



**INNO-TECH HOLDINGS LIMITED**

匯 創 控 股 有 限 公 司

(Incorporated in Bermuda with limited liability)



***Intelligent Community  
For Modern Day Living***

**First Quarterly Report 2002**

*\* For identification purposes only*

## **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 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 risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board 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 newspaper. 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.**

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

This report, for which the directors of Inno-Tech Holdings Limited collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to Inno-Tech Holdings Limited. The directors of Inno-Tech Holdings Limited, 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 are founded on bases and assumptions that are fair and reasonable.

## HIGHLIGHTS

Turnover for the three months ended 30 June 2002 was HK\$3,134,000 representing a 24% growth from the corresponding period of last year.

Net profit attributable to shareholders amounted to approximately HK\$874,000 representing a 24% growth from the corresponding period of last year.

## UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 JUNE 2002.

The board of directors (the “Board”) of Inno-Tech Holdings Limited (the “Company”) is pleased to announce the unaudited combined results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June 2002 together with the unaudited comparative figures for the corresponding period in 2001 as follows:–

	<i>Note</i>	<b>For the three months ended 30 June</b>	
		<b>2002</b>	<b>2001</b>
		<i>HK\$'000</i>	<i>HK\$'000</i>
Turnover	2	3,134	2,518
Cost of sales		<u>(1,012)</u>	<u>(696)</u>
Gross Profit		<u>2,122</u>	<u>1,822</u>
Other revenue		30	1
Marketing and promotion expenses		(168)	(280)
Administrative expenses		<u>(898)</u>	<u>(704)</u>
Profit from operations		1,086	839
Finance costs		<u>(46)</u>	<u>0</u>
Profit before taxation		1,040	839
Taxation	3	<u>(166)</u>	<u>(134)</u>
Net profit attributable to shareholders		<u>874</u>	<u>705</u>
Earning per share – basic	4	<u>0.22 cents</u>	<u>0.18 cents</u>

## NOTES TO THE INCOME STATEMENT

### 1. Group reorganization and basis of preparation

The Company was incorporated in Bermuda on 19 November 2001 as an exempted company with limited liability under the Companies Act 1981 of Bermuda. Pursuant to a group reorganization (the "Reorganization") to rationalize 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 Group Reorganization on 7 July 2002. Further details of the Group Reorganization are set out in the Company's prospectus dated 30 July 2002 (the "Prospectus"). The Company's shares were listed on GEM on 12 August 2002. The Group resulting from the Reorganization is regarded as a continuing entity.

The combined income statement have been prepared as if the Company had been the holding company of the other companies comprising the Group throughout the relevant period (or where the companies were incorporated at a date later than 1 April 2001, for the period from the date of incorporation to 30 June 2002) as if the current group structure had been in existence since 1 April 2001. The directors consider that this basis provides meaningful information for shareholders as regards the historical performance of the companies now comprising the Group.

The unaudited combined results of the Group have been prepared in accordance with Statements of Standards Accounting Practice issued by the Hong Kong Society of Accountants, accounting principal generally accepted in Hong Kong, the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM (the "GEM Listing Rules").

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

### 2. Turnover

The Company acts as an investment holding company and the Group is principally engaged in the design of residential intranet and the provision of e-property management software application consulting and related services. Turnover represents the amount received and receivable for the provision of residential intranet and software application design services.

### 3. Taxation

Provision for Hong Kong profits tax is calculated at 16% (2001: 16%) of the estimated assessable profits arising in Hong Kong for the period.

### 4. Earnings per share

The calculation of basic earnings per share for each of the three months ended 30 June is based on net profit attributable to the shareholders during the respective period and on the 384,000,000 shares of the Company outstanding after the Group's Reorganization and Capitalization Issue as described in note 1 to the combined income statement per above, and assuming the shares were outstanding throughout the relevant period.

There are no diluted EPS as there were no dilutive potential shares in issue during the period from 1 April 2002 to 30 June 2002. And due to the same reason, there was no diluted EPS during the corresponding period in the previous year.

### 5. Interim dividend

The Board does not recommend the payment of an interim dividend for the three months ended 30 June 2002. There was no interim dividend payment during the corresponding period in the previous year.

## 6. Reserves

	<b>Merger reserves</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2002	5,816	6,633	12,449
Profit for the period	—	874	874
	<hr/>	<hr/>	<hr/>
At 30 June 2002	<b>5,816</b>	<b>7,507</b>	<b>13,323</b>

  

	<b>Merger reserves</b> <i>HK\$'000</i>	<b>Retained profits</b> <i>HK\$'000</i>	<b>Total</b> <i>HK\$'000</i>
At 1 April 2001	4,228	(4,249)	(21)
Profit for the period	—	705	705
	<hr/>	<hr/>	<hr/>
At 30 June 2001	<b>4,228</b>	<b>(3,544)</b>	<b>684</b>

## FINANCIAL REVIEW

The Group has achieved a satisfactory growth in the operational results of the first quarter of year 2002. For the three months ended 30 June 2002, the Group has generated revenue of approximately HK\$3,134,000 and a net profit of approximately HK\$873,000. This represented a substantial growth of approximately 24% in revenue as compared to the corresponding period in the previous year.

During the period under review, the administrative, marketing and promotion expenses accounted for most of the operating expenses. The administrative expenses comprised primarily salaries and allowances. The marketing and promotion expenses amounted to approximately HK\$167,000 as compared to approximately HK\$280,000 in the corresponding period in the previous year, which primarily comprised marketing, project and promotion and business trip expenses.

The Company was listed on GEM through a placement of 120,000,000 shares on 12 August 2002. The net proceeds from the placement, after the deductions for relevant expenses, was approximately HK\$18,200,000. The Group intends to apply these proceeds in the manner disclosed in the Prospectus.

For the period under review, the Group financed its operations with its own working capital and an overdraft facility for a limit of HK\$6,000,000 granted by a bank to one of the Company's subsidiary in Hong Kong. As of 30 June 2002, the Group had total assets of approximately HK\$18,741,000, including cash and bank balances of approximately HK\$5,094,000. Taking into consideration the existing financial resources available to the Group, it is anticipated that the Group should have adequate financial resources to meet its ongoing operating and development requirements.

## BUSINESS REVIEW

The Group continues to provide our Residential Intranet design and e-property management software application development services to our existing customer. Based on the experience in our design, development and installation services to the PRC property developers, the Group not only enhanced the functionality of the Group's e-property management software but also enable the Group to provide a "one-stop" service for customers implementing our interactive community services platform.

During the period under review, in addition to existing i-Panel version 2, the Group completed the development of i-Panel V3 prototype. The basic infrastructural design for the V3 i-Panel was also finalized, which include television, speaker phone, video door phone, video on demand, security system and an interactive e-property management system.

## OUTLOOK

The Group will continue to strengthen its development of Smart Home concept through promotion to both property developers and the public. As such, the Group will enlarge its clientele and will also develop new business opportunities with other property developers to broaden its coverage in other major cities in the PRC.

The Group will also focus on development of i-Panel and expanding the functionality of the Group's existing e-property management software application through upgrade its existing ERP application software for property management companies to automate and integrate their back-end operations in a reliable and efficient manner. Besides, new versions of i-Panel V3 will be released to equip with the advanced and user-friendly interactive features.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST IN SECURITIES

As at 12 August 2002, being the date of commencement of dealing in the Shares (ie. shares of \$0.01 each in the share capital of the Company) on GEM, the interests of the directors and chief executive of the Company in the shares of the Company and its associated corporations (within the meaning of the securities (Disclosure of Interests) Ordinance ("SDI Ordinance"), as recorded in the register maintained by the Company pursuant to Section 29 of the SDI Ordinance or as required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

### A. Interest in the Company

Name of director	Personal Interests	No. of shares held		
		Family Interests	Corporate Interests	Other Interests
Ms. Wong Yuen Yee ( <i>note 1</i> )	–	–	52,320,000	–
Mr. Wong Kwok Sing ( <i>note 1</i> )	–	–	52,320,000	–
Mr. Lam Shiu San ( <i>note 1</i> )	–	–	11,904,000	–
Ms. Wu Wai Yee ( <i>note 2</i> )	–	–	3,600,000	–
Ms. Chow Wai Man ( <i>note 3</i> )	912,000	–	–	–

*Note:*

1. each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing and Mr. Lam Shiu San respectively owns such Shares through Multiturn Trading Limited, which is beneficially owned by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Chow Kam Wing and Mr. Lam Shiu San as to 31%, 31%, 31% and 7% respectively.
2. Winly Group Ltd owns 3,600,000 Shares and is owned by Ms. Wu Wai Yee, Annis and independent non-executive Director, and Ms. To Po Yim in equal shares. Each of Ms. Wu Wai Yee and Ms. To Po Yim is deemed to be interested in 3,600,000 Shares, representing approximately 0.75% interests in the Company under SDI Ordinance.
3. Ms. Chow Wai Man, Grace is an independent non-executive Director.

Save as disclosed above, as at 12 August 2002, none of the directors and chief executive of the Company or their associates had any personal, family, corporate or other interests in the shares of the Company or any of its associated corporations as defined in the SDI Ordinance or which required, pursuant to Rules 5.40 to 5.59 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

#### **SUBSTANTIAL SHAREHOLDERS**

Other than the interest disclosed herein in respect of the directors and chief executive of the Company or their respective associates, the register of substantial shareholders maintained under the section 16(1) of the SDI Ordinance shows that as at 12 August 2002, the Company had the following substantial shareholders' interests, being 10% or more of the Company's issued share capital:

<b>Name</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Multiturn Trading Limited ( <i>Note 1</i> )	168,864,000	35.18%
Rexy Investment Limited ( <i>Note 2</i> )	57,600,000	12.00%
Plotio Limited ( <i>Note 2</i> )	57,600,000	12.00%
HyComm Wireless Limited ( <i>Note 2</i> )	57,600,000	12.00%

*Notes:*

1. Multiturn Trading Limited is beneficially owned by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Chow Kam Wing and Mr. Lam Shiu San as to 31%, 31%, 31% and 7% respectively.
2. Rexy Investment Limited is wholly-owned subsidiary of HyComm Wireless Limited, a company listed on the main board of The Stock Exchange of Hong Kong Limited.

## OUTSTANDING SHARE OPTIONS:

### (a) Pre-IPO Share Option Scheme

Pursuant to the Pre-IPO Share Option Scheme, the principal terms of which were set out in the Prospectus, there were 48,000,000 options granted under the Pre-IPO Share Option Scheme (“Option”) to the grantees thereunder (“Grantees”). Details of which are as follows:

	No. of share options outstanding at 12 August 2002	Exercise price per Share	Exercise period
a. Director:			
Wong Yuen Yee	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
Wong Kwok Sing	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
Wong Yao Wing	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
Lam Shiu San	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
b. Senior Management			
Chow Kam Wing	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
Wong Yuen Man	4,800,000	HK\$0.14	5 July 2002 to 4 July 2012
c. Staff			
5 staffs	19,200,000	HK\$0.14	5 July 2002 to 4 July 2012

A total number of 48,000,000 Options were granted to the Grantees on 5 July 2002.

Provided no Option shall be exercisable prior to the expiry of the period of six months from 12 August 2002, the Grantees may exercise the Options as follows:–

- (i) one-half of the maximum number of options (rounded down to the nearest whole number) will be exercisable from 13 February 2003 to 11 August 2003;
- (ii) an additional one-half of the maximum number of options (rounded down to the nearest whole number) will be exercisable from 12 August 2003 to 11 August 2004; and
- (iii) all the remaining balance of the options will be exercisable after 12 August 2004.

Up to 12 August 2002, no Options have been exercised.

### (b) Post-IPO Share Option Scheme

Pursuant to written resolution passed at the sole shareholder of the Company on 5 July 2002, the Company conditionally adopted the share option scheme, the principal terms of which are set out in the section head “Share Option Schemes” on Appendix IV of the Prospectus. Up to 12 August 2002, no option has been granted by the Company pursuant to such share option scheme.



## **DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBT SECURITIES**

Other than the share option schemes as described in the section headed "OUTSTANDING SHARE OPTIONS" above, as at 12 August 2002, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities, including debentures, of the Company or any other body corporate, and none of the directors and chief executive of the Company or their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such rights.

## **PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

The shares of the Company commenced trading on GEM on 12 August 2002. Up to 12 August 2002, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

## **SPONSOR'S INTEREST**

As updated and notified by the Company's sponsor, Hantec Capital Limited (the "Sponsor"), as at 12 August 2002, neither of the Sponsor, nor any of its respective directors, employees or associates (as referred to in Note 3 to Rules 6.35 of the GEM Listing Rules) had any interests in any class of securities of the Company or any member of the Group, or any right to subscribe for or to nominate persons to subscribe for the securities of the Company or any member of the Group.

Pursuant to the sponsor agreement dated 29 July 2002 entered into between the Company and the Sponsor, the Sponsor is entitled to receive a fee for acting as the Company's retained sponsor for the period from 12 August, 2002 to 31 March 2005.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

## **AUDIT COMMITTEE**

The Company established an audited committee on 5 July 2002 with the written terms of reference in compliance with rules 5.23, 5.24 and 5.25 of the GEM Listing Rules. The audit committee currently comprises Ms. Wu Wai Yee and Ms. Chow Wai Man, who are the independent non-executive Directors of the Company. The Group's unaudited quarterly results for the three months ended 30 June 2002 have been reviewed by the audit committee, who was of the opinion that such results complied with the applicable accounting standards, the Stock Exchange and legal requirements, and that adequate disclosures had been made.

By Order of the Board  
**Wong Yuen Yee**  
*Chairman*

Hong Kong, 13 August 2002.