 June 2005

	Note	2005 HK$'000	2004 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	881	2,167
Intangible assets	13	—	—
Goodwill	14	—	—
Investment securities	15	—	—
Interests in jointly controlled entities	17	—	34
		881	2,201
Current assets			
Inventories	18	331	443
Trade and other receivables	19	5,228	4,225
Tax prepaid		—	1,322
Bank balances and cash		4,269	8,239
		9,828	14,229
Current liabilities			
Trade and other payables	20	3,345	1,899
Net current assets		6,483	12,330
NET ASSETS		7,364	14,531
CAPITAL AND RESERVES			
Issued capital	21	4,650	4,650
Reserves		2,714	9,881
		7,364	14,531

BALANCE SHEET
Ar 30 June 2005

	Note	2005 HK$'000	2004 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment securities	*15*	—	—
Interests in subsidiaries	*16*	—	100
Interests in jointly controlled entities	*17*	—	—
		—	100
Current assets			
Trade and other receivables	*19*	4	4
Bank balances and cash		15	—
		19	4
Current liabilities			
Trade and other payables	*20*	801	772
Net current liabilities		(782)	(768)
NET LIABILITIES		(782)	(668)
CAPITAL AND RESERVES			
Issued capital	*21*	4,650	4,650
Reserves	*23*	(5,432)	(5,318)
		(782)	(668)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2005

	Note	2005 HK$'000	2004 HK$'000
OPERATING ACTIVITIES			
Cash used in operations	*24*	(4,933)	(6,350)
Interest paid		—	(529)
Hong Kong profits tax refund (paid)		1,322	(3,271)
Net cash used in operating activities		(3,611)	(10,150)
INVESTING ACTIVITIES			
Acquisition of jointly controlled entities		—	(198)
Advance from a jointly controlled entity		—	4,200
Purchase of property, plant and equipment		(357)	(1,211)
Interest received		(2)	—
Net cash outflow from acquisition of interest in a subsidiary		—	(1,302)
Expenses incurred on acquisition of investment securities		—	(90)
Net cash (used in) from investing activities		(359)	1,399
FINANCING ACTIVITIES			
New loan raised		—	3,500
Repayment of amounts borrowed		—	(3,500)
Proceeds from issue of shares		—	8,400
Net cash from financing activities		—	8,400
Net decrease in cash and cash equivalents		(3,970)	(351)
Cash and cash equivalents at beginning of year		8,239	8,590
Cash and cash equivalents at end of year, represented by bank balances and cash		4,269	8,239

NOTES TO FINANCIAL STATEMENTS

Year ended 30 June 2005

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Companies Act 1981 of Bermuda (as amended). Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the group structure in connection with the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the ultimate holding company of the companies now comprising the Group. This was accomplished by acquiring the entire issued share capital of Cableplus Group Limited ("Cableplus"), the then holding company of the Group, in consideration for the allotment and issue of shares of the Company to the then shareholder of Cableplus on 13 March 2003 and the Company has become the ultimate holding company of the Group. Further details of the Group Reorganisation are set out in the Company's prospectus dated 31 March 2003 (the "Prospectus"). Pursuant to the placing arrangement (the "Placing"), details of which are set out in the Prospectus, 100,000,000 ordinary shares were issued. The shares of the Company were listed on the GEM of the Stock Exchange on 16 April 2003.

2. GOING CONCERN BASIS

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of recurring losses and negative cashflows from operations. Going concern basis is adopted because the directors consider the level of cash on hand is sufficient for operations.

3. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements 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 of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

With effect from 1 July 2003, the Group has early adopted Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements" issued by the HKICPA. Under the HKAS1, all items of expense, including share issuing expense, recognised in a period shall be included in profit or loss unless another accounting standard or interpretation requires otherwise.

The Group has not early adopted other new HKFRS except for HKAS1 as mentioned above. The Group does not expect that these new HKFRS would have a significant impact on its result of operations and financial position.

A summary of the principal accounting polices adopted by the Group is set out below.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost.

Basis of consolidation

The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Except for the Group Reorganisation as described above, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group taken as a whole.

All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is an enterprise, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recovered amount on individual basis.

Jointly controlled entity

A joint venture is a contractual arrangement whereby the Group or the Company and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

The Group's interest in a jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment losses determined on an individual basis. The Group's share of the post-acquisition results of its jointly controlled entity is included in the consolidated income statement.

The Company's interest in a jointly controlled entity is stated at cost less accumulated impairment losses. Results of the jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired.

Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life or twenty years, whichever is shorter. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill arising on consolidation represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the nonmonetary assets acquired is recognised immediately in the consolidated income statement.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

Investment securities

Investment held on a continuing basis with an identified long term purpose are classified as investment securities, which are stated at cost less any provision for impairment losses that is expected to be other than temporary.

The carrying amount of individual investment securities, or holdings of the same securities are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the period in which the decline occurs.

The impairment loss is written back to income when the circumstances and events that led to the write-downs or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Major costs incurred in restoring assets to their normal working conditions are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net sales proceeds and the carrying amount of the assets and is recognised as income or expense in the income statement.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Computer equipment	20%
Office equipment	20%
Leasehold improvement	over the lease term

Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. Other development expenditure is recognised as an expense as incurred.

Computer software license rights

The initial cost of acquiring the computer software license rights is capitalised if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost can be measured reliably.

Computer software license rights are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software license rights are amortised on the straight-line basis over their estimated useful lives but not exceeding 4 years.

Impairment loss

At each balance sheet date, the Group reviews internal and external sources of information to determine whether the carrying amounts of its assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises purchase costs and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Service income is recognised in the period when services are rendered.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with time when goods are delivered to customers and title has passed.

Software license fee and royalty income are recognised on an accrual basis in accordance with the relevant terms of the license/royalty agreements.

Foreign currencies

The Group maintains its accounting records in Hong Kong dollars and transactions involving foreign currencies are translated at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date. Translation differences are included in the consolidated income statement.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax liabilities or assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

No deferred tax is provided for temporary differences arising from goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination and that affecting neither accounting nor taxable profits, and investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payable under operating leases are recognised as an expense on the straight-line basis over the lease terms. Lease incentives received are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset.

Cash equivalents

For the purpose of cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts, if any.

Employee benefits

Defined contribution plans

The Group participates in a Mandatory Provident Fund scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees as required by the Mandatory Provident Fund Ordinance. The assets of the scheme are held separately from those of the Group in an independently administered fund. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. The contribution borne by the Group is calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$20,000 for each eligible employee).

Equity compensation benefits

The share option scheme allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised when the Group grants options to employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence.

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

4. TURNOVER AND REVENUE

The Company is an investment holding company. The Group is principally engaged in the provision of Enterprises Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions.

Turnover and revenue recognised by category are as follows:

	2005	**2004**
	HK$'000	*HK$'000*
Turnover		
Service income	2,365	68
Sales of goods	4,544	26,261
Software license fee	—	2,865
Royalty income	750	406
	7,659	29,600

5. OTHER INCOME

	2005	**2004**
	HK$'000	*HK$'000*
Written back of provision for doubtful debts	—	1,159
Exchange gain	16	—
Sundry income	25	—
	41	1,159

6. LOSS BEFORE TAXATION

	2005	**2004**
	HK$'000	*HK$'000*
This is stated after charging:		
(a) Finance costs		
Interest on bank overdrafts and other borrowings wholly repayable within five years	—	529

	2005	2004
	HK$'000	*HK$'000*
(b) Other items		
Cost of inventories	3,092	22,643
Auditors' remuneration:		
Current year	355	500
Underprovision in previous year	—	350
Contributions to defined contribution plan (included in employee benefits expense)	57	89
Loss on disposal of property, plant and equipment	—	108
Provision for doubtful debts	42	—
Research and development costs in respect of:		
Hardware and design fee	2,400	4,887
Employee benefits expense	—	347
Operating lease charges on premises	1,523	346
Impairment losses (included in other operating expenses) on:		
Investment securities	—	2,590
Goodwill	—	939
Intangible assets	—	4,194
Interests in jointly controlled entities	—	195
Share issuing expenses	—	749

7. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year.

PRC foreign enterprise income tax has not been provided as the PRC subsidiary incurred a loss for taxation purposes for the year.

	2005	2004
	HK$'000	*HK$'000*
Reconciliation of tax expense		
Loss before tax	(7,167)	(20,949)
Income tax at applicable tax rate of 17.5% (2004: 17.5%)	(1,254)	(3,666)
Non-deductible expenses	64	1,007
Tax exempt revenue	(20)	—
Unrecognised tax losses	1,060	1,626
Unrecognised temporary differences	288	1,033
Effect of overseas tax rates differences	(77)	—
Others	(61)	—
Tax expense for the year	—	—

The applicable tax rate is the Hong Kong profits tax rate of 17.5% (2004: 17.5%).

8. DIRECTORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Directors' emoluments paid and payable to the directors of the Company are as follows:

	2005	2004
	HK$'000	*HK$'000*
Fees		
Executive directors	—	—
Independent non-executive directors	316	400
Other emoluments		
Salaries and other benefits	2,730	1,345
Contributions to retirement schemes	36	36
	3,082	1,781

The four (2004: four) executive directors of the Company, Mr. Tony Hoo, Mr. Tang Tsz Hoo, Anthony, Mr. Chow Kwok Keung and Mr. Lee Hai Chu, received individual emoluments for the years ended 30 June 2005 of approximately HK$2,262,000 (2004: HK$757,000), HK$252,000 (2004: HK$312,000), HK$252,000 (2004: HK$312,000) and HK$Nil (2004: HK$Nil) respectively. The three independent non-executive directors, Mr. Kwok Ming Fai, Mr. Chai Chi Keung and Mr. Lam Din Kan, of the Company received directors' fees for the year ended 30 June 2005 of approximately HK$122,000 (2004: HK$200,000), HK$72,000 (2004: HK$Nil) and HK$122,000 (2004: HK$200,000) respectively.

No directors waived any emoluments for each of the two years ended 30 June 2005. No emoluments were paid to the directors as an inducement to join or upon joining the Group during each of the two years ended 30 June 2005.

The emoluments of the six (2004: six) individuals with highest emoluments in the Group for the year with two individuals having same fifth highest emoluments, including five (2004: three) directors, Mr. Tony Hoo, Mr. Tang Tze Hoo, Anthony, Mr. Chow Kwok Keung, Mr. Kwok Ming Fai and Mr. Lam Din Kan, whose emoluments are set out above.

	2005	2004
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	3,238	1,622
Contributions to retirement schemes	48	54
	3,286	1,676

The number of the highest-paid individual senior executives whose emoluments fell within the following band is as follows:

	2005	2004
Nil — HK$1,000,000	1	3

No emoluments were paid to the six (2004: six) highest-paid individuals as an inducement to join or upon joining the Group during each of the two years ended 30 June 2005.

9. LOSS FOR THE YEAR AND ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the year includes a loss of approximately HK$114,000 (2004: HK$29,394,000) which has been dealt with in the financial statements of the Company.

10. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the parent for the year of HK$7,167,000 (2004: HK$20,949,000) and weighted average number of 465,000,000 (2004: 416,672,000) ordinary shares in issue during the year.

No diluted loss per share has been presented as there were no potential ordinary shares.

11. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segment

The Group comprises the following main business segments:

	Enterprise Thin Client Solutions		Customised Thin Client Application Solutions		Cable Network Thin Client Solutions		Group	
	2005	2004	2005	2004	2005	2004	2005	2004
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue								
Segment turnover from external customers	4,642	20,955	—	2,865	3,017	5,780	7,659	29,600
Segment results	1,423	1,031	—	(1,909)	65	(3,693)	1,488	(4,571)
Unallocated income							41	—
Unallocated expenses							(8,696)	(15,846)
Loss from operations							(7,167)	(20,417)
Share of results of jointly controlled entities							—	(3)
Finance costs							—	(529)
Loss before taxation							(7,167)	(20,949)
Taxation							—	—
Loss for the year and attributable to equity holders of the parent							(7,167)	(20,949)
Assets								
Segment assets	3,922	1,734	—	—	1,289	2,205	5,211	3,939
Unallocated assets							5,498	12,491
Consolidated total assets							10,709	16,430
Liabilities								
Segment liabilities	504	365	—	—	752	—	1,256	365
Unallocated liabilities							2,089	1,534
Consolidated total liabilities							3,345	1,899
Other information								
Unallocated capital expenditure							357	1,211
Depreciation and amortisation	—	—	—	1,525	—	—	—	1,525
Unallocated depreciation and amortisation							1,103	956
							1,103	2,481
Impairment loss	—	—	—	4,194	—	—	—	4,194
Unallocated impairment loss							—	3,724
							—	7,918

Geographical segment

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Revenue from external customers		Segment assets		Capital expenditure incurred during the year	
	2005	**2004**	**2005**	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	2,225	22,037	4,634	12,918	—	11
Taiwan	—	1,624	—	—	—	—
USA	500	2,806	—	271	—	—
Singapore	250	135	—	—	—	—
PRC	3,520	2,998	4,911	3,241	357	1,200
Macau	1,164	—	1,164	—	—	—
	7,659	29,600	10,709	16,430	357	1,211

12. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office equipment	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 July 2004	2,426	26	1,200	3,652
Additions	—	33	324	357
Transferred to inventory	(2,308)	—	—	(2,308)
At 30 June 2005	118	59	1,524	1,701
Accumulated depreciation				
At 1 July 2004	1,464	21	—	1,485
Charge for the year	403	8	692	1,103
Transferred to inventory	(1,768)	—	—	(1,768)
At 30 June 2005	99	29	692	820
Net book value				
At 30 June 2005	19	30	832	881
At 1 July 2004	962	5	1,200	2,167

The carrying amount of property, plant and equipment are subject to the review of impairment loss at the balance sheet date. The process of review of impairment loss as set out in the accounting policy above involves significant estimation of the assets' recoverable amounts by the directors, including the assets' value in use.

13. INTANGIBLE ASSETS

	Software license rights
	HK$'000
At beginning of year and at balance sheet date	
Cost	6,100
Accumulated amortisation and impairment losses	(6,100)
Closing carrying amount	—

14. GOODWILL

	Total
	HK$'000
At beginning of year and at balance sheet date	
Cost	1,407
Accumulated amortisation and impairment losses	(1,407)
Closing carrying amount	—

15. INVESTMENT SECURITIES

	The Group and the Company	
	2005	**2004**
	HK$'000	*HK$'000*
Unlisted shares, at cost	2,590	2,590
Less: Impairment loss	(2,590)	(2,590)
	—	—

At the balance sheet date, the Company held 10% interest in the ordinary share capital of Mediacute Technology Limited, a company incorporated in Hong Kong and is engaged in the development of Thai language input method for mobile phones.

16. INTERESTS IN SUBSIDIARIES

	2005	2004
	HK$'000	*HK$'000*
Unlisted shares, at cost	1,400	1,401
Impairment loss	(1,400)	(1,400)
	—	1
Due from subsidiaries	21,813	23,211
Provision for doubtful debts	(21,813)	(23,112)
	—	99
	—	100

The amount due from subsidiaries are unsecured, interest-free and not expected to be realised in the next twelve months from the balance sheet date.

Details of the principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Percentage of equity interest held by the Company		Principal activities
			Direct	Indirect	
Cableplus Group Limited	British Virgin Islands/ Hong Kong	10 ordinary shares of US$1 each	100%	—	Investment holding
Tiger Tech Corporation Limited	Hong Kong	5,000 ordinary shares of HK$1 each	—	100%	Provision of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions
Tiger Tech Corporation (Beijing) Limited	PRC	US$200,000	—	100%	Provision of Cable Network Thin Client Solutions

17. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group		The Company	
	2005	**2004**	**2004**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Unlisted shares, at cost	—	—	195	195
Less: Impairment loss	—	—	(195)	(195)
Share of net assets	—	—	—	—
Due from a jointly controlled entity	37	34	—	—
Provision for doubtful debts	(37)	—	—	—
	—	34	—	—

Particulars of jointly controlled entities at the balance sheet date are as follows:

Name of jointly controlled entity	Form of business structure	Principal place of operation	Place of incorporation	Nature of business	Class of share	Proportion of nominal value of issued capital held by the Company
AI-Times International Limited	Corporate	Hong Kong	Hong Kong	Inactive	Ordinary	50%
Tiger Tech Mobile Limited	Corporate	Hong Kong	British Virgin Islands	Inactive	Ordinary	50%

18. INVENTORIES

Inventories represent merchandise of computer hardware and accessories.

19. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables				
From third parties	4,880	2,696	—	—
Other receivables				
Deposits, prepayments and other debtors	348	1,529	4	4
	5,228	4,225	4	4

The Group has no specific credit policy. However, the Group normally allows one to six months repayment period to its customers. Aging analysis of trade receivables is as follows:

	2005	**2004**
	HK$'000	*HK$'000*
0 — 30 days	2,213	2
31 — 90 days	1,303	203
91 — 180 days	1,364	2,220
Over 180 days	—	271
	4,880	2,696

The carrying value of trade receivables of the Group amounted to HK$4,880,000 (2004: HK$2,696,000) are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are estimated by the directors by reference to a number of factors such as past default experience, the relationship with customers and the actual settlement subsequent to the balance sheet date.

20. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2005	**2004**	**2005**	**2004**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
To third parties	1,063	—	—	—
Other payables				
Accrued charges and other creditors	2,282	1,899	801	772
	3,345	1,899	801	772

The aging of trade payables is ranging from 0 to 30 days.

21. ISSUED CAPITAL

	2005		2004	
	Number of share	*HK$'000*	*Number of share*	*HK$'000*
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At beginning of year, at HK$0.01 each 0.01	465,000,000	4,650	400,000,000	4,000
Issue of shares upon exercise of share options	—	—	40,000,000	400
Issue of shares for acquisition	—	—	5,000,000	50
Issue of shares	—	—	20,000,000	200
At balance sheet date	465,000,000	4,650	465,000,000	4,650

22. SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company dated 13 March 2003, the share option scheme ("Share Option Scheme") was approved and adopted.

Share Option Scheme

The major terms of the Share Option Scheme which will remain in force for 10 years from 13 March 2003 are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants, which include any person who is a full time or part time employee or director of the Group, a consultant or agent of or advisor to the Group, as incentives or rewards for their contributions to the Group.

(b) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the shares in issue upon completion of the Placing, the capitalisation issue and the issue of shares which may fall to be issued pursuant to the exercise of the Over-allotment Option (details as set out in the Prospectus). The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the shares in issue from time to time.

(c) The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at date of grant.

(d) Any grant of options to a director, chief executive or substantial shareholder of the Company or any of its associates is required to be approved by the independent nonexecutive directors. In addition, if the Company proposes to grant options to a substantial shareholder of the Company or any independent non-executive director or their respective associates, in excess of 0.1% of the shares of the Company on the date of the offer and with an aggregate value (based on the closing price of the shares at the date of each offer) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

(e) The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercisable period of the share options granted is determinable by the directors after a certain vesting period at the discretion of the directors and ends on a date which is not later than ten years from the date of approval of the Share Option Scheme

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of shares as stated in Stock Exchange on the date of grant, (ii) the average of the closing prices of the share as stated in the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Upto the date of this financial statement, no options have been granted or agreed to be granted under the Share Option Scheme since its effective date on 13 March 2003.

23. RESERVES

The Company

	Share premium *HK$'000*	**Capital reserve** *HK$'000*	**Accumulated losses** *HK$'000*	**Total** *HK$'000*
At 1 July 2003	26,600	(599)	(12,175)	13,826
Arising from acquisition of investment securities	2,450	—	—	2,450
Issue of shares	7,800	—	—	7,800
Net loss for the year	—	—	(29,394)	(29,394)
At 30 June 2004	36,850	(599)	(41,569)	(5,318)
At 1 July 2004	36,850	(599)	(41,569)	(5,318)
Net loss for the year	—	—	(114)	(114)
At 30 June 2005	36,850	(599)	(41,683)	(5,432)

Share premium

The application of the share premium account is governed by the Company's Bye-Law and the Companies Act 1981 of Bermuda (as amended).

Capital reserve

The capital reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

The capital reserve of the Company represents the difference between the nominal value of the share capital of Cableplus acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

Accumulated losses

Included in the figures for the accumulated losses of the Group is an amount of HK$3,000 (2004: HK$3,000), being the accumulated losses attributable to the jointly controlled entities.

24. CASH USED IN OPERATIONS

	2005	2004
	HK$'000	*HK$'000*
Loss before taxation	(7,167)	(20,949)
Interest income	2	—
Interest expenses	—	529
Depreciation and amortisation	1,103	2,481
Inventory classified from property, plant and equipment	40	—
Loss on disposal of property, plant and equipment	—	108
Provision (write back) for doubtful debts	42	(1,159)
Bad debts	4	—
Share of results of jointly controlled entities	—	3
Impairment loss on jointly controlled entities	—	195
Impairment loss on intangible assets	—	4,194
Impairment loss on goodwill	—	939
Impairment loss on investment securities	—	2,590
Changes in working capital:		
Inventories	112	45
Trade and other receivables	(1,007)	4,739
Trade and other payables	1,446	(31)
Due from jointly controlled entities	(8)	(34)
Cash used in operations	(4,933)	(6,350)

25. DEFERRED TAXATION

Recognised deferred tax assets (liabilities)

	2005	2004
	HK$'000	*HK$'000*
Depreciation allowance	—	(238)
Tax losses	—	238
Net deferred tax assets (liabilities)	—	—

Unrecognised deferred tax assets

The Group has not recognised deferred tax assets in respect of deductible temporary difference of HK$287,000 (2004: HK$Nil) and tax losses of HK$18,577,000 (2004: HK$11,608,000) respectively. Both the deductible temporary differences and the tax losses have no expiry date under current tax legislation.

26. COMMITMENTS

Commitments under operating leases

At the balance sheet date, the Group had total future minimum lease payments under a non cancellable operating lease, which are payable as follows:

	2005	**2004**
	HK$'000	*HK$'000*
Within one year	1,321	1,283
In the second to fifth years inclusive	1,083	2,175
	2,404	3,458

Capital expenditure commitments

At the balance sheet date, the Group had capital commitments contracted but not provided for net of deposit paid amounting to HK$Nil (2004: HK$1,200,000). The Company had no material commitments at the respective balance sheet dates.

CONSOLIDATED INCOME STATEMENT

Year ended 30 June 2006

	Note	2006 HK$'000	2005 HK$'000
Turnover	6	8,037	7,659
Other income	7	154	41
Changes in inventories		(331)	(112)
Purchase of merchandise		(4,285)	(2,980)
Employee benefits expense		(1,216)	(3,612)
Depreciation and amortisation		(14)	(1,103)
Other operating expenses		(4,827)	(7,060)
Finance costs	8	—	—
Loss before taxation	8	(2,482)	(7,167)
Taxation	9	—	—
Loss for the year and attributable to equity holders of the parent	11	(2,482)	(7,167)
Loss per share	12		
Basic (HK cents)		(0.53)	(1.54)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 30 June 2006

	Attributable to the equity holders of the parent				
	Issued capital	**Share premium**	**Capital reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2004	4,650	36,850	(595)	(26,374)	14,531
Net loss for the year	—	—	—	(7,167)	(7,167)
At 30 June 2005	4,650	36,850	(595)	(33,541)	7,364
At 1 July 2005	4,650	36,850	(595)	(33,541)	7,364
Net loss for the year	—	—	—	(2,482)	(2,482)
At 30 June 2006	4,650	36,850	(595)	(36,023)	4,882

CONSOLIDATED BALANCE SHEET
At 30 June 2006

	Note	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	14	68	881
Intangible assets	15	—	—
Goodwill	16	—	—
Investment securities	17	—	—
Interests in jointly controlled entities	19	—	—
		68	881
Current assets			
Inventories	20	—	331
Trade and other receivables	21	2,653	5,228
Bank balances and cash	23	2,453	4,269
		5,106	9,828
Current liabilities			
Trade and other payables	22	292	3,345
Net current assets		4,814	6,483
NET ASSETS		4,882	7,364
CAPITAL AND RESERVES			
Issued capital	24	4,650	4,650
Reserves		232	2,714
		4,882	7,364

BALANCE SHEET

At 30 June 2006

	Note	2006 HK$'000	2005 HK$'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment securities	17	—	—
Interests in subsidiaries	18	—	—
Interests in jointly controlled entities	19	—	—
		—	—
Current assets			
Trade and other receivables	21	—	4
Bank balances and cash		18	15
		18	19
Current liabilities			
Trade and other payables	22	140	801
Net current liabilities		(122)	(782)
NET LIABILITIES		(122)	(782)
CAPITAL AND RESERVES			
Issued capital	24	4,650	4,650
Reserves	26	(4,772)	(5,432)
		(122)	(782)

CONSOLIDATED CASH FLOW STATEMENT

Year ended 30 June 2006

	Note	2006 HK$'000	2005 HK$'000
OPERATING ACTIVITIES			
Cash used in operations	27	(1,780)	(4,933)
Hong Kong profits tax refund		—	1,322
Net cash used in operating activities		(1,780)	(3,611)
INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(33)	(357)
Interest received		(3)	(2)
Net cash used in investing activities		(36)	(359)
FINANCING ACTIVITIES			
Net cash from financing activities		—	—
Net decrease in cash and cash equivalents		(1,816)	(3,970)
Cash and cash equivalents at beginning of year		4,269	8,239
Cash and cash equivalents at end of year, represented by bank balances and cash	23	2,453	4,269

NOTES TO FINANCIAL STATEMENTS
Year ended 30 June 2006

1. GROUP REORGANISATION AND BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Companies Act 1981 of Bermuda (as amended). Pursuant to a group reorganisation (the "Group Reorganisation") to rationalise the group structure in connection with the listing of the Company's shares on the Growth Enterprise Market ("GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the ultimate holding company of the companies now comprising the Group. This was accomplished by acquiring the entire issued share capital of Cableplus Group Limited ("Cableplus"), the then holding company of the Group, in consideration for the allotment and issue of shares of the Company to the then shareholder of Cableplus on 13 March 2003 and the Company has become the ultimate holding company of the Group. Further details of the Group Reorganisation are set out in the Company's prospectus dated 31 March 2003 (the "Prospectus"). Pursuant to the placing arrangement (the "Placing"), details of which are set out in the Prospectus, 100,000,000 ordinary shares were issued. The shares of the Company were listed on the GEM of the Stock Exchange on 16 April 2003.

2. GOING CONCERN BASIS

The financial statements have been prepared in conformity with the principles applicable to a going concern. The applicability of these principles is dependent upon continued availability of adequate finance or attaining profitable operations in the future in view of recurring losses and negative cashflows from operations. Going concern basis is adopted because the directors consider the level of cash on hand is sufficient for operations.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Basis of preparation

The consolidated financial statements for the year ended 30 June 2006 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS *(Continued)*

3.1 Basis of preparation *(Continued)*

The adoption of new/revised HKFRS

In the current year, the Group adopted the new/revised standards and interpretations of HKFRS below, which are relevant to its operations. The comparatives have been amended as required, in accordance with the relevant requirements.

HKAS 1	Presentation of Financial Statements
HKAS 7	Cash Flow Statements
HKAS 8	Accounting Policies, Changes in Accounting Estimates and Errors
HKAS 10	Events after the Balance Sheet Date
HKAS 12	Income Taxes
HKAS 14	Segment Reporting
HKAS 18	Revenues
HKAS 19	Employee Benefits
HKAS 23	Borrowing Costs
HKAS 24	Related Party Disclosures
HKAS 27	Consolidated and Separate Financial Statements
HKAS 33	Earnings per Share
HKAS 36	Impairment of Assets
HKAS 38	Intangible Assets
HKFRS 2	Share-based Payment
HKFRS 3	Business Combinations

The adoption of above HKASs has had no material impact on the accounting policies of the Group and the Company and the methods of computation in the Group's and the Company's financial statements.

4. EFFECTS OF THE ADOPTION OF NEW ACCOUNTING POLICIES

The Group has not early applied the following new standards and interpretations that have been issued but are not yet effective. The Directors expect that the application of these standards or interpretations will not have any material impact on the financial statements of the Group.

HKAS 1 (Amendment)	Capital Disclosures [1]
HKAS 19 (Amendment)	Actuarial Gains and Losses, Group Plans and Disclosures [2]
HKAS 39 (Amendment)	The Fair Value Option [2]
HKFRS 7	Financial Instruments: Disclosures [1]
HKFRS — Int 4	Determining whether an Arrangement contains a lease [2]

[1] Effective for annual periods beginning on or after 1 January 2007.
[2] Effective for annual periods beginning on or after 1 January 2006.

5. PRINCIPAL ACCOUNTING POLICIES

Statement of compliance

These financial statements 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 of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

With effect from 1 July 2003, the Group has early adopted Hong Kong Accounting Standard ("HKAS") 1 "Presentation of Financial Statements issued by the HKICPA. Under the HKAS1, all items of expense, including share issuing expense, recognised in a period shall be included in profit or loss unless another accounting standard or interpretation requires otherwise.

The Group does not expect other new HKFRS would have a significant impact on its result of operations and financial position.

A summary of the principal accounting polices adopted by the Group is set out below.

Basis of preparation

The measurement basis used in the preparation of the financial statements is historical cost.

Basis of consolidation

The consolidated financial statements have been prepared using the merger basis of accounting as a result of the Group Reorganisation. Under this basis, the Company has been treated as the holding company of its subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries. Except for the Group Reorganisation as described above, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

In the opinion of the directors, the consolidated financial statements prepared on the above basis present more fairly the results and the state of affairs of the Group taken as a whole. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

Subsidiaries

A subsidiary is an enterprise, in which the Company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated at cost less accumulated impairment losses. The carrying amount of the investment is reduced to its recovered amount on individual basis.

5. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Jointly controlled entity

A joint venture is a contractual arrangement whereby the Group or the Company and other parties undertake an economic activity which is subject to joint control and none of the participating parties has unilateral control over the economic activity.

Joint venture arrangements which involve the establishment of a separate entity in which each venture has an interest are referred to as jointly controlled entities.

The Group's interest in a jointly controlled entity is included in the consolidated balance sheet at the Group's share of the net assets of the jointly controlled entities less any identified impairment losses determined on an individual basis. The Group's share of the post-acquisition results of its jointly controlled entity is included in the consolidated income statement.

The Company's interest in a jointly controlled entity is stated at cost less accumulated impairment losses. Results of the jointly controlled entity are accounted for by the Company on the basis of dividends received and receivable.

Goodwill

Positive goodwill arising on consolidation represents the excess of the cost of the acquisition over the Group's share of the fair value of the identifiable assets and liabilities acquired.

Positive goodwill is amortised to the consolidated income statement on a straight-line basis over its estimated useful life or twenty years, whichever is shorter. Positive goodwill is stated in the consolidated balance sheet at cost less any accumulated amortisation and any impairment losses.

Goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet.

Negative goodwill arising on consolidation represents the excess of the Group's share of the fair value of the identifiable assets and liabilities acquired over the cost of the acquisition.

To the extent that negative goodwill relates to an expectation of future losses and expenses that are identified in the plan of acquisition and can be measured reliably, but which have not yet been recognised, it is recognised in the consolidated income statement when the future losses and expenses are recognised. Any remaining negative goodwill, but not exceeding the fair values of the non-monetary assets acquired, is recognised in the consolidated income statement over the weighted average useful life of those non-monetary assets that are depreciable/amortisable. Negative goodwill in excess of the fair values of the nonmonetary assets acquired is recognised immediately in the consolidated income statement.

Negative goodwill arising on the acquisition of subsidiaries is presented separately in the balance sheet as a deduction from assets.

On disposal of a subsidiary, any attributable amount of purchased goodwill not previously amortised through the consolidated income statement is included in the calculation of the profit or loss on disposal.

In current year, the Group has applied HKFRS 3 "Business Combinations" which is effective for business combinations for which the agreement date is on or after 1st January, 2005. The principal effects of the application of HKFRS 3 to the Group are summarised below:

5. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Goodwill *(Continued)*

In previous years, goodwill arising on acquisitions prior to 1st April, 2001 was held in reserves, and goodwill arising on acquisitions after 1st April, 2001 was capitalised and amortised over its estimated useful life. In accordance with the relevant transitional provisions in HKFRS 3, amortisation of goodwill discontinued from 1st April, 2005 onwards and goodwill will be tested for impairment at least annually and in the financial year in which the acquisition takes place.

Goodwill arising on acquisitions after 1st April, 2005 is measured at cost less accumulated impairment losses (if any) after initial recognition. This change in accounting policy has had no effect on results of both current and prior period.

Investment securities

Investment held on a continuing basis with an identified long term purpose are classified as investment securities, which are stated at cost less any provision for impairment losses that is expected to be other than temporary.

The carrying amount of individual investment securities, or holdings of the same securities are reviewed at each balance sheet date to assess whether the fair values have declined below the carrying amounts. When a decline other than temporary has occurred, the carrying amount of such investments will be reduced to its fair value. The impairment loss is recognised as an expense in the period in which the decline occurs.

The impairment loss is written back to income when the circumstances and events that led to the writedowns or write-offs cease to exist and there is persuasive evidence that the new circumstances and events will persist for the foreseeable future.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Major costs incurred in restoring assets to their normal working conditions are charged to the income statement. Improvements are capitalised and depreciated over their expected useful lives.

The gain or loss arising from the retirement or disposal of property, plant and equipment is determined as the difference between the estimated net sales proceeds and the carrying amount of the assets and is recognised as income or expense in the income statement.

Depreciation is provided to write off the cost less accumulated impairment losses of property, plant and equipment over their estimated useful lives from the date on which they become fully operational and after taking into account their estimated residual values, using the straight-line method, at the following rates per annum:

Computer equipment	20%
Office equipment	20%
Leasehold improvement	over the lease term

5. **PRINCIPAL ACCOUNTING POLICIES** *(Continued)*

Intangible assets

Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Costs incurred on development activities, which involve the application of research findings to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development. Other development expenditure is recognised as an expense as incurred.

Computer software license rights

The initial cost of acquiring the computer software license rights is capitalised if it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost can be measured reliably.

Computer software license rights are stated at cost less accumulated amortisation and accumulated impairment losses. Computer software license rights are amortised on the straight-line basis over their estimated useful lives but not exceeding 4 years.

Impairment loss

At each balance sheet date, the Group reviews internal and external sources of information to determine whether the carrying amounts of its assets have suffered an impairment loss or impairment loss previously recognised no longer exists or may be reduced. If any such indication exists, the recoverable amount of the asset is estimated based on the higher of its net selling price and value in use. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the smallest group of assets that generates cash flows independently (i.e. a cash-generating unit).

If the recoverable amount of an asset or a cash generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

A reversal of impairment losses is limited to the carrying amount of the asset or cash-generating unit that would have been determined had no impairment loss been recognised in prior years. Reversal of impairment losses is recognised as income immediately.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost, which comprises purchase costs and those overheads that have been incurred in bringing the inventories to their present location and condition, is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale.

5. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Trade and other receivables

Trade and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of provision is recognized in the income statement.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases.

Service income is recognised in the period when services are rendered.

Sale of goods is recognised on transfer of risks and rewards of ownership, which generally coincides with time when goods are delivered to customers and title has passed.

Software license fee and royalty income are recognised on an accrual basis in accordance with the relevant terms of the license/royalty agreements.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Foreign currencies

The Group maintains its accounting records in Hong Kong dollars and transactions involving foreign currencies are translated at the approximate rates of exchange ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated at the rates of exchange ruling at that date. Translation differences are included in the consolidated income statement.

Taxation

The charge for current income tax is based on the results for the year as adjusted for items that are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax liabilities or assets are measured at the tax rates that are expected to apply to the period when the asset is recovered or liability is settled, based on the tax rates and the tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, tax losses and credits can be utilised.

5. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Taxation *(Continued)*

No deferred tax is provided for temporary differences arising from goodwill, the initial recognition of assets or liabilities in a transaction other than a business combination and that affecting neither accounting nor taxable profits, and investment in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the leasing company are accounted for as operating leases. Rental payable under operating leases are recognised as an expense on the straight-line basis over the lease terms. Lease incentives received are recognised in the income statement as an integral part of the net consideration agreed for the use of the leased asset.

Cash equivalents

For the purpose of cash flow statement, cash equivalents represent short-term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value, net of bank overdrafts, if any.

Employee benefits

Defined contribution plans

The Group participates in a Mandatory Provident Fund scheme operated by approved trustees in Hong Kong and to make contributions for its eligible employees as required by the Mandatory Provident Fund Ordinance. The assets of the scheme are held separately from those of the Group in an independently administered fund. The obligations for contributions to defined contribution retirement scheme are recognised as an expense in the income statement as incurred. The contribution borne by the Group is calculated at 5% of the salaries and wages (monthly contribution is limited to 5% of HK$20,000 for each eligible employee).

Equity compensation benefits

The share option scheme allows the Group's employees to acquire shares of the Company. No compensation cost or obligation is recognised when the Group grants options to employees to acquire shares of the Company. When the options are exercised, equity is increased by the amount of the proceeds received.

Related parties

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decision. Parties are also considered to be related if they are subject to common control or common significant influence.

5. PRINCIPAL ACCOUNTING POLICIES *(Continued)*

Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

In accordance with the Group's internal financial reporting system, the Group has chosen business segment information as the primary reporting format and geographical segment information as the secondary reporting format for the purpose of these financial statements.

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group enterprises within a single segment.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets (both tangible and intangible) that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets, interest-bearing loans, borrowings, corporate and financing expenses and minority interests.

6. TURNOVER AND REVENUE

The Company is an investment holding company. The Group is principally engaged in the provision of enterprises thin client solutions, customised thin client application solutions and cable network thin client solutions.

Turnover and revenue recognised by category are as follows:

	2006	**2005**
	HK$'000	*HK$'000*
Turnover		
Service income	3,517	2,365
Sales of goods	4,176	4,544
Royalty income	344	750
	8,037	7,659

7. OTHER INCOME

	2006	**2005**
	HK$'000	*HK$'000*
Exchange gain	2	16
Sundry income	152	25
	154	41

8. LOSS BEFORE TAXATION

	2006	2005
	HK$'000	*HK$'000*
This is stated after charging:		
(a) Finance costs		
Interest on bank overdrafts and other borrowings wholly repayable within five years	—	—
(b) Other items		
Cost of inventories	4,616	3,092
Auditors' remuneration:		
Current year	280	355
Underprovision in previous year	75	—
Contributions to defined contribution plan (included in employee benefits expense)	26	57
Loss on disposal of property, plant and equipment	832	—
Provision for doubtful debts	1,054	42
Research and development costs in respect of:		
Hardware and design fee	—	2,400
Operating lease charges on premises	1,105	1,523

9. TAXATION

Hong Kong Profits Tax has not been provided as the Group incurred a loss for taxation purposes for the year.

PRC foreign enterprise income tax has not been provided as the PRC subsidiary incurred a loss for taxation purposes for the year.

	2006	2005
	HK$'000	*HK$'000*
Reconciliation of tax expense		
Loss before tax	(2,482)	(7,167)
Income tax at applicable tax rate of 17.5% (2005: 17.5%)	(434)	(1,254)
Non-deductible expenses	277	64
Tax exempt revenue	—	(20)
Unrecognised tax losses	127	1,060
Unrecognised temporary differences	(121)	288
Effect of overseas tax rates differences	—	(77)
Others	151	(61)
Tax expense for the year	—	—

The applicable tax rate is the Hong Kong profits tax rate of 17.5% (2005: 17.5%).

10. DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS

Directors' emoluments paid and payable to the directors of the Company are as follows:

	2006	2005
	HK$'000	*HK$'000*
Fees		
Executive directors	—	—
Independent non-executive directors	163	316
Other emoluments		
Salaries and other benefits	670	2,730
Contributions to retirement schemes	12	36
	845	3,082

The six (2005: four) executive directors of the Company, Mr. Tony Hoo, Mr. Too Shu Wing, Mr. Frederick William De Jacma Jr., Mr. Tang Tsz Hoo, Anthony, Mr. Chow Kwok Keung and Mr. Lee Hai Chu, received individual emoluments for the years ended 30 June 2006 of approximately HK$550,000 (2005: HK$2,262,000), HK$Nil (2005: HK$Nil), HK$Nil (2005: HK$Nil), HK$Nil (2005: HK$252,000), HK$120,000 (2005: HK$252,000) and HK$ Nil (2005: HK$Nil) respectively. The six (2005: three) independent non- executive directors, Mr. Yu Kam Sing, Raymond, Mr. Lam Nai Hung, Dr. Pak Wai, Martin, Mr. Kwok Ming Fai, Mr. Chai Chi Keung and Mr. Lam Din Kan, of the Company received directors' fees for the year ended 30 June 2006 of approximately HK$Nil (2005: HK$Nil), HK$Nil (2005: HK$Nil), HK$Nil (2005: HK$Nil), HK$67,000 (2005: HK$122,000), HK$48,000 (2005: HK$72,000) and HK$48,000 (2005: HK$122,000) respectively.

A director, Mr. Lee Hai Chu waived emoluments for each of the two years ended 30 June 2006. No emoluments were paid to the directors as an inducement to join or upon joining the Group during each of the two years ended 30 June 2006.

The emoluments of the six (2005: six) individuals with highest emoluments in the Group for the year including five (2005: five) directors, Mr. Tony Hoo, Mr. Chai Chi Keung, Mr. Chow Kwok Keung, Mr. Kwok Ming Fai and Mr. Lam Din Kan, whose emoluments are set out above.

	2006	2005
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	943	3,238
Contributions to retirement schemes	17	48
	960	3,286

10. DIRECTORS' AND SENIOR EXECUTIVES EMOLUMENTS *(Continued)*

The number of the highest-paid individual senior executives whose emoluments fell within the following band is as follows:

	2006	**2005**
Nil — HK$1,000,000	1	1

No emoluments were paid to the six (2005: six) highest-paid individuals as an inducement to join or upon joining the Group during each of the two years ended 30 June 2006.

11. LOSS FOR THE YEAR AND ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

The consolidated loss attributable to equity holders of the parent for the year includes a profit of approximately HK$660,000 (2005: Loss of HK$114,000) which has been dealt with in the financial statements of the Company.

12. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss attributable to the equity holders of the parent for the year of HK$2,482,000 (2005: HK$7,167,000) and weighted average number of 465,000,000 (2005: 465,000,000) ordinary shares in issue during the year.

No diluted loss per share has been presented as there were no potential ordinary shares.

13. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

Business segment

The Group comprises the following main business segments:

	Enterprise Thin Client Solutions		Cable Network Thin Client Solutions		Group	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue						
Segment turnover from external customers	6,840	4,642	1,197	3,017	8,037	7,659
Segment results	3,305	1,423	116	65	3,421	1,488
Unallocated income					154	41
Unallocated expenses					(6,057)	(8,696)
Loss from operations					(2,482)	(7,167)
Share of results of jointly controlled entities					—	—
Finance costs					—	—
Loss before taxation					(2,482)	(7,167)
Taxation					—	—
Loss for the year and attributable to equity holders of the parent					(2,482)	(7,167)
Assets						
Segment assets	2,194	3,922	1,234	1,289	3,428	5,211
Unallocated assets					1,746	5,498
Consolidated total assets					5,174	10,709
Liabilities						
Segment liabilities	—	504	—	752	—	1,256
Unallocated liabilities					292	2,089
Consolidated total liabilities					292	3,345
Other information						
Unallocated capital expenditure					33	357
Depreciation and amortisation	—	—	—	—	—	—
Unallocated depreciation and amortisation					14	1,103
					14	1,103

13. SEGMENT INFORMATION *(Continued)*

Geographical segment

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Revenue from external customers		Segment assets		Capital expenditure incurred during the year	
	2006	**2005**	**2006**	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Hong Kong	1,068	2,225	2,927	4,634	33	—
Taiwan	565	—	—	—	—	—
USA	1,980	500	—	—	—	—
Singapore	115	250	—	—	—	—
PRC	3,683	3,520	2,062	4,911	—	357
Macau	626	1,164	185	1,164	—	—
	8,037	7,659	5,174	10,709	33	357

14. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment	Office equipment	Leasehold improvement	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Cost				
At 1 July 2005	118	59	1,524	1,701
Additions	33	—	—	33
Disposal	—	—	(1,524)	(1,524)
At 30 June 2006	151	59	—	210
Accumulated depreciation				
At 1 July 2005	99	29	692	820
Charge for the year	10	4	—	14
Written back on disposal	—	—	(692)	(692)
At 30 June 2006	109	33	—	142
Net book value				
At 30 June 2006	42	26	—	68
At 30 June 2005	19	30	832	881

14. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Computer equipment *HK$'000*	Office equipment *HK$'000*	Leasehold improvement *HK$'000*	Total *HK$'000*
Cost				
At 1 July 2004	2,426	26	1,200	3,652
Additions	—	33	324	357
Transferred to inventory	(2,308)	—	—	(2,308)
At 30 June 2005	118	59	1,524	1,701
Accumulated depreciation				
At 1 July 2004	1,464	21	—	1,485
Charge for the year	403	8	692	1,103
Transferred to inventory	(1,768)	—	—	(1,768)
At 30 June 2005	99	29	692	820
Net book value				
At 30 June 2005	19	30	832	881
At 30 June 2004	962	5	1,200	2,167

The carrying amount of property, plant and equipment are subject to the review of impairment loss at the balance sheet date. The process of review of impairment loss as set out in the accounting policy above involves significant estimation of the assets' recoverable amounts by the directors, including the assets' value in use.

15. INTANGIBLE ASSETS

	Software license rights *HK$'000*
At beginning of year and at balance sheet date	
Cost	6,100
Accumulated amortisation and impairment losses	(6,100)
Closing carrying amount	—

During the year ended 30 June 2003, the Group acquired exclusive rights to use and to sub-license an interactive voice recognition system (the "System") specialised for use in securities trading in Hong Kong, the People's Republic of China (the "PRC") and Taiwan at a cost of HK$6,100,000. The Group also entered into an agreement with a customer in Taiwan to sub-license the System for use in Taiwan. Sub-license fee of HK$455,000 had been received up to 30 June 2003 and such fee was recognised as income for the year then ended. During the year, technical problems were identified and the Group has taken prompt steps to improve the System. Upon negotiation with the customer, further sub-license fee of HK$600,000 had been mutually agreed and received during the current financial year as a final settlement for the outstanding contract sum. In preparing the financial statements for the year ended 30 June 2004, the directors have reviewed the future potential economic benefits to be generated from the System and consider that it is prudent to make provision against the carrying amount of the intangible assets.

16. GOODWILL

	Total
	HK$'000
At beginning of year and at balance sheet date	
Cost	1,407
Accumulated amortisation and impairment losses	(1,407)
Closing carrying amount	—

17. INVESTMENT SECURITIES

	The Group and the Company	
	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	2,590	2,590
Less: Impairment loss	(2,590)	(2,590)
	—	—

At the balance sheet date, the Company held 10% interest in the ordinary share capital of Mediacute Technology Limited, a company incorporated in Hong Kong and is engaged in the development of Thai language input method for mobile phones.

18. INTERESTS IN SUBSIDIARIES

	2006	**2005**
	HK$'000	*HK$'000*
Unlisted shares, at cost	1,400	1,400
Impairment loss	(1,400)	(1,400)
	—	—
Due from subsidiaries	21,813	21,813
Provision for doubtful debts	(21,813)	(21,813)
	—	—
	—	—

The amount due from subsidiaries are unsecured, interest-free and not expected to be realised in the next twelve months from the balance sheet date.

18. INTERESTS IN SUBSIDIARIES *(Continued)*

Details of the principal subsidiaries at the balance sheet date are as follows:

Name of subsidiary	Place of incorporation and operation	Issued and paid up capital	Percentage of equity interest held by the Company Direct	Indirect	Principal activities
Cableplus Group Limited	British Virgin Islands/ Hong Kong	10 ordinary shares of US$1 each	100%	—	Investment holding
Tiger Tech Corporation Limited	Hong Kong	5,000 ordinary shares of HK$1 each	—	100%	Provision of Enterprise Thin Client Solutions, Customised Thin Client Application Solutions and Cable Network Thin Client Solutions
Tiger Tech Corporation (Beijing) Limited	PRC	US$200,000 200,000	—	100%	Provision of Cable Network Thin Client Solutions

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES

	The Group 2006 HK$'000	The Group 2005 HK$'000	The Company 2006 HK$'000	The Company 2005 HK$'000
Unlisted shares, at cost	—	—	195	195
Less: Impairment loss	—	—	(195)	(195)
Share of net assets	—	—	—	—
Due from a jointly controlled entity	37	37	—	—
Provision for doubtful debts	(37)	(37)	—	—
	—	—	—	—

19. INTERESTS IN JOINTLY CONTROLLED ENTITIES *(Continued)*

Particulars of jointly controlled entities at the balance sheet date are as follows:

Name of jointly controlled entity	Form of business structure	Principal place of operation	Place of incorporation	Nature of business	Class of share	Proportion of nominal value of issued capital held by the Company
AI-Times International Limited	Corporate	Hong Kong	Hong Kong	Inactive	Ordinary	50%
Tiger Tech Mobile Limited	Corporate	Hong Kong	British Virgin Islands	Inactive	Ordinary	50%

20. INVENTORIES

Inventories represent merchandise of computer hardware and accessories.

21. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade receivables				
From third parties	2,624	4,880	—	—
Other receivables				
Deposits, prepayments and other debtors	29	348	—	4
	2,653	5,228	—	4

The Group has no specific credit policy. However, the Group normally allows one to six months repayment period to its customers. Aging analysis of trade receivables is as follows:

	2006	**2005**
	HK$'000	*HK$'000*
0 — 30 days	871	2,213
31 — 90 days	—	1,303
91 — 180 days	700	1,364
Over 180 days	2,107	—
	3,678	4,880
Less: Provision for doubtful debt	(1,054)	—
	2,624	4,880

The carrying value of trade receivables of the Group amounted to HK$2,624,000 (2005: HK$4,880,000) are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Such allowances are estimated by the directors by reference to a number of factors such as past default experience, the relationship with customers and the actual settlement subsequent to the balance sheet date. The carrying amounts of trade receivables approximate to their fair values.

22. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Trade payables				
To third parties	—	1,063	—	—
Other payables				
Accrued charges and other creditors	292	2,282	140	801
	292	3,345	140	801

The aging of trade payables is ranging from 0 to 30 days.

23. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Bank balance and cash	2,453	4,269	18	15

24. ISSUED CAPITAL

	2006		2005	
	Number of share	HK$'000	Number of share	HK$'000
Authorised:				
Ordinary shares of HK$0.01 each	10,000,000,000	100,000	10,000,000,000	100,000
Issued and fully paid:				
At beginning of year, at HK$0.01 each	465,000,000	4,650	465,000,000	4,650
At balance sheet date	465,000,000	4,650	465,000,000	4,650

25. SHARE OPTION SCHEME

Pursuant to the written resolutions of the sole shareholder of the Company dated 13 March 2003, the share option scheme ("Share Option Scheme") was approved and adopted.

Share Option Scheme

The major terms of the Share Option Scheme which will remain in force for 10 years from 13 March 2003 are summarised as follows:

(a) The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants, which include any person who is a full time or part time employee or director of the Group, a consultant or agent of or advisor to the Group, as incentives or rewards for their contributions to the Group.

(b) The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme(s) of the Company must not in aggregate exceed 10% of the shares in issue upon completion of the Placing, the capitalisation issue and the issue of shares which may fall to be issued pursuant to the exercise of the Over-allotment Option (details as set out in the Prospectus). The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme(s) of the Company at any time shall not exceed 30% of the shares in issue from time to time.

(c) The total number of shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme(s) of the Company (including exercised, cancelled and outstanding options) to each grantee in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at date of grant.

(d) Any grant of options to a director, chief executive or substantial shareholder of the Company or any of its associates is required to be approved by the independent non-executive directors. In addition, if the Company proposes to grant options to a substantial shareholder of the Company or any independent non-executive director or their respective associates, in excess of 0.1% of the shares of the Company on the date of the offer and with an aggregate value (based on the closing price of the shares at the date of each offer) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in a general meeting.

(e) The offer of a grant of share options may be accepted within 28 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercisable period of the share options granted is determinable by the directors after a certain vesting period at the discretion of the directors and ends on a date which is not later than ten years from the date of approval of the Share Option Scheme.

    The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the closing price of shares as stated in Stock Exchange on the date of grant, (ii) the average of the closing prices of the share as stated in the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Upto the date of this financial statement, no options have been granted or agreed to be granted under the Share Option Scheme since its effective date on 13 March 2003.

26. RESERVES

The Company

	Share premium *HK$'000*	Capital reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 July 2004	36,850	(599)	(41,569)	(5,318)
Net loss for the year	—	—	(114)	(114)
At 30 June 2005	36,850	(599)	(41,683)	(5,432)
At 1 July 2005	36,850	(599)	(41,683)	(5,432)
Net profit for the year	—	—	660	660
At 30 June 2006	36,850	(599)	(41,023)	(4,772)

Share premium

The application of the share premium account is governed by the Company's Bye-Law and the Companies Act 1981 of Bermuda (as amended).

Capital reserve

The capital reserve of the Group represents the difference between the nominal value of shares of the subsidiaries acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

The capital reserve of the Company represents the difference between the nominal value of the share capital of Cableplus acquired pursuant to the Group Reorganisation as set out in note 1 to the financial statements, over the nominal value of the shares of the Company issued in exchange therefor.

Accumulated losses

Included in the figures for the accumulated losses of the Group is an amount of HK$3,000 (2005: HK$3,000), being the accumulated losses attributable to the jointly controlled entities.

27. CASH USED IN OPERATIONS

	2006	2005
	HK$'000	*HK$'000*
Loss before taxation	(2,482)	(7,167)
Interest income	3	2
Interest expenses	—	—
Depreciation and amortisation	14	1,103
Inventory classified from property, plant and equipment	—	540
Loss on disposal of property, plant and equipment	832	—
Provision for doubtful debts	1,054	42
Bad debts	—	4
Changes in working capital:		
Inventories	331	112
Trade and other receivables	1,521	(1,007)
Trade and other payables	(3,053)	1,446
Due from jointly controlled entities	—	(8)
Cash used in operations	(1,780)	(4,933)

28. DEFERRED TAXATION

Recognised deferred tax assets (liabilities)

	2006	2005
	HK$'000	*HK$'000*
Depreciation allowance	—	—
Tax losses	—	—
Net deferred tax assets (liabilities)	—	—

Unrecognised deferred tax assets

The Group has not recognised deferred tax assets in respect of temporary difference of HK$412,000 (2005: HK$287,000) and tax losses of HK$19,624,000 (2005: HK$18,577,000) respectively. Both the deductible temporary differences and the tax losses have no expiry date under current tax legislation.

29. COMMITMENTS

Commitments under operating leases

At the balance sheet date, the Group had total future minimum lease payments under a non cancellable operating lease, which are payable as follows:

	2006	2005
	HK$'000	*HK$'000*
Within one year	84	1,321
In the second to fifth years inclusive	—	1,083
	84	2,404

Capital expenditure commitments

At the balance sheet date, the Group had no capital commitments contracted but not provided for net of deposit paid (2005: Nil). The Company had no material commitments at the respective balance sheet dates.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND OBJECTIVE

The Group's major financial instruments include trade receivables, bank balances and cash. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Credit risk

The Group's maximum exposure to credit risk in the event of the counterparts' failure to perform their obligations as at 30 June, 2006 in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated balance sheet. In order to minimize the credit risk, the management of the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at each balance date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regards, management considers that the Group's credit risk is significantly reduced.

The credit risk on the Group's bank balances and cash is limited because the majority of the counterparties are banks or corporations with high credit standing.

The Group's concentration of credit risk by geographical locations is mainly in Hong Kong, Macau and other regions in the People's Republic of China, with exposure spread over a number of counterparties and customers.

30 FINANCIAL RISK MANAGEMENT OBJECTIVES AND OBJECTIVE *(Continued)*

Market risk

(i) Foreign exchange risk

The Group has foreign currency sales and purchases which expose the Group to foreign currency risk. However, the risk is not significant since the exchange rate of Hong Kong Dollar with that of U.S. Dollar and Reminbi are relatively stable.

(ii) Cash flow interest rate risk

The Group is exposed to cash flow interest risk through the changes in interest rates relates mainly to the Group's variable-rates bank deposits and balances. The Group's treasury policy is in place to monitor and manage its exposure to fluctuation in interest rates.

31. POST BALANCE SHEET EVENT

After the balance sheet date, one of the jointly controlled entities, AI-Times International Limited, was deregistered in August 2006 without any profit or loss associated with its deregistration.

C. SECOND QUARTERLY UNAUDITED RESULTS

Set below are the unaudited quarterly consolidated results of the Group for the six-month period ended 31 December 2006 together with the comparative unaudited figures for the corresponding period 31 December 2005 as extracted from the Second Quarterly Report 2006 of the Company.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the six months ended 31 December 2006

		For the three months ended 31 December		For the six months ended 31 December	
		2006	**2005**	**2006**	**2005**
	Notes	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*	*HK$'000* *(unaudited)*
Turnover	*2*	2,255	2,698	4,773	5,062
Other income		—	261	—	261
Changes in inventories		—	486	—	486
Purchase of merchandise		(143)	(1,858)	(518)	(3,144)
Sub-contracting charges		—	—	—	(467)
Employee benefits expense		(402)	(402)	(689)	(868)
Depreciation		(3)	(103)	(6)	(239)
Other operation expenses		(2,056)	(990)	(3,667)	(1,667)
Profit/(loss) before taxation	*4*	(349)	92	(107)	(576)
Taxation	*5*	—	—	—	—
Profit/(loss) for the period attributable to equity holders of the Company		(349)	92	(107)	(576)
Earning/(Loss) per share					
Basic *(HK cents)*	*6*	(0.08)	0.02	(0.02)	(0.12)

CONDENSED CONSOLIDATED BALANCE SHEET

	31 December 2006 *HK$'000* *(Unaudited)*	30 June 2006 *HK$'000* *(Audited)*
ASSETS AND LIABILITIES		
Non-current assets		
Property, plant and equipment	62	68
Current assets		
Trade and other receivables	4,733	2,653
Bank balances and cash	90	2,453
	4,823	5,106
Current liabilities		
Trade and other payables	110	292
Net current assets	4,713	4,814
NET ASSETS	4,775	4,882
CAPITAL AND RESERVES		
Issued capital	4,650	4,650
Reserves	125	232
	4,775	4,882

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2006

	Attributable to the equity holders of the Company				
	Issued capital	**Share premium**	**Capital reserve**	**Accumulated losses**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 July 2005	4,650	36,850	(595)	(33,541)	7,364
Net loss for the period	—	—	—	(576)	(576)
At 31 December 2005	4,650	36,850	(595)	(34,117)	6,788
At 1 July 2006	4,650	36,850	(595)	(36,023)	4,882
Net loss for the period	—	—	—	(107)	(107)
At 31 December 2006	**4,650**	**36,850**	**(595)**	**(36,130)**	**4,775**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	For the six months ended 31 December	
	2006	**2005**
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Net cash used in operating activities	(2,363)	(2,300)
Net cash used in investing activities	—	(11)
Net cash from financing activities	—	—
Decrease in cash and cash equivalents	(2,363)	(2,311)
Cash and cash equivalents at beginning of period	2,453	4,269
Cash and cash equivalents at end of period, represented by bank balances and cash	90	1,958

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 31 December 2006

1. BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which is a collective term that includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretation ("Ints") issued by the Hong Kong Institute of Certified Public Accountants (" the HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the GEM Listing Rules of the Hong Kong Stock Exchange.

The consolidated financial statements have been prepared under the historical cost convention, as modified by financial assets at fair value through profit and loss.

2. TURNOVER

The Company is an investing 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 December		**For the six months ended 31 December**	
	2006	**2005**	**2006**	**2005**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Enterprise Thin Client Solutions				
— Sales of goods	—	2,542	—	3,301
— Service income	—	—	—	220
— Royalty income	—	156	—	344
	—	2,698	—	3,865
Cable Network Thin Client Solutions				
— Sales of goods	—	—	—	625
— Service income	2,255	—	4,773	572
	2,255	—	4,773	1,197
	2,255	2,698	4,773	5,062

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

(a) Business segment

The Group comprises the following main business segments:

	Enterprise Thin Client Solutions For the six months ended 31 December		Cable Network Thin Client Solutions Group For the six months ended 31 December		For the six months ended 31 December	
	2006	2005	2006	2005	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment turnover from external customers	—	3,865	4,773	1,197	4,773	5,062
Segment results	—	1,582	1,118	116	1,118	1,698
Unallocated income					—	261
Unallocated expenses					(1,225)	(2,535)
Loss from ordinary activities before taxation					(107)	(576)
Taxation					—	—
Loss for the period and attributable to equity holders of the Company					(107)	(576)

	Enterprise Thin Client Solutions		Cable Network Thin Client Solutions		Group	
	31 December 2006	30 June 2006	31 December 2006	30 June 2006	31 December 2006	30 June 2006
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Assets						
Segment assets	—	2,194	4,733	1,234	4,733	3,428
Unallocated assets					152	1,746
Consolidated total assets					4,885	5,174
Liabilities						
Segment liabilities	—	—	—	—	—	—
Unallocated liabilities					110	292
Consolidated total liabilities					110	292

(b) Geographical segment

In presenting information on the basis of geographical segment, segment revenue is based on the geographical location of customers. Segment assets and capital expenditure are based on the geographical location of the assets.

	Revenue from external customers For the six months ended 31 December		Segment assets		Capital expenditure incurred For the six months ended 31 December	
	2006	2005	31 December 2006	30 June 2006	2006	2005
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)	(Unaudited)
Hong Kong	—	583	152	2,927	—	—
United Kingdom	—	567	—	—	—	—
USA	—	1,975	—	—	—	—
Singapore	—	114	—	—	—	—
PRC	—	1,197	—	2,062	—	—
Macau	4,773	626	4,733	185	—	—
	4,773	5,062	4,885	5,174	—	—

4. LOSS BEFORE TAXATION

	For the six months ended 31 December 2006	2005
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
This is stated after charging:		
Contributions to defined contribution plan (included in employee benefits expense)	16	24
Research and development costs in respect of: Hardware and design fee	—	—
Operating lease charges on premises	88	723

5. TAXATION

No provision for Hong Kong profits tax has been made in the financial statements as the Group had no assessable profits in Hong Kong for the Period (2005: Nil).

Taxation on overseas profits is charged at the tax rates prevailing in the countries in which the companies operate.

6. LOSS PER SHARE

The calculation of basic loss per share is based on the net loss from ordinary activities attributable to shareholders for the Period of approximately HK$107,000 (2005: loss of HK$576,000) and the weighted average of 465,000,000 (2005: 465,000,000) ordinary shares in issue during the Period.

No diluted loss per share has been presented because there were no potential ordinary shares for the Period.

7. DIVIDEND

The Board does not recommend any payment of dividend for the Period (2005: Nil).

8. RESERVES

There were no movements in reserves of the Group during the Period other than loss attributable to shareholders of approximately HK$107,000.

D. INDEBTEDNESS STATEMENT

As at 28 February 2007, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this Composite Offer Document, the Group did not have any outstanding loans and bank overdraft.

Apart from intra-group liabilities, the Group did not have any bank loans, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures or other loan capital, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities outstanding at the close of business on 28 February 2007.

E. MATERIAL CHANGES

The Directors confirm that save for the increase in trade and other receivables of the Company from approximately HK$2.65 million as at 30 June 2006 to approximately HK$4.73 million as at 31 December 2006 as disclosed in the interim report of the Company for the six months ended 31 December 2006, there was no known material changes in the financial or trading position or outlook of the Group subsequent to 30 June 2006, being the date to which the last published audited consolidated financial statements of the Group were made up, and up to the Latest Practicable Date.

RESPONSIBILITY STATEMENT

This Composite Offer Document includes particulars given in compliance with the Takeovers Code for the purpose of giving information with regard to the Group and the Offer.

The information contained in this Composite Offer Document (other than information relating to the Offer, the Offeror and parties acting in concert with it) has been supplied by the Directors who jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than information relating to the Offer, the Offeror and parties acting in concert with it). The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Offer Document (other than information relating to the Offer, the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document (other than information relating to the Offer, the Offeror and parties acting in concert with it), the omission of which would make any such statements contained in this Composite Offer Document misleading. The issue of this Composite Offer Document has been approved by the Board.

The information contained in this Composite Offer Document relating to the Offer, the Offeror and parties acting in concert with it have been supplied by the sole director of the Offeror. The sole director of the Offeror accept full responsibility for the accuracy of the information contained in this Composite Offer Document (other than that relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinion expressed in this Composite Offer Document (other than that relating to the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Offer Document (other than that relating to the Group) the omission of which would make any such statements contained in this Composite Offer Document (other than that relating to the Group) misleading.

SHARE CAPITAL

(a) Authorised and issued share capital

The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:

Authorised		*HK$*
10,000,000,000	Shares	100,000,000
Issued and fully paid		
465,000,000	Shares	4,650,000

All existing Shares rank equally in all respects, including in particular as to dividend, voting rights and capital. No Shares have been issued since the end of the last financial year of the Company ended 30 June 2006.

(b) Options

As at the Latest Practicable Date, there are no outstanding warrants or options or derivatives or securities convertible into Shares.

DISCLOSURE OF INTERESTS

(a) Interests and short positions of the Directors in the Company and its associated corporations

As at the Latest Practicable Date, the interests or short positions of each Director or chief executive of the Company in the shares, options, warrants, derivatives, securities convertible into the shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company or 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); (b) pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company or the Stock Exchange pursuant to the GEM Listing Rules relating to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules; or (d) to be disclosed in this Composite Offer Document pursuant to the requirements of the Takeovers Code were as follows:

Long positions in the Shares

Name	**Capacity and nature of interest**	**Number of Shares** *(Note 1)*	**Approximate % of shareholding**
The Guarantor	Beneficial interest through controlled corporations, Precision and Bestmind and personal interest	47,832,000 (L)	10.29

Notes:

1. The Letter "L" denotes the entity's interests in the Shares.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors and chief executive of the Company were interested, or were deemed to be interested in the long and short positions in the shares, options, warrants, derivatives, securities convertible into the shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company or 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); (b) pursuant to section 336 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company or the Stock Exchange pursuant to the GEM Listing Rules relating to the required standard of dealings by directors as referred to in Rules 5.48 to 5.67 of the GEM Listing Rules; or (d) to be disclosed in this Composite Offer Document pursuant to the requirements of the Takeovers Code.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of the SFC

As at the Latest Practicable Date, so far as is known to any Director or chief executive of the Company, the following persons (other than the Directors and the chief executive of the Company) (i) who had, or was deemed or taken to have an interest or short position in the securities of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group:

Long positions in the Shares

Name	Capacity & nature of interest	Number of Shares *(Note 1)*	Approximate % of Shareholding
The Offeror *Note*	Beneficial interest	143,000,000 (L)	30.75
Mr. Lam	Interest through controlled corporation	143,000,000 (L)	30.75
Smart Trader (Hong Kong) Limited	Beneficial interest	25,000,000 (L)	5.38

Note: The Offeror is wholly and beneficially owned by Mr. Lam.

Save as disclosed above, as at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO, and so far as is known to any Director or chief executive of the Company, the Directors and the chief executive of the Company were not aware of any other persons (other than the Directors and the chief executive of the Company) (i) who had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO; or (ii) who was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any member of the Group.

(c) Options

As at the Latest Practicable, there were no outstanding convertible debts, options, warrants, derivatives or securities convertible into Shares.

(d) Interest in the Offeror

As the Latest Practicable Date, the entire issue share capital of the Offeror was solely, ultimately and beneficially owned by Mr. Lam. Mr. Lam, being the sole director of the Offeror, is an independent third party and is not connected with any connected persons of the Company and has no prior relationship or transactions with the Group.

(e) Other interests in the Company

As at the Latest Practicable Date,

(i) the Offeror was interested in 143,000,000 Shares, representing an approximately 30.75% of the entire issued share capital of the Company. Mr. Tony Hoo and parties acting in concert with him were interested in 47,832,000 Shares, representing an approximately 10.29% of the entire issued share capital of the Company. Save as above, none of the Offeror or its beneficial owners, the sole director of the Offeror, parties acting in concert with the Offeror, and the Directors were interested in or owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(ii) there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offer or otherwise connected with the Offer;

(iii) no agreement, arrangement or understanding (including any compensation arrangement) existed between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or dependence upon the Offer;

(iv) none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;

(v) no person had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or with any person who was an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of associate under the Takeovers Code or with the Offeror or any person acting in concert with it;

(vi) no shares, convertible securities, warrants, options or derivatives of the Company was managed on a discretionary basis by fund managers connected with the Company;

(vii) save for the irrevocable undertaking given by Mr. Tony Hoo in favour of the Offeror that Mr. Tony Hoo and parties acting in concert with him will not accept the Offer as to 47,832,000 Shares (representing approximately 10.29% of the entire issued share capital of the Company) beneficially owned by Mr. Tony Hoo and parties acting in concert with him after Completion, no person prior to the posting of this Composite Offer Document had irrevocably committed himself or herself to accept or reject the Offer;

(viii) none of the advisers to the Company as specified in class (2) of the definition of associate under the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company; and

(ix) save for the irrevocable undertaking given by Mr. Tony Hoo, an executive Director, in favour of the Offeror that Mr. Tony Hoo and parties acting in concert with him will not accept the Offer as to 47,832,000 Shares (representing approximately 10.29% of the entire issued share capital of the Company) beneficially owned by Mr. Tony Hoo and parties acting in concert with him after Completion, the other Directors did not have any shareholdings in the Company.

DEALINGS IN SECURITIES

(a) By the Offeror and parties acting in concert with it

Save as the acquisition of 143,000,000 Shares pursuant to the S&P Agreement, there had been no dealings in the Shares, options, warrants, derivatives or securities convertible into the Shares by the Offeror, the directors of the Offeror and parties acting in concert with it during the six month period prior to the date of the Announcement and up to the Latest Practicable Date.

Pursuant to the Takeovers Code, as the Offer is made through Vinco, and Vinco and Nuada are the joint financial advisers to the Offeror, each of Vinco and Nuada is deemed to be acting in concert with the Offeror for the purpose of the Offer. Neither Vinco nor Nuada is a Shareholder nor has dealt for value in the Shares, options, warrants, derivatives or securities convertible into the Shares in the six-month period prior to the date of the Announcement and up to the Latest Practicable Date.

(b) By the Directors

Save for Mr. Tony Hoo and parties acting in concert with him who sold the Sale Shares to the Offeror under the S&P Agreement, there had been no dealings in the Shares, options, warrants, derivatives or securities convertible into the Shares by any of the Directors during the six-month period prior to the date of the Announcement and up to the Latest Practicable Date. There was no interests of the Directors in the Offeror as at the Latest Practicable Date. There had been no dealings in the shares, options, warrants derivatives or securities convertible into shares of the Offeror by any of the Directors in the six-month period prior to the date of the Announcement and up to the Latest Practicable Date.

(c) Others

(i) No fund manager who are connected with the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company which were managed on a discretionary basis during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date;

(ii) None of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company had dealt for value in any Shares, convertible securities, warrants, options or derivatives of the Company during the period beginning six months prior to the date of the Announcement and ending on the Latest Practicable Date;

(iii) Save for Mr. Tony Hoo and parties in concert with him who sold the Sales Shares to the Offeror under the S&P Agreement and had irrevocably committed to the Offeror not to accept the Offer, no other persons prior to posting of this Composite Offer Document irrevocably committed himself or herself to accept or to reject the offer;

(iv) No persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeover Code with the Offeror, parties acting in concert with it and its associates or with any pensions acting in concert with it had dealt for value in any securities in the Company during the six months prior to the date of the Announcement and ending on the Latest Practicable Date; and

(v) There was no interests of the Company in the Offeror as at the Latest Practicable Date. There had been no dealings in the shares, options, warrants, derivatives, or securities convertible into shares of the Offeror and the Company by the Company in the six-month period prior to the date of the Announcement and up to the Latest Practicable Date.

MARKET PRICES

(a) The highest and lowest closing prices at which the Shares were traded on the Stock Exchange during the period commencing six months preceding the date of the Announcement and ending on the Latest Practicable Date were HK$0.176 per Share on 26 March 2007 and HK$0.0360 per Share on 29 December 2006, 2 January 2007 and 9 January 2007, respectively.

(b) The table below sets out the closing price per Share as quoted on the Stock Exchange on (i) the last business day of each of the six calendar months immediately preceding the date of the Announcement; (ii) the Last Trading Day; and (iii) the Latest Practicable Date:

Date	**Closing price** *HK$*
29 September 2006	0.047
31 October 2006	0.041
30 November 2006	0.047
29 December 2006	0.036
31 January 2007	0.044
28 February 2007	0.055
1 March 2007 (being the Last Trading Date)	0.064
16 April 2007 (being the Latest Practicable Date)	0.166

Source: the website of the Stock Exchange (www.hkex.com.hk)

DIRECTORS' SERVICE CONTRACTS AND OTHER INTERESTS

None of the Directors had any service contracts with the Company or any of its subsidiaries or associated companies in force which (i) (including both continuous and fixed term contracts) have been entered into or amended within 6 months before the date of the Announcement; (ii) are continuous contracts with a notice period of 12 months or more; or (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

No benefit has been or will be given to any Director as compensation for loss of office or otherwise in connection with the Offer.

As at the Latest Practicable Date, there was no material contract entered into by the Offeror in which any Director had a material personal interest.

LITIGATION

As at the Latest Practicable Date, none of the members of the Company is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Company.

MATERIAL CONTRACT

The following contract, not being a contract entered into in the ordinary course of business carried on or intended to be carried on by the Group, has been entered into by the Group after the date two years prior to the date of the Announcement and up to the Latest Practicable Date and is or may be material:

a) a consultancy services agreement dated 7 July 2006 entered into by the Company, to provide consultancy services on (1) network services including network infrastructure design, customer network design, customer network build/configuration/test and network troubleshooting; (2) security services; (3) DNS/IP services; (4) internet/telecom services; (4) software design service; (5) hardware of thin client server; and (6) project management at a consideration of not more than HK$4,950,000 to Li Zhen Zang E.I., who is an independent third party to the Offeror and the Company for one year commencing from 15 July 2006.

EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions in this Composite Offer Document:

Name	**Qualification**
Vinco	a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Nuada	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO
Veda Capital	a licensed corporation to carry on Type 6 (advising on corporate finance) regulated activities under the SFO

Each of Vinco, Nuada and Veda Capital has given and has not withdrawn its written consent to the issue of this Composite Offer Document with the inclusion herein of the opinion or letter (as the case may be) and/or references to its name, in the form and context in which it is included.

GENERAL

(a) The registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and its head office and principal place of business in Hong Kong is Room 301, 3/F, Dannies House, 20 Luard Road, Wanchai, Hong Kong.

(b) The principal members of the Offeror's concert group comprise:

(i) the Offeror, whose registered office is at P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands and the correspondence address of the Offeror is at 8/F, Luk Kwok Centre, 72 Gloucester Road, Wanchai, Hong Kong;

(ii) the Offeror is solely ultimately and beneficially owned by Mr. Lam; and

(iii) the sole director of the Offeror is Mr. Lam.

(c) The registered office of Vinco, one of the joint financial advisers to the Offeror in relation to the Offer, is at Unit 4909-10, 49/F., The Center, 99 Queen's Road Central, Hong Kong.

(d) The registered office of Nuada, one of the joint financial advisers to the Offeror in relation to the Offer, is at 7/F, New York House, 60 Connaught Road, Central, Hong Kong.

(e) The correspondence address of Veda Capital is at Suite 1311-12, 13th Floor, Nam Fung Tower, 173 Des Voeux Road Central, Hong Kong.

(f) No securities are acquired pursuant to the Offer which will be transferred, charged or pledged to any other persons. There is no other agreement, arrangement or understanding and any related charges or pledges which may result in the transfer of voting rights.

(g) The Company's Hong Kong branch share registrar and transfer office is Tengis Limited of 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

(h) All time references contained in this Composite Offer Document refer to Hong Kong time.

(i) The English text of this Composite Offer Document and the Form of Acceptance shall prevail over the Chinese text.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection (i) during normal business hours (public holidays excepted) at the office of Vinco at 4909-10, 49/F, The Center, 99 Queen's Road Central, Hong Kong from the time of the Composite Offer Document is published until the end of the Offer period:

(a) the memorandum of association and bye-laws of the Company;

(b) the memorandum and articles of association of the Offeror;

(c) the annual reports of the Company for the three years ended 30 June 2006;

(d) the interim report of the Company for six-month ended 31 December 2006;

(e) the letter from Vinco, the text of which is set out on pages 12 to 19 of this Composite Offer Document;

(f) the letter from the Independent Board Committee, the text of which is set out on pages 20 to 21 of this Composite Offer Document;

(g) the letter from Veda Capital, the text of which is set out on pages 22 to 35 of this Composite Offer Document;

(h) the letter of consent from each of Vinco, Nuada, and Veda Capital referred to in the paragraph headed "Experts and consents" in this Appendix;

(i) the S&P Agreement;

(j) the material contract referred to in the paragraph headed "Material Contract" in this Appendix; and

(k) Mr. Tony Hoo's undertaking letter.

Copies of the above documents will be available for inspection on the website of the SFC at http://www.sfc.hk and of the Company at http://www.tigertechcorp.com.hk while the Offer remains open.