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**TIGER TECH**

## **Tiger Tech Holdings Limited**

**老虎科技(控股)有限公司\***

*(Incorporated in Bermuda with limited liability)*

### **SHARE TRANSACTION**

#### **Acquisition of 10% of equity interest in Mediacute Technology Limited**

The Board is pleased to announce that on 18th December, 2003, the Company has entered into the S&P Agreement with the Vendor, pursuant to which the Company has conditionally agreed to acquire 10% of the issued share capital of Mediacute for a consideration of HK\$2.5 million which will be satisfied by the issuance and allotment of 5,000,000 Consideration Shares to the Vendor, at an issue price of HK\$0.50 per share, represents a premium of 5.26% to the closing price of HK\$0.475 per Share on 17th December, 2003.

The Consideration Shares to be issued to the Vendor will represent 1.25% of the issued share capital of the Company prior to completion of the Acquisition and approximately 1.23% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The Consideration Shares are to be issued and credited as fully paid pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 28th November, 2003.

The Acquisition constitutes a share transaction for the Company under chapter 19 of the GEM Listing Rules, as the Consideration involves securities for which listing will be sought and represents approximately 13.25% and 13.68% of the consolidated net tangible asset value of the Company as at 30th June, 2003 and 30th September, 2003 respectively.

#### **THE S&P AGREEMENT**

##### **DATE**

18th December, 2003

##### **PARTIES**

Vendor: Mr. Chan Kam Hing, owning 45% of interest in Mediacute

Purchaser: the Company

\* *For identification purposes only*

The Vendor does not hold any Shares in issue and is an independent third party not connected with any of the directors, chief executive and substantial shareholders or management shareholders of the Company or any of its subsidiaries or their respective associates (as defined in the GEM Listing Rules).

### **ASSETS TO BE ACQUIRED**

10 shares in the capital of Mediacute, representing 10% of its entire issued share capital.

### **CONSIDERATION**

HK\$2.5 million

### **PAYMENT TERMS AND BASIS FOR CONSIDERATION**

The consideration of HK\$2.5 million is to be satisfied by the issuance and allotment of the Consideration Shares to the Vendor at an issue price of HK\$0.50 per Share. The issue price of the Consideration Shares has been determined with reference to the prevailing market price of the Shares and represents a premium of 5.26% to the closing price of HK\$0.475 per Share as quoted by the Stock Exchange on 17th December, 2003, being the immediate trading day prior to the date of the S&P Agreement; and is equivalent to the average closing price of the Shares of HK\$0.50 over the immediately preceding 10 trading days prior to and including the immediate trading day prior to the date of the S&P Agreement.

The Consideration Shares represent 1.25% of the issued share capital of the Company prior to completion of the Acquisition and approximately 1.23% of the issued share capital of the Company as enlarged by the issue and allotment of the Consideration Shares. The Consideration Shares are to be issued and credited as fully paid pursuant to the general mandate granted to the Directors at the annual general meeting of the Company held on 28th November, 2003. The Consideration Shares shall rank *pari passu* in all respects with the existing Shares in issue.

The consideration of HK\$2.5 million has been arrived at after arm's length negotiation between the Company and the Vendor, based on normal commercial terms with reference to a combination of factors including the license to use the Thai language input method software of Mediacute, namely Purple, historical results, assets position, business potential of Mediacute and the growth potential of the mobile phone market in Thailand. The Directors consider that as the population and GDP in Thailand are growing, it implies that more people will use mobile phones and relevant services, which in turn increase the demand for Thai language input method software. Mediacute's product, Purple which was developed by Mediacute in March 2002 and sold through granting license to users, can apply to mobile phones as well as other mobile communication devices, such as PDA and thin client products and the market for using Purple is already existed. Mediacute has secured a contract from a telecom carrier in Thailand in October 2002, which currently has 1.7 million customer subscribers, for granting the right of its Thai language input method software being embedded in the SIM cards provided by this telecom carrier to its customer subscribers. The contract is for two years. The telecom carrier will undertake to order a minimum quantity of Embedded SIM cards from SIM card manufacturers and the telecom carrier is required to pay to Mediacute a license fee for each SIM card being ordered. The estimated turnover based on this contract would be HK\$4.5 million. It also obtained a contract with contract sum of HK\$5 million from a telecommunication company for trading of mobile phones to be sold in Thailand. The Directors believe that more contracts could be obtained as Mediacute is in talks with many potential customers, including some handset manufacturers. In this regard, the Directors consider the consideration for the Acquisition to be fair and reasonable.

## **CONDITIONS**

The S&P Agreement is conditional upon:

- (i) the GEM Listing Committee of the Stock Exchange granting approval to the listing of and permission to deal in the Consideration Shares;
- (ii) the Company being satisfied at its absolute discretion with the results of the due diligence review on the legal, financial and other aspects of Mediacute and its subsidiaries (if any); and
- (iii) Mediacute grants to the Group a license to use the software of Mediacute and the Group is allowed to incorporate Purple in its products.

The S&P Agreement provides that the Company shall have an absolute discretion to waive condition (ii). The Company may waive such condition provided the Acquisition is in the best interests of the Group and the Shareholders as a whole. Although formal/completed due diligence was not yet performed, a preliminary valuation scenario analysis on the effect of the Acquisition on the Group has been conducted by the Company, after considering:

- (i) the potential Thailand market captured by the Group and the revenue generated herewith;
- (ii) the potential growth of Mediacute; based on its books and record and its potential customers;
- (iii) the investment period and the discount factor, etc.

If either or both of the conditions set out above are not fulfilled or waived by the Company as the purchaser (as the case may be) on or within three Business days upon the approval by the Stock Exchange or such other date as may be agreed between the Company and the Vendor, the S&P Agreement shall lapse and no party shall have any claim against the other save for antecedent breaches.

## **COMPLETION**

Completion of the Acquisition is to take place on or before 19th January, 2004.

## **INFORMATION ON MEDIACUTE**

Established in August 2001 in Hong Kong, Mediacute is principally engaged in software development, provision of mobile phone solutions and trading of telecommunication related products. It is currently engaged in mobile language software development, with an aim to tackle the growing non-English ethnic mobile population in Asia and Middle East. One of the softwares of Mediacute, Purple, which includes Thai language input method software, short messages services and various other related applications to the E-Commerce and M-Commerce platform, can be widely adopted in Thai language based micro communication devices, such as mobile phones, PDAs, even thin client products like Set Top Box. Purple targets at telecom carriers, handsets and any communications media manufacturers, thin client solution providers, such as, the Group etc.

Mediacute is owned as to 45% by Mr. Li Wing Keung, 45% by Mr. Chan Kam Hing and 10% by Southwest Management Limited, which is wholly beneficially owned by Miss Hung Siu Ying. All the shareholders of Mediacute are independent third party not connected with the directors, chief executive, substantial shareholders or management shareholders of the Company or any of their respective associates as defined in the GEM Listing Rules. Upon completion of the Acquisition, the Company will have an interest, directly or indirectly, in 10% of the issued share capital of Mediacute.

According to the unaudited financial statements of Mediacute for the period from 24th August, 2001 to 31st March, 2002 and the financial year ended 31st March, 2003, the turnover were HK\$116,773 and HK\$607,115 respectively and the loss after taxation were HK\$727,236 and HK\$40,826 respectively, and the net liabilities as at 31st March, 2002 and 31st March, 2003 were HK\$727,136 and HK\$767,962 respectively. For the turnover recorded in financial year of 2003, most of the income is related to the license fee, the trading income only forms an insignificant part. Notwithstanding its loss after taxation and liabilities, Mediacute currently has two customers, being a telecom carrier and a telecommunication company and the Directors believe that the potential profits to be generated from Mediacute's existing two contracts on hand, which mainly include the license fees for the right of using Purple and the trading income generated by Mediacute, will compensate the loss recorded at the earlier stage of the business development of the company. In addition, Mediacute is in a position to capitalise the growth of the mobile population in Thailand as a result of the economic growth in the region.

## **REASONS AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in research, development, sales and implementation of Enterprise Thin Client Solutions, Cable Network Thin Client Solutions and Customised Thin Client Application Solutions. The Shares have been listed on GEM since 16th April, 2003.

In the prospectus of the Company dated 31st March, 2003, the Group has stated clearly under the category of "Development and enhancement of thin client solutions" under the business objective section its intention to enhance version of existing thin client computing and development of wireless thin client computing will be the Group's next enhancement, the Directors consider that the Acquisition enables the Group to enhance its thin client products by incorporating the Thai language input method software into its thin client system and pave way to extend its services and products into the PDA, mobile and wireless market in Thailand. Technically, thin client products and micro communication devices, such as, mobile phones, PDAs, have the common denominator of embedded operating systems. Purple is specifically designed for embedded operating systems and hence it can be integrated to the Group's existing thin client products such as thin client terminal, Set Top Box, as this Thai language input method software allowing the Group to create new product which differentiates from traditional PCs, with special language input method and enhance its user friendliness as well. By being a strategic investor of Mediacute, the Group can secure the license to use the proprietary Thai language input method software for its thin client products to be sold in Thailand and the Acquisition will provide first-mover advantage for the Group to enter into Thailand market. The Directors believe the share of future profit from the 10% interest can outweigh the Acquisition cost.

Although the Group only acquires 10% of shareholding of Mediacute and will not participate in management or operation of Mediacute, the Group will be a strategic investor and is entitled to incorporate Purple in its thin client products pursuant to the S&P Agreement.

Based on the above, the Directors are of the view that the Acquisition is in the best interests of the Group and Shareholders as a whole and the terms of the S&P Agreement have been arrived at after arm's length negotiations and are considered to be fair and reasonable.

As the Company only acquires 10% of interest in Mediacute, it will be treated as "other investment" in the Group's accounts. The Directors will evaluate the investment in Mediacute from time to time after the Acquisition. Should the Directors are in the view that additional investment in Mediacute will be in the best interest of the Group and Shareholders as a whole, the Company does not rule out the possibility to acquire additional interest in Mediacute.

The Acquisition constitutes a share transaction for the Company under chapter 19 of the GEM Listing Rules. Completion of the Acquisition is conditional upon the approval by the Stock Exchange for the listing of and permission to deal in the Consideration Shares, the Company being satisfied with the results of the due diligence review of Mediacute and its subsidiaries (if any) and Mediacute grants to the Group a license to use the software of Mediacute and the Group is allowed to incorporate Purple in its products. Application will be made to the Stock Exchange for the listing of and permission to deal in the Consideration Shares.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"Acquisition"	the acquisition of 10% of the entire issued share capital in Mediacute pursuant to the S&P Agreement
"Board"	board of Directors
"Business Day"	a day on which banks in Hong Kong are open for business (other than a Saturday or a Sunday)
"Company"	Tiger Tech Holdings Limited, the shares of which are listed on the GEM Board of the Stock Exchange
"Completion"	completion of the S&P Agreement
"Consideration Shares"	5,000,000 new Shares to be issued at HK\$0.50 per Share by the Company to the Vendor
"Director(s)"	director(s) of the Company
"GEM"	the Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on GEM
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"Mediacute"	Mediacute Technology Limited, a company incorporated in Hong Kong on 24th August, 2001 with limited liability

“PC”	Personal computer
“PDA”	Personal Digital Assistant, a handheld multi functional device used for, among other things, word processing, name card retention and appointment calendars
“S&P Agreement”	the conditional sale and purchase agreement dated 18th December, 2003 and entered into between the Vendor and the Company in relation to the Acquisition
“Share(s)”	share(s) of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars
“%”	per cent

By Order of the Board  
**TIGER TECH HOLDINGS LIMITED**  
**Tony Hoo**  
*Chairman*

Hong Kong, 18th December, 2003

*This announcement for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.*

*This announcement will remain on the GEM website on the “Latest Company Announcement” page for at least 7 days from the date of its posting.*