

TIGER TECH HOLDINGS LIMITED

老虎科技(控股)有限公司



TIGER TECH

2003

FIRST QUARTERLY REPORT

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

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

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM. The principal means of information dissemination on GEM is publication on the Internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website at www.hkgem.com in order to obtain up-to-date information on GEM-listed issuers.

This report, for which the directors of Tiger Tech Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM” (the “GEM Listing Rules”) for the purpose of giving information with regard to Tiger Tech Holdings Limited. The directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and found bases and assumption that are fair and reasonable.

HIGHLIGHTS

- Turnover achieved approximately HK\$4.9 million for the three months ended 30 September 2003, representing an increase of approximately HK\$3.3 million when compared with the same period in 2002.
- The Group recorded a loss attributable to shareholders of HK\$973,000 for the three months ended 30 September 2003.
- The Board of Directors does not recommend the payment of an interim dividend for the three months ended 30 September 2003.

FINANCIAL INFORMATION

Unaudited Consolidated Results

The Board (the "Board") of Directors (the "Directors") of Tiger Tech Holdings Limited (the "Company") is pleased to announce the unaudited consolidated financial results of the Company and its subsidiaries (together, the "Group") for the three months ended 30 September 2003 together with the comparative figures for the corresponding period ended in 2002 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

For the three months ended 30 September 2003

	Notes	Three months ended 30 September	
		2003 HK\$'000 (Unaudited)	2002 HK\$'000 (Unaudited)
Turnover	2	4,877	1,561
Changes in inventories		40	(77)
Purchase of merchandise		(2,691)	(25)
Staff costs		(1,237)	(723)
Depreciation and amortisation		(512)	(132)
Other operating expenses		(1,450)	(153)
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(Loss) Profit from ordinary activities before taxation		(973)	451
Taxation	3	-	(80)
(Loss) Profit attributable to shareholders		(973)	371
Dividend	4	-	-
(Loss) Earnings per share	5		
- Basic (HK cents)		(0.24)	0.12

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended 30 September 2003

1. Group Reorganisation and Basis of Preparation

The Company was incorporated as an exempted company with limited liability in Bermuda on 9 September 2002 under the Company Act 1981 of Bermuda. Pursuant to a group reorganisation (the "Reorganisation") to rationalise the group structure in preparation for the listing of the Company's shares on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited ("GEM"), the Company became the holding company of the Group upon completion of the Reorganisation on 13 March 2003. The shares of the Company were listed on GEM on 16 April 2003. The Group resulting from the Reorganisation is regarded as a continuing entity.

The unaudited consolidated results of the Group have been prepared as if the Group for the three months ended 30 September 2003 and 30 September 2002 had been in existence throughout the periods covered by this report.

All significant transactions and balances between Companies now comprising the Group have been eliminated on consolidation.

The unaudited consolidation results of the Group are prepared in accordance with the requirements as set out in the GEM Listing Rules and the Statement of Standard Accounting Practice issued by the Hong Kong Society of Accountants.

2. Turnover and Revenue

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

Turnover and revenue recognized by category are as follows:

	Three months ended	
	30 September	
	2003	2002
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Enterprise Thin Client Solutions		
– Service income	–	400
– Sales of goods	3,435	79
	3,435	479
Customised Thin Client Application Solutions		
– Software license fee	1,442	1,082
	4,877	1,561

3. Taxation

The Group had no assessable profit for the three months ended 30 September 2003. The charge for the three months ended 30 September 2002 represented Hong Kong Profits Tax calculated at 16% of the estimated assessable profit for that period.

4. Dividend

The Directors do not recommend the payment of a dividend for the three months ended 30 September 2003 (2002: Nil).

5. (Loss) Earnings Per Share

The calculation of basic (loss) per share for the three months ended 30 September 2003 is based on the Group's unaudited consolidated loss attributable to the shareholders of the Company for the three months ended 30 September 2003 of HK\$973,000 and on the weighted average number of 400,000,000 ordinary shares in issue during the period.

The basic earnings per share for the corresponding period in 2002 is based on the unaudited consolidated profit attributable to the shareholders of HK\$371,000 and the weighted average number of 300,000,000 ordinary shares in issue during the period.

No diluted (loss) per share has been presented for the three months ended 30 September 2003 because the exercise of the outstanding potential ordinary shares would have been anti-dilutive for the period. No diluted earnings per share has been presented for the corresponding period in 2002 as there were no potential ordinary shares.

6. Reserves

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

	Share premium <i>HK\$'000</i>	Capital reserve <i>HK\$'000</i>	Accumulated profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 July 2002	-	(595)	8,298	7,703
Profit for the period	-	-	371	371
At 30 September 2002	-	(595)	8,669	8,074
At 1 July 2003	14,588	(595)	6,587	20,580
Loss for the period	-	-	(973)	(973)
At 30 September 2003	14,588	(595)	5,614	19,607

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

The Group's turnover for the three months ended 30 September 2003 amounted to approximately HK\$4.9 million, representing an increase of approximately 212% as compared to the same period in 2002. The income derived from the Enterprise Thin Client Solutions was attributable from the sales of hardware and software products. For Customised Thin Client Application Solutions, other than the recurrent income for the licensing fees received from the financial data providers, the Group also secured a project with a contract sum of HK\$4,000,000 in April 2003 and HK\$600,000 was recognised for the three months ended 30 September 2003.

For the three months ended 30 September 2003, the Company recorded a net loss attributable to shareholders of HK\$973,000, while the Company recorded a profit attributable to shareholders of HK\$371,000 for the corresponding period in 2002. The deterioration of results was mainly attributable to the unfavourable operating environment for IT industry given post SARS effect in the Asia Pacific region and the relative increase in staff costs, depreciation and amortisation expenses and other operating expenses as a result of expansion of the Group's business activities such as marketing of the Group's products and the Group deployed more resources on research and development activities after the Company successfully listed on GEM on 16 April 2003.

BUSINESS REVIEW AND OUTLOOK

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

The Group normally offers thin client solutions to customers on project basis, including the provision of hardware, software and services, which enable the Group to set a high profit margin. The Group realizes the deployment of resources in research and development is key for the maintenance of competitive advantage in the market. The Group continued to deploy resources for the research and development of software for the three months ended 30 September 2003 to enrich the Group's application suite. The Group will continue such strategy and expect this strategy would enable the Group to secure more projects in the future.

Regional expansion in sales penetration will remain as the Group's key strategy in increasing sales and enhancing shareholders' value. During the period under review, the Group has appointed product distributors in Sichuan, the People's Republic of China (the "PRC"), Taiwan and UK to enhance the Group's sales penetration. The Group also plans to set up the representative offices in Taiwan and the PRC in the period ending 31 December 2003. The management expects this regional expansion strategy will drive better performance for the Group in the long term.

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

As at 30 September 2003, the interests of the director or chief executives of the Company or their respective associates in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which are required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange were as follows:

(i) *Long position in shares of the Company:*

Name of Director	Nature of interest	Capacity	Number of shares	Shareholding percentage
Mr. Tony Hoo	Corporate	Beneficial owner (Note)	300,000,000	75%

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

(ii) Long position in underlying shares of equity derivatives of the Company:

Name of Director	Nature of interest	Capacity	Number and description of equity derivatives	Number of underlying shares
Mr. Tony Hoo	Personal	Beneficial owner	Share options to subscribe for 34,000,000 shares (Note 1)	34,000,000
Mr. Tang Tsz Hoo, Anthony	Personal	Beneficial owner	Share option to subscribe for 2,000,000 shares (Note 1)	2,000,000
Mr. Chow Kwok Keung	Personal	Beneficial owner	Share option to subscribe for 2,000,000 shares (Note 1)	2,000,000

Note 1: The share options were granted under the Pre-IPO share option scheme of the Company adopted on 13 March 2003. All of the above share options are physically settled equity derivatives.

Save as disclosed above, as at 30 September 2003, none of the directors or chief executives or their respective associates had any personal, family, corporate or other interests or short position in the shares, underlying shares and debentures of the Company or any of its associated corporation as defined in Part XV of the SFO or which, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules, are required to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

INTEREST OR SHORT POSITION DISCLOSEABLE UNDER THE SFO AND SUBSTANTIAL SHAREHOLDERS

As at 30 September 2003, so far as was known to any directors or chief executives, the following interests of which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who were deemed to be directly or indirectly interested in 5% or more of the issued share capital of the Company, or which were recorded in register of interests required to be kept under Section 336 of the SFO or have otherwise notified to the Company were as follows:

Long position in shares of the Company:

Name	Capacity	Number of shares	Shareholding percentage
Bestmind Associates Limited (<i>Note</i>)	Beneficial owner	100,000,000	25%
Precision Assets Limited (<i>Note</i>)	Beneficial owner	100,000,000	25%
Timepiece Associates Limited (<i>Note</i>)	Beneficial owner	100,000,000	25%

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

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

PRE-IPO SHARE OPTION SCHEME

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

Name of grantees	No. of options granted	No. of options outstanding as at the date hereof	Exercise price per underlying share	Exercisable period
Executive Directors				
Mr. Tony Hoo	34,000,000	34,000,000	HK\$0.01	16 April 2004 to 12 March 2013
Mr. Tang Tsz Hoo, Anthony	2,000,000	2,000,000	HK\$0.01	16 April 2004 to 12 March 2013
Mr. Chow Kwok Keung	2,000,000	2,000,000	HK\$0.01	16 April 2004 to 12 March 2013
Senior Management				
Miss Wong Fei Tat	2,000,000	2,000,000	HK\$0.01	13 March 2003 to 12 March 2013

No options granted pursuant to the Pre-IPO Share Option Scheme as stated above had been exercised or cancelled during the three months ended 30 September 2003.

SPONSOR'S INTEREST

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

At the date of this report, none of CSC Asia Limited, its directors, employees or associates did not have any interest in the shares of the Company, or any right to subscribe for or to nominate persons to subscribe for any share of the Company.

COMPETING INTERESTS

None of the Directors nor the substantial shareholder nor the initial management shareholders of the Company nor their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competed or might compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares during the three months ended 30 September 2003.

AUDIT COMMITTEE

The Group has established an Audit Committee with written terms of reference in compliance with Rules 5.23 to 5.25 of the GEM Listing Rules. The audit committee comprises two independent non-executive directors, namely Mr. Kwok Ming Fai and Mr. Lam Din Kan and one executive director, Mr. Tony Hoo. The Audit Committee reviewed with management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the unaudited combined results for the three months ended 30 September 2003.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.28 to 5.39 of the GEM Listing Rules for the three months ended 30 September 2003.

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

Hong Kong, 3 November 2003