



**TQ** **Third Quarterly Report 2003**

**INNO-TECH HOLDINGS LIMITED**  
**匯 創 控 股 有 限 公 司\***  
(incorporated in Bermuda with limited liability)

\* 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 characteristic 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 issuers.**

*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 bases and assumption that are fair and reasonable.*

## HIGHLIGHTS

- Turnover for the nine months ended 31 December 2003 amounted to approximately HK\$22,230,000, representing an increase of approximately 18.3% compared to amount reported in the corresponding period in 2002.
- Net profit from ordinary activities attributable to shareholders amounted to approximately HK\$3,942,000 for the nine months ended 31 December 2003 representing a decrease of approximately 48.0% compared to amount reported in the corresponding period in 2002.
- Earnings per share was approximately HK\$0.82 cents.
- The Board does not recommend the payment of a dividend for the nine months ended 31 December 2003.

## THIRD QUARTERLY RESULTS (UNAUDITED)

The board of directors (the “Directors”) of Inno-Tech Holdings Limited (the “Company”) (the “Board”) announces that the unaudited consolidated results of the Company and its subsidiaries (together the “Group”) for the three months and nine months ended 31 December 2003 together with the unaudited comparatives for the corresponding periods in 2002 are as follows:

	<i>Notes</i>	Unaudited three months ended 31 December 2003		Unaudited nine months ended 31 December 2003	
		<i>HK\$'000</i>	<i>2002 HK\$'000</i>	<i>HK\$'000</i>	<i>2002 HK\$'000</i>
Turnover	2	<b>7,270</b>	5,600	<b>22,230</b>	18,789
Cost of sales		<b>(2,418)</b>	(1,134)	<b>(5,601)</b>	(2,526)
Gross profit		<b>4,852</b>	4,466	<b>16,629</b>	16,263
Other revenue		<b>28</b>	–	<b>127</b>	105
Marketing and promotion expenses		<b>(743)</b>	(562)	<b>(3,569)</b>	(1,148)
Administrative expenses		<b>(1,665)</b>	(3,413)	<b>(7,239)</b>	(5,982)
Profit from operations		<b>2,472</b>	491	<b>5,948</b>	9,238
Finance costs		<b>(732)</b>	(127)	<b>(1,170)</b>	(250)
Profit from ordinary activities before taxation		<b>1,740</b>	364	<b>4,778</b>	8,988
Taxation	3	<b>(304)</b>	–	<b>(836)</b>	(1,405)
Profit attributable to shareholders		<b>1,436</b>	364	<b>3,942</b>	7,583
Earning per share – basic	5	<b>0.30 cents</b>	0.07 cents	<b>0.82 cents</b>	2.39 cents

Notes:

**1. Basis of consolidation**

The unaudited consolidated financial statements include the financial statements of the Company and all of its subsidiaries made up to 31 March of each year prepared on the basis of merger accounting.

The unaudited consolidated 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 and the disclosure requirements of the Hong Kong Companies Ordinance.

These financial statements also comply with the disclosure requirements of the Listing Rules of the Growth Enterprise Market ("GEM") ("GEM Listing Rules") of the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

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 17.5% (2002: 16%) of the estimated assessable profits arising in Hong Kong for the period.

**4. Interim dividend**

The Board does not recommend the payment of a dividend for the nine months ended 31 December 2003 (2002: Nil).

**5. Earnings per share**

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to shareholders for the three months and nine months ended 31 December 2003 of HK\$1,436,000 and HK\$3,942,000 respectively and on the weighted average of 477,102,174 shares and 479,030,545 shares respectively.

The calculation of basic earnings per share for the three months and nine months ended 31 December 2002 is based on the unaudited consolidated profit attributable to shareholders for the three months and six months ended 31 December 2002 of HK\$364,000 and HK\$7,583,000 respectively and on the weighted average of 480,000,000 shares and 317,636,364 shares respectively.

The diluted earnings per share is not shown as it is not materially different from the basic earnings per share.

## 6. Reserves

	Share premium <i>HK\$'000</i>	Contributed surplus <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2003	10,643	5,625	10,196	26,464
Profit for the period	–	–	3,942	3,942
Arising from reduction in issued share capital immediately after the Company repurchased 4,300,000 ordinary shares during the period	(582)	–	–	(582)
As at 31 December 2003	10,061	5,625	14,138	29,824

## REVIEW AND OUTLOOK

### Financial Performance

For the three months and nine months ended 31 December 2003, turnover of the Group amounted to approximately HK\$7,270,000 and HK\$22,230,000 respectively, as compared to approximately HK\$5,600,000 and HK\$18,789,000 for the corresponding periods in 2002.

The Company posted a net profit of approximately HK\$1,436,000 and HK\$3,942,000 for the three months and nine months ended 31 December 2003, as compared to the net profit of approximately HK\$364,000 and HK\$7,583,000 for the corresponding periods in 2002.

### Business Review

During the period under review, the Company dedicated its efforts to further strengthening the positioning of its products and markets.

The board design of version 4.0 of i-Panel had been finalised during the period. I-Panel version 4.0 is designed to integrate with additional features supporting wireless LAN, personal digital assistant connection, unified messaging system and remote video monitoring system. To further upgrade its i-Panel, the Company decided to modify i-Panel version 4.0 as to integrate with home automation control devices, and the modified version is expected to be completed in mid of 2004.

In terms of market development, a joint venture (“JV”) of the Group with United Premier Medical Group Limited (“UPMG”) was announced in December 2003 for the provision of consultancy, training and management services for the operation of specialty/boutique hospitals and medical centres and VIP units in hospitals in the Peoples Republic of China (“PRC”). It is expected that the JV Company will established three to four VIP units in hospitals in the PRC in 2004.

UPMG is principally engaged in the business of provision of medical consultation services. It has formed a VIP birthing centre and women services in Shanghai, the PRC, providing services in relation to obstetrics and gynecology section. Ultimately, UPMG will established a variety of specialty centres and hospitals to provide a full range of services in the major cities of the PRC. In order to provide the state-of-the-art medical and healthcare services in the PRC, UPMG closely collaborates with one of the reputable medical leaders in the United States of America (“U.S.”), namely Johns Hopkins International (“JHI”). JHI is an affiliate company of Johns Hopkins Medicine. According to U.S. News & World Report, the hospital and health system developed by

JHI has been regarded as the leading system in the U.S. for the past 13 years. UPMG also maintains a good business network with various health education institutes, hospitals and universities in the PRC. Moreover, UPMG has a multi-disciplinary team of highly qualified professionals who deploy sophisticated diagnostic imaging equipment, laboratory analysis, evaluations and medical testing in providing their services.

The Group continued to devote its ongoing marketing efforts on its principal business being the provision of intranet design for residential communities and e-property management software application consulting services. Meanwhile, the Company continued to form strategic alliances with its business partners in the fields of residential property, education and medical and health care to enhance its market presence.

### **Business Outlook**

The PRC is the largest developing country in the world with a tremendous potential for the development. The PRC per-capita gross domestic product over the past years suggested that there are still potential for long-term sustainable economic growth. The Group believes that the PRC's economy will continue its growth in 2004 and also expects that the increase in demand for higher living standard would be one of the important growth driver of their quality services in the fields of residential property, education and medical and health care. The Directors are of the view that there is an ample market potential for the development of the Group's business in the PRC. The Group will pay close attention to the operating environment in the PRC and Hong Kong especially due to the anticipated recovery of the global and local economies.

### **SHARE OPTION SCHEME**

#### **(i) Pre-IPO Share Option Scheme**

Pursuant to the pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") adopted by the Company on 5 July 2003, the principal terms of which were set out in the prospectus of the Company dated 30 July 2002 (the "Prospectus"), there were 48,000,000 share options granted to the grantees. Details of which are as follows:

	<b>Number of share options outstanding as at 31 December 2003</b>	<b>Exercise price per share</b>	<b>Exercise period</b>
Pre-IPO Share Option Scheme	48,000,000	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 under the Pre-IPO Share Option Scheme. Up to 31 December 2003, no options under the Pre-IPO Share Option Scheme have been exercised.

#### **(ii) 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 headed "Share Option Schemes" on Appendix IV of the Prospectus. Up to 31 December 2003, no option has been granted by the Company pursuant to such share option scheme.

## INTERESTS OF THE DIRECTORS, SUPERVISORS OR CHIEF EXECUTIVES IN THE SHARE CAPITAL OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2003, the interests (including interests in shares and short positions) of the Directors, supervisors or chief executives in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”) which were notified to the Company and the Stock Exchange pursuant to: (a) Divisions 7 and 8 of part XV of the SFO (including interests and short positions which each of them is taken or deemed to have taken under such provisions of the SFO); or (b) which were required pursuant to section 352 or the SFO to be entered in the register referred to in that section; or (c) were 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:

### a. Long positions in shares

Name of Director	Personal Interests	Number of shares held			Other Interests	Approximate % of holding
		Family Interests	Corporate Interests			
Ms. Wong Yuen Yee ( <i>note 1</i> )	–	–	54,317,256	–	11.42%	
Mr. Wong Kwok Sing ( <i>note 1</i> )	–	–	54,317,256	–	11.42%	
Mr. Wong Yao Wing, Robert ( <i>note 1</i> )	–	–	54,317,256	–	11.42%	
Mr. Lam Shiu San ( <i>note 1</i> )	–	–	12,287,302	–	2.58%	
Ms. Wu Wai Yee ( <i>note 2</i> )	–	–	3,600,000	–	0.75%	
Ms. Chow Wai Man ( <i>note 3</i> )	912,000	–	–	–	0.19%	

#### Notes:

- Each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing 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. Wong Yao Wing, Robert, Mr. Lam Shiu San and Mr. Chow Kam Wing as to 30.9%, 30.9%, 30.9%, 6.99% and 0.31% respectively.
- Wingly Group Ltd. owns 3,600,000 shares and is owned by Ms. Wu Wai Yee, Annis, an independent non-executive Director, and Ms. To Po Yim in equal shares. Each of Ms. Wu Wai Yee, Annis and Ms. To Po Yim is deemed to be interested in 3,600,000 shares, representing approximately 0.75% interests in the Company under the SFO.
- Ms. Chow Wai Man, Grace is an independent non-executive Director who resigned on 9 February 2004.

*b. Long positions in the underlying shares of equity derivatives*

Pursuant to the Pre-IPO Share Option Scheme adopted by the Company on 5 July 2002, certain Directors and senior management of the Company were granted share options to subscribe for shares, details of which as at 31 December 2003 were as follows:

<b>Name of Directors</b>	<b>Nature of Interest</b>	<b>Number and description of equity derivatives</b>	<b>Number of underlying shares</b>
Ms. Wong Yuen Yee	Personal	Pre-IPO Share Option to subscribe for 4,800,000 Shares pursuant to the Pre-IPO Share Option Scheme	4,800,000
Mr. Wong Kwok Sing	Personal		4,800,000
Mr. Wong Yao Wing, Robert	Personal		4,800,000
Mr. Lam Shiu San	Personal		4,800,000

<b>Name of senior management of the Company</b>	<b>Nature of Interest</b>	<b>Number and description of equity derivatives</b>	<b>Number of underlying shares</b>
Mr. Chow Kam Wing	Personal	Pre-IPO Share Option to subscribe for 4,800,000 Shares pursuant to the Pre-IPO Share Option Scheme	4,800,000
Ms. Wong Yuen Man, Alice	Personal		4,800,000

No option granted under the Pre-IPO Share Option Scheme was cancelled or lapsed since the date of grant.

*c. Short positions in shares*

No short positions of the Directors and the chief executives of the Company in the shares of the Company and their associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.40 of the GEM Listing Rules.



*d. Short positions in the underlying shares of equity derivatives*

No short positions of the Directors and the chief executives of the Company in the underlying shares of the equity derivatives of the Company and their associated corporations were recorded in the register or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.40 of the GEM Listing Rules.

Save as disclosed above, as at 31 December 2003, none of the Directors or their associates had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or recorded in the register kept by the Company pursuant to Section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

**INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURE ORDINANCE AND SUBSTANTIAL SHAREHOLDERS**

As at 31 December 2003, so far is known to the Directors, the following persons (other than the Directors or chief executive of the Company) had an interest and/or a short position in the shares and/or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of part XV of the SFO and/or required to be entered in the register maintained by the Company pursuant to Section 336 of SFO and/or were directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

*a. Long positions in shares*

<b>Name</b>	<b>Number of shares</b>	<b>Percentage of shareholding</b>
Multiturn Trading Limited ( <i>Note 1</i> )	175,784,000	36.95%
Rexy Investment Limited ( <i>Note 2</i> )	57,600,000	12.10%
Plotio Limited ( <i>Note 2</i> )	57,600,000	12.10%
HyComm Wireless Limited ( <i>Note 2</i> )	57,600,000	12.10%

*Notes:*

1. Multiturn Trading Limited is beneficially owned by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert, Mr. Lam Shiu San and Mr. Chow Kam Wing as to 30.9%, 30.9%, 30.9%, 6.99% and 0.31% respectively.
2. Rexy Investment Limited is a wholly-owned subsidiary of Plotio Limited, which is wholly-owned by HyComm Wireless Limited, a company listed on the main board of the Stock Exchange.

*b. Long positions in the underlying shares of equity derivatives*

<b>Name</b>	<b>Nature of Interest</b>	<b>Number and description of equity derivatives</b>	<b>Number of underlying shares</b>
Multiturn Trading Limited	Corporate	Pre-IPO Share Option to subscribe for 19,200,000 shares pursuant to the Pre-IPO Share Option Scheme	24,000,000

*Notes:*

1. Multiturn Trading Limited is beneficially owned by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert, Mr. Lam Shiu San and Mr. Chow Kam Wing as to 30.9%, 30.9%, 30.9%, 6.99% and 0.31% respectively. Pursuant to the Pre-IPO Share Option Scheme, each of them was granted 4,800,000 shares.
2. No option granted under the Pre-IPO Share Option Scheme was cancelled or lapsed since the date of grant.

*c. Short positions in shares*

No short positions of other persons and substantial shareholders in the shares of the Company were recorded in the register.

*d. Short positions in the underlying shares of equity derivatives*

No short positions of other persons and substantial shareholders in the underlying shares of equity derivatives of the Company were recorded in the register.

Save as disclosed above, as at 31 December 2003, there was no person (other than the Directors or chief executive of the Company) so far as known to any of the Directors, who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group.

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

On 8 October 2003 and 9 October 2003, the Company repurchased 2,000,000 shares at HK\$0.140 per share and 2,300,000 shares at HK\$0.148 per share respectively.

Save as disclosed above, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the nine months ended 31 December 2003.

## **SPONSOR'S INTEREST**

As updated and notified by the Company's sponsor, Hantec Capital Limited (the "Sponsor"), as at 31 December 2003, neither 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 rights 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 of the Company or any of their respective associates (as defined in the GEM Listing Rules) 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 audit 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, Annis and Mr. Wong Tak Leung, Charles, who are the independent non-executive Directors. The Group's unaudited results for the nine months ended 31 December 2003 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.

## **COMPLIANCE WITH RULES 5.28 TO 5.39 (SAVE AS RULE 5.30) OF THE GEM LISTING RULES**

The Company has complied throughout the period of nine months ended 31 December 2003 the minimum standards of good practice concerning the general management responsibilities of the Board as set out in Rules 5.28 to 5.39 (save as Rule 5.30) of the GEM Listing Rules.

By Order of the Board  
**Inno-Tech Holdings Limited**  
**Wong Yuen Yee**  
*Chairman*

Hong Kong, 12 February 2004