We are principally engaged in the manufacturing of the following:

- Office equipment products, comprising paper shredders and laminators
Dear Shareholders,

On behalf of the Board of Directors of Asia Tiger Group Limited (‘Asia Tiger’), I am pleased to present our Annual Report for the financial year ended 31 March 2006 (‘FY2006’).

This was our first full year as a listed company since the Main Board of Singapore Exchange Securities Trading Limited (‘SGX-ST’) on 27 January 2005. FY2006 has been a challenging year for the Group and we have had to make some difficult decisions regarding our long term strategic direction.

Divestment of the Digital Camera Business

The Group continued to encounter operational obstacles in building up a new digital camera business which commenced production in November 2004. Due to the low earnings prospects, visibility, severe pricing competition and lower than expected production volume, there was significant uncertainty regarding the overall sustainability of the business. Accordingly, in the best interests of Asia Tiger, a decision was made to divest the digital camera business.

On 27 May 2005, the Company announced the proposed divestment of the digital camera business to Tracker Shine Limited, a company controlled by the Group’s controlling shareholders and also the executive directors. The total consideration was RMB 20 million, equivalent to the original investment costs, which effectively meant that all losses incurred since the establishment of the digital camera business would be absorbed by Tracker Shine Limited.

On 9 November 2005, a Special General Meeting of the Company approved resolutions to divest the digital camera business and to agree to a change in the use of IPO proceeds. The IPO funds will mostly be channelled into setting up additional manufacturing facilities for office equipment operations and their general working capital requirements. Following the divestment, the Group was in a better position to focus on its core office equipment business, which mainly produces paper shredders and laminators, and to utilise the funds effectively.

Financial Review

The year began brightly as orders from our major customers surged tremendously in the first six months. The sharp increase in sales of office equipment products, comprising of both commercial (heavy duty) and domestic models, was primarily due to the introduction of the ‘Personal Information Protection Act’ in Japan in April 2005 and the ‘Fact and Accurate Credit Transactions Act’ in the US. This legislation dealing with the privacy of credit information and disposal of customers’ personal information resulted in tremendous growth in paper shredders.

We also anticipated a good response for the newly developed models in the US market and to accommodate the expected increase in orders, the Group established a new manufacturing facility which commenced operations in August 2005.

However, due to a combination of factors, we were affected by a slowdown in business especially in the fourth quarter. This was primarily caused by a delay in the launch of a number of new models and the postponement of orders by certain customers to our FY2007.

For the full year 2006, the Group recorded a 46% rise in revenue for the office equipment business to RMB 360.1 million, compared to RMB 247.0 million in the previous year. This was due to combination of new product launches, additional customers and increased unit sales prices. All major export markets in the US, Japan and Europe contributed positive revenue growth although there
was a dip in volume for some of its major customers. Although there was strong revenue growth, there were also sharp increases in raw materials, distribution, administration and financial expenses, much of the latter due to the expanded operations.

Net profit rose 26.5% to RMB 25.4 million from RMB 20.0 million. The increase included a one-time exceptional gain of RMB 8.7 million from the divestment of the digital camera business. The continuing operations of the office equipment business (excluding the digital camera and PC connectors businesses which was discontinued in June 2005), registered a decline in profit, before unallocated expenses and taxation, of 38% to RMB 21.4 million from RMB 34.5 million in the previous 12 months.

The fourth quarter was particularly difficult for the Group as we experienced upward pressure on raw material costs and downward pressure on margins and sales volume, the latter partly related to seasonality. The gross margin fell to 14.1% in FY2006 from 19.5% in FY2005 and this was primarily attributable to the tremendous rise in the cost of raw materials and increase in wages. We have seen the price index for copper and aluminium jump around 36% and 24% respectively during the last 12 months, whilst the cost of plastics has increased with the rising cost of oil. Changes in minimum wage regulations led to a significant increase labour costs for the period under review.

The Group's balance sheet remains strong and stable and we continue to be in a net cash position with minimal debt.

Although the industry was faced with difficult operating environment, we are pleased to have been able to increase our revenue for the full year. In addition, the Group succeeded in maintaining our customer base and serving our customers in our mainstream business segments.

Prospects
Asia Tiger is focused on its core business of manufacturing office equipment products comprising of paper shredders, laminators and electric staplers following the closure and divestment of its two other businesses; PC connectors and digital cameras.

By aggressive exploration of the new customers in niche market and enhancing our research and development team in product design and innovation, the Group will continuously strive to be at the forefront of the manufacturer of high quality paper shredders and laminators.

The Group will priorities its resource to achieve “low-cost” competitive strategy. The Group may also seek expansion through horizontal integration and synergistic acquisition to launch new products that share a common development platform with our existing range of products.

Dividends
The Board of Directors has recommended a final dividend of 2 RMB cents per ordinary share to reward our loyal shareholders. This, together with the 7.387 RMB cents per ordinary share interim dividend declared in November 2005, represents a total payment (of net profit) of approximately 90%.

Acknowledgements
Here, I would like to take this opportunity to thank the management team and all our colleagues and employees for their invaluable contribution to the success and development of the Group in 2006. To our shareholders, business associates and customers, I would also like to sincerely thank them for their support and treasure their continued support in the coming year.

In addition, our appreciation goes to our fellow Board members for contributing their valuable time and expertise to steer Asia Tiger on the right course towards future success.

Zeng Guo Ming
Chairman and Chief Executive Officer
ZENG GUOMING is our Chairman and President and was appointed as Director of our Company on 7 July 2004. Zeng Guoming oversees our Group’s operations and business strategies. Upon his graduation from university in 1982, Zeng Guoming was assigned to the state-owned Guangxi Nanning City Electronics Company to take up the position of Assistant Manager (Staff Training). He left as a Deputy General Manager, a post he held for five years. From 1990 to 1991, he was employed by the Shenzhen Huangguan Electronics Co., Limited, a company engaged in the business of manufacturing laser disc players, as a production engineer cum Japanese translator. Prior to setting up our subsidiary, Feibao in 1995, Zeng Guoming and his wife, Lu Yanning, started a business trading in electronics goods in the Shenzhen Saige Electronics Equipment Market. Thereafter, from 1995 till present, Zeng Guoming started Feibao and Shenzhen Vigorhood and focused on expanding our business, leading up to our present Group. Zeng Guoming holds a Bachelors’ Degree in Physics from the Guangxi Normal University.

LU YANNING is currently our Vice President and she was appointed as Director of our Company on 7 July 2004. She is responsible for overseeing the administration of our Group’s day-to-day affairs. Lu Yanning was employed in the technical design departments of the Sichuan Chongqing Automobile Parts Manufacturing Factory, the Guangxi Metrical Instrument Factory and Shenzhen Yuanyang Electronics Co., Limited, from 1983 to 1985, from 1985 to 1990 and from 1990 to 1991 respectively. From 1992 to 1994, Lu Yanning, together with Zeng Guoming, operated a business trading in electronics goods in the Shenzhen Saige Electronics Equipment Market. Lu Yanning started working for Feibao in 1995 and became a shareholder in 1996. Lu Yanning graduated in 1983 from the Henan University of Science and Technology (formerly known as the Luoyang Institute of Technology) with a Bachelor’s Degree in Engineering.

CHUA BENG HUAT was appointed as our Independent Director on 20 December 2004. In addition to this appointment, he is also a director of Advance Modules Group Ltd, Asia Silk Holdings Ltd and Zhongguo Jilong Ltd. From 1991 to 1992, Chua Beng Huat was employed by BOT Mitsubishi as a corporate banker. From 1992 to 1994, he was an investment banker at ANZ Merchant Bank, specialising in structured financing for offshore corporations. From 1994 to 1997, he was a stockbroker with GK Goh Stockbrokers. In 1997, Chua Beng Huat was appointed as an Executive Director of Yuanta Investment Consulting Pte. Ltd. and Yuanta Investment Holdings Pte. Ltd., both part of the Yuanta group of companies, a post which he held until 2003. From November 2001 to August 2004, he was a Senior Executive at Kim Eng Securities Pte. Ltd. providing investment consulting and support to both the Yuanta Group and to Kim Eng Securities. Chua Beng Huat graduated from the National University of Singapore in 1989 with Bachelor of Science (Economics).

CHEN LI HUA was appointed as our independent Director on 12 February 2006. She was the Associate Professor in Guanghua School of Management, Associate Professor Dean of National Institute of Science and Industrial Parks and Associate Director of Research Centre in Venture Capital, Peking University since 1999. In addition, she has been guest professor in various universities in USA, Italy and Hong Kong. She holds the PhD degree, majoring in management science and operation research in the City University of Hong Kong and the Master degree in Jilin University of Technology. She also held executive positions in various technological and biological engineering companies.
TAN GIM SOO  our other Independent Director, was appointed on 20 December 2004. He has more than 30 years of experience in accounting, auditing and taxation work, and is the proprietor of his own public accounting firm G.S. Tan & Co., which he set up in 1976. Prior to setting up his practice, Tan Gim Soo was an executive director of a group of trading companies between 1974 and 1976. Tan Gim Soo is a Fellow of the Institute of Chartered Accountants in England & Wales, and a Fellow of the Institute of Certified Public Accountants of Singapore (“ICPAS”). Currently, he is also an independent director of Enviro-Hub Holdings Ltd and Jukken Technology Limited, both listed on the Main Board of the SGX-ST. Tan Gim Soo has sat on various committees including ICPAS’s Practice Review Committee, Advisory Committee of Nanyang Technological University’s School of Accountancy & Business (now known as Nanyang Business School) and the Asset Realisation Committee formed by the Ministry of Law to advise the Insolvency & Public Trustee’s Office.

HOR CHO YAN KEITH  Our Group Financial Controller, was appointed in April 2004. He has been a Certified Public Accountant in Hong Kong since 1993, and he holds a Masters’ Degree in Finance from The City University of New York and a Professional Diploma in Accountancy from the Hong Kong Polytechnic University. He joined our Group in April 2004. He has over 19 years of experience in auditing, accounting and corporate finance areas in multi-national corporations and an international accounting firm.

ZHOU JIEBAO  Our Assistant General Manager, graduated from Sun Yat-Sen University, Guangdong, PRC in 1991 with a Bachelors’ degree in Electronics and specialisation in wireless technology. From 1991 to 1998, he worked for Shenzhen IDT Tech Co., Ltd, first as an electrical engineer involved in integrated circuit and product design, and subsequently as R&D manager. From 1998 to 2000, Zhou Jiebao was employed by Msuthi (Shenzhen) Tech Co., Ltd as the Head of factory operations. He was subsequently promoted to General Manager of Msuthi Tech Co., Ltd, overseeing operations in China, Vietnam and Thailand, and he held that position from 2000 to 2003. Zhou Jiebao joined our Group in July 2003, as our Assistant General Manager and Head of Production for our office equipment division. Zhou Jiebao is responsible for the day-to-day administration matters of our Group, as well as overseeing our manufacturing operations.
FINANCIAL HIGHLIGHTS

**Shareholders' Fund (RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>120,000</td>
<td>100,000</td>
<td>80,000</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>40,000</td>
<td>30,000</td>
<td>20,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**Revenue (in RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500,000</td>
<td>450,000</td>
<td>400,000</td>
<td>350,000</td>
</tr>
<tr>
<td></td>
<td>300,000</td>
<td>250,000</td>
<td>200,000</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>100,000</td>
<td>50,000</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Net Profit After Tax (RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50,000</td>
<td>40,000</td>
<td>30,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Shareholders' Fund (RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>120,000</td>
<td>100,000</td>
<td>80,000</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>40,000</td>
<td>30,000</td>
<td>20,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

**Revenue (in RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>500,000</td>
<td>450,000</td>
<td>400,000</td>
<td>350,000</td>
</tr>
<tr>
<td></td>
<td>300,000</td>
<td>250,000</td>
<td>200,000</td>
<td>150,000</td>
</tr>
<tr>
<td></td>
<td>100,000</td>
<td>50,000</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Net Profit After Tax (RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>50,000</td>
<td>40,000</td>
<td>30,000</td>
<td>20,000</td>
</tr>
<tr>
<td></td>
<td>10,000</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Shareholders' Fund (RMB '000)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>120,000</td>
<td>100,000</td>
<td>80,000</td>
<td>60,000</td>
</tr>
<tr>
<td></td>
<td>40,000</td>
<td>30,000</td>
<td>20,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>
Revenue
Revenue for office equipment rose 46% to RMB 360 million in FY2006 from RMB 247 million in FY2005, this was attributable to the implementation of Personal Information Protection Act in Japan effective from April 1, 2005, as well as the similar law governing the credit information in the USA in FY2006. At the same time, the Company has launched paper shredders with enhanced functionality, adding value to the products for our customers.

Gross Margin
The gross margin declined from 19% in FY2005 to 14% in FY2006 due to the sharp increase in raw material cost such as electric motors, razors and PVC parts. This was due to a general rise in copper and oil prices especially in the second half of FY2006. In addition, the increase in the minimum wage laws in China, where our manufacturing facilities are based, also contributed to increased production costs. However, the Group could not pass on the full cost increase to the customers due to the competitive pricing pressure.

Expenses
Our selling and distribution expenses increased by 48% from approximately RMB 6.9 million in FY2005 to approximately RMB 10.2 million in FY2006, which was in line with the increased in revenue for the year. The selling and distribution expenses mainly comprised of transportation costs, certification expenses for compliance with the relevant safety regulations, export related expenses and advertising and promotion costs.

The 62% increase in administrative expenses from approximately RMB 10.3 million in FY2005 to approximately RMB 16.7 million in FY2006 was due to an increase in staff for the expansion of the business and also the establishment of a new plant during the year. In addition, the professional fee associated with the IPO and those in connection with the divestment of the digital camera segment also contributed to the increase.

Other operating expenses increased by approximately 223% from RMB 2.2 million in FY2005 to approximately RMB 7.1 million in FY2006. The major expenses comprised of the specific allowance for trade receivables RMB 1.5 million mainly for a customer overdue over one year, allowances for inventories of approximately RMB 1.4 million, exchange losses arising from appreciation of renminbi of approximately RMB 3.6 million and the research and development cost incurred for the new models of paper shredders of approximately RMB 0.5 million.

Other Income
Other revenue included interest income of approximately RMB 1 million and the sales of raw materials of approximately RMB 0.9 million.

Discontinued operation
Excluding the gain from divestment of digital camera business of approximately RMB 8.7 million. The loss from discontinued operation relating to the digital camera business for FY2006 narrowed to approximately RMB 0.2 million (from 1 April 2005 to 9 November 2005) from RMB 8.4 million in FY2005.
Profit
Overall, net profit rose to approximately RMB 25.4 million in FY2006 from RMB 20 million in FY2005.

Group EPS on continuing operation was 6.93 RMB cents compared with 14.71 RMB cents for the previous year. The Board of Directors has recommended a final dividend of 2 RMB cents per ordinary share.

Balance Sheet
As at 31 March 2006, the total assets and liabilities of the Group stood at RMB 163.9 million and RMB 63.7 million respectively, compared with RMB 214.2 million and RMB 106.3 million for the previous year.

Fixed assets increased by 24% to RMB 20 million due to the addition of machinery and equipments for the new plant but this was partially offset by the disposal on divestment of digital camera business segment.

Intangible assets fell by 54% to RMB 1.4 million due to the addition of research and development costs incurred in producing the new models in the office equipment business. Again this was partially offset by the impairment of development costs incurred by the digital camera business during the year.

Current assets fell by 27% to RMB 142 million due to accounts receivables and inventories declining as a result of the divestment of the digital camera segment. It was also partly due to the decrease in cash and bank balances as the Group repaid bank borrowings, made dividend payment and increased capital expenditure.

Current liabilities fell by 42% to RMB 61.4 million due to the decrease in short term bank borrowings and the decrease in trade and other payables as a result of divestment of digital camera business.

The current ratio rose to 2.3 times at the end of 2006 compared to 1.8 times in 2005 as Group borrowings fell from RMB 26.9 million to RMB 5 million.

Cash and cash equivalents fell 32% from RMB 92 million to RMB 62.3 million due mainly to the repayment of bank loans and the payment of interim dividends. As a result, the Group’s net cash position fell from RMB 65.3 million to RMB 57.9 million.

The total shareholders’ equity was RMB 100.2 million as at 31 March 2006 compared to RMB 107.9 million in the previous year. Group net asset value per share was 41.1 RMB cents, against 44.3 RMB cents as at 31 March 2005.
CORPORATE INFORMATION

BOARD OF DIRECTORS:

Executive:
Zeng Guoming (Chairman and President)
Lu Yanning (Vice President)

Non-Executive:
Chua Beng Huat (Independent Director)
Chen Li Hua (Independent Director)
Tan Gim Soo (Independent Director)

BERMUDA RESIDENT REPRESENTATIVE:
Jonathan L. Evans

BERMUDA ASSISTANT RESIDENT REPRESENTATIVE AND ASSISTANT SECRETARY:
Appleby Corporate Services (Bermuda) Ltd.
Canon’s Court 22 Victoria Street
Hamilton HM12, Bermuda

SINGAPORE SHARE TRANSFER AGENT:
B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

COMPANY SECRETARIES:
Hor Cho Yan Keith, CPA (Hong Kong)
Ong Wei Jin, LL.B. (Hons)

BERMUDA SHARE REGISTRAR:
Reid Management Limited
Argyle House
41a Cedar Avenue
Hamilton HM 12, Bermuda

AUDITORS:
Moores Stephens, Singapore
Certified Public Accountants
11 Collyer Quay #10-02,
The Arcado, Singapore
Partner in charge: Neo Keng Jin

Lau & Au Yeung C.P.A. Limited
Certified Public Accountants
Room 2701, 27/F, Wing On House
71 Des Voeux Road, Central
Hong Kong
Partner in charge: Au Yeung Tin Wah

REGISTERED OFFICE:
Clarendon House, 2 Church Street
Hamilton HM11, Bermuda
Telephone: 1441 295 1422
Fax: 1441 292 4720

BUSINESS OFFICE:
No. 7 Building, Nangang 2nd Industrial Zone,
Songbai Road,
Nanshan District, Shenzhen P.R.C.
Tel: (86 755) 2765 2735
Fax: (86 755) 2765 2581

SHARE TRANSFER AGENT:
B.A.C.S Private Limited
63 Cantonment Road
Singapore 089758

PRINCIPAL BANKERS:
Hang Seng Bank Limited
China Everbright Bank
China Merchants Bank