



**INNO-TECH HOLDINGS LIMITED**  
**匯創控股有限公司\***  
(Incorporated in Bermuda with limited liability)

Intelligent Communities for  
Modern Day Living

智慧社區 時尚生活

時尚生活

智慧社區



Intelligent Communities  
for Modern Day Living

Intelligent Communities

**THIRD**  
**QUARTERLY**  
**REPORT** 2005

\* 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 (the “Directors”) 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.*

The Directors of the Company as at the date of this document are:

*Executive Directors:*

Ms. Wong Yuen Yee (*Chairman*)  
Mr. Wong Yao Wing, Robert (*Deputy Chairman*)  
Mr. Wong Kwok Sing (*Chief Executive Officer*)  
Mr. Lam Shiu San

*Independent non-executive directors:*

Mr. Wong Tak Leung, Charles  
Ms. Wu Wai Yee, Annis  
Ms. Ho Chui Yin, Liwina

**HIGHLIGHTS**

- Turnover for the nine months ended 31 December 2005 amounted to approximately HK\$67,816,000 representing an increase of approximately 30.9% compared to the amount reported in the corresponding period in 2004.
- Net profit attributable to shareholders amounted to approximately HK\$8,724,000 for the nine months ended 31 December 2005 representing an increase of approximately 78.4% as compared to amount reported in the corresponding period in 2004.
- Earnings per share was approximately HK1.50 cents.
- The Board does not recommend the payment of a dividend for the nine months ended 31 December 2004.

### THIRD QUARTERLY RESULTS (UNAUDITED)

The board (the “Board”) of directors (the “Directors”) of Inno-Tech Holdings Limited (the “Company”) announces that the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2005 together with the unaudited comparatives for the corresponding periods in 2004 are as follows:

	<i>Note</i>	Unaudited Three months ended 31 December		Unaudited Nine months ended 31 December	
		2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>	2005 <i>HK\$'000</i>	2004 <i>HK\$'000</i>
Turnover	2	<b>15,383</b>	21,949	<b>67,816</b>	51,794
Cost of sales		<b>(10,962)</b>	(15,498)	<b>(43,838)</b>	(34,951)
Gross profit		<b>4,421</b>	6,451	<b>23,978</b>	16,843
Other revenue		<b>300</b>	153	<b>584</b>	192
Marketing and promotion expenses		<b>(369)</b>	(337)	<b>(1,196)</b>	(1,408)
Administrative expenses		<b>(2,793)</b>	(2,277)	<b>(8,315)</b>	(6,254)
Profit from operations		<b>1,559</b>	3,990	<b>15,051</b>	9,373
Finance costs		<b>(1,438)</b>	(1,065)	<b>(4,047)</b>	(2,905)
Share of losses less profits of associates and jointly controlled entities		<b>(63)</b>	(149)	<b>(354)</b>	(446)
Profit from ordinary activities before taxation		<b>58</b>	2,776	<b>10,650</b>	6,022
Taxation	3	<b>(21)</b>	(512)	<b>(1,926)</b>	(1,132)
		<b>37</b>	2,264	<b>8,724</b>	4,890
Minority interest		<b>–</b>	–	<b>–</b>	–
Profit attributable to Shareholders		<b>37</b>	2,264	<b>8,724</b>	4,890
Earning per share – basic	5	<b>0.006 cents</b>	0.44 cents	<b>1.50 cents</b>	0.98 cents

Notes:

**1. Basis of preparation and accounting policies**

The unaudited condensed consolidated quarterly financial statements (“quarterly financial statements”) of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (which also include Statements of Standard Accounting Practice and Interpretations) (“HKFRS”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited (the “GEM Listing Rules”). The quarterly financial statements have been prepared under historical cost convention.

The accounting policies and basis of preparation used in the preparation of the unaudited consolidated results for the nine months ended 31 December 2005 are consistent with those used in the Company’s annual financial statements for the year ended 31 March 2005, except for the adoption of certain new and revised Hong Kong Financial Reporting Standards (“HKFRSs”), issued by HKICPA which are effective for accounting period beginning on or after 1 January 2005. The adoption of these HKFRSs has no material impact on the operating result and financial position of the Group.

The unaudited consolidated results for the nine months ended 31 December 2005 have not been audited by the Company’s auditors, but have been reviewed by the Company’s audit committee.

**2. Turnover**

Turnover represents the amounts received and receivable for the provision of residential intranet, e-property management software application consulting services and sales of home-automation and other products.

The Group’s turnover and operating profit are entirely derived from the design of residential intranet, provision of e-property management software application consulting services and trading of home automation and other products in Hong Kong. Accordingly, the directors consider the analysis by business and geographical segments are not required.

**3. Taxation**

Provision for Hong Kong profits tax is calculated at 17.5% (2004: 17.5%) on the estimated assessable profits arising in Hong Kong for the period.

**4. Interim dividend**

The Directors do not recommend the payment of an interim dividend for the nine months ended 31 December 2005 (2004: 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 2005 of HK\$37,000 and HK\$8,724,000 respectively and on the weighted average of 586,950,000 shares and 582,979,090 shares respectively.

The calculation of basic earnings per share for the three months and nine months ended 31 December 2004 is based on the unaudited consolidated profit attributable to shareholders for the three months and nine months ended 31 December 2004 of HK\$2,264,000 and HK\$4,890,000 respectively and on the weighted average of 507,286,957 shares and 495,750,000 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>	Capital redemption reserve <i>HK\$'000</i>	Retained profits <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 April 2004	12,068	5,625	43	13,894	31,630
Profit for the period	–	–	–	4,890	4,890
Arising from issue of share net of related expenses	3,305	–	–	–	3,305
As at 31 December 2004	<u>15,373</u>	<u>5,625</u>	<u>43</u>	<u>18,784</u>	<u>39,825</u>
As at 1 April 2005	15,370	5,625	43	19,613	40,651
Profit for the period	–	–	–	8,724	8,724
Arising from issue of share net of related expenses	1,587	–	–	–	1,587
As at 31 December 2005	<u>16,957</u>	<u>5,625</u>	<u>43</u>	<u>28,337</u>	<u>50,962</u>

## REVIEW AND OUTLOOK

### Review

The Group had recorded a turnover of approximately HK\$67,816,000 for the nine months ended 31 December 2005 representing an increase of 30.9% as compared to the corresponding period in 2004. Profit attributable to shareholders amounted to approximately HK\$8,724,000 representing an increase of 78.4% as compared to the corresponding period in 2004.

Average gross profit margin was approximately 35.4% for the nine months ended 31 December 2005. Average gross profit margin in respect of sale of i-Panel and home automation equipment and related products is 27.5% which is relatively lower than in respect that of sale of provision of residential intranet and software application design, development and installation services which was 57.4%.

Turnover for the three months ended 31 December 2005 was 15,383,000, representing a decrease of 29.9% as compared to the corresponding period in 2004. The drop in turnover was mainly relate to the slow down in provision of residential intranet and software application design service.

On 22 December 2005, the Company announced that Cyberworks Technology Limited had entered into the Sale & Purchase Agreement with independent third parties for the sale and purchase of the Properties at the aggregate cash consideration of HK\$6,100,000. The transaction was completed in January 2006 and the circular dispatched on 9 January 2006.

The Company will use the Properties to facilitate the continuing development and marketing of the Group's products as well as to enhance the Company's business in Hong Kong.

Along with the completion of the transaction, the value of the net assets of the Group will be increased as compared to the net asset value of the Group as at 31 March 2005. At the same time, the liabilities of the Company will also increase as the Properties will be mortgaged to finance. The transaction will have any immediate material effect on the earnings, assets and liabilities of the Company or the Group.

## **Outlook**

With the sustainable development of Chinese economy and gradual enhancement of economic strengthen, the size of the Chinese economy is likely to climb, in the world rankings, from its current position as the sixth largest to the second largest by 2030, according to economists with global investment bank Lehman Brothers. The World Bank also projected Chins' economic growth of 9.2 percent in 2006.

For the business outlook, the overall market environment especially in intelligent building is optimistic. The Directors believe that the intelligent buildings with high technology and energy-save design is the major trend in residential building of China in 2006. The Directors foresee that there will be an increasing demand for our Adbus products in residential communities of China.

## **SHARE CONSOLIDATION**

Reference are made to the announcements of the Company dated 6 February 2006 and the circular dispatched by the Company on 13 January 2006. It was announced that at the Special General Meeting ("SGM") of the Company held on 2 February 2006, all the ordinary resolutions in relation to the Share Consolidation, the variation of general mandates to issue new shares and repurchase shares, the variation of the special mandate to issue shares pursuant to the exercise of the conversion rights attaching to the 2008 Notes, as set out in the notice of the SGM dated 13 January 2006, were duly passed by the Shareholders by way of show of hands. Subsequently, the Share Consolidation became effective from 7 February 2006.

As the Share Consolidation was effected after 31 December 2005, all the figures stated in this report are the figures before Share Consolidation.

## **SHARE OPTION SCHEME**

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

The Company's pre-IPO share option scheme ("Pre-IPO Share Option Scheme") adopted on 5 July 2002, 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. As at the Latest Practicable Date, no options under the Pre-IPO Share Option Scheme have been exercised and there were 3,360,000 share options have been cancelled and non-exercised. The remaining 44,640,000 share options under the Pre-IPO Share Option Scheme will lapse on 4 July 2012.

### **(ii) Post-IPO Share Option Scheme**

Pursuant to a written resolution passed by the sole share holder of the Company on 5 July 2002, the Company adopted post-IPO share option scheme ("Post-IPO Share Option Scheme").

As at the Latest Practicable Date, there were 47,570,000 share options and 57,200,000 share options granted to grantees on 6 January 2004 and 20 September 2005 respectively. There were 29,650,000 share options under the Post-IPO Share Option Scheme have been exercised and no options has been cancelled. The remaining 33,320,000 share options and 41,800,000 share options under the Post-IPO Share Option Scheme will lapse on 5 January 2014 and 19 September 2015 respectively.



## DISCLOSURE OF INTERESTS

### (a) Directors' and chief executives' interests in the Company

As at the Latest Practicable Date, the interests or short position of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and Section 347 of the SFO (including interests or short positions which is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange are as follows:

#### (i) Beneficial interest and short position in Shares as at the Latest Practicable Date:

Name of the Director	Capacity and nature of interest	Shares/ equity derivatives	Number/amount of Shares/equity derivatives held	Percentage of the Company's issued share capital as at the Latest Practicable Date
Ms. Wong Yuen Yee (Note 1)	Corporate	Shares	194,724,000	32.33%
Mr. Wong Kwok Sing (Note 1)	Corporate	Shares	194,724,000	32.33%
Mr. Wong Yao Wing, Robert (Note 1)	Corporate	Shares	194,724,000	32.33%
Mr. Lam Shiu San (Note 1)	Corporate	Shares	194,724,000	32.33%
Ms. Wu Wai Yee, Annis (Note 2)	Corporate	Shares	3,600,000	0.60%

#### Notes:

1. The 194,724,000 Shares are held by Multiturn Trading Limited, which is beneficially owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San, respectively. Accordingly each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San is deemed to be interested in the 194,724,000 Shares held by Multiturn Trading Limited under the SFO.
2. Winly 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 share. Accordingly, Ms. Wu Wai Yee, Annis is deemed to be interested in the 3,600,000 Shares held by Winly Group Limited under the SFO.

(ii) *Beneficial interests and short positions in underlying shares of equity derivatives of the Company as at the Latest Practicable Date:*

Directors	Date of option granted	No. of Shares attached to the option	Exercisable period	Exercise price per Share HK\$
Ms. Wong Yuen Yee	5 July 2002	4,800,000	5 July 2002 to 4 July 2012	0.14
Ms. Wong Yuen Yee	6 January 2004	4,757,000	6 January 2004 to 5 January 2014	0.11
Ms. Wong Yuen Yee	20 September 2005	5,800,000	20 September 2005 to 19 September 2015	0.057
Mr. Wong Kwok Sing	5 July 2002	4,800,000	5 July 2002 to 4 July 2012	0.14
Mr. Wong Kwok Sing	6 January 2004	4,757,000	6 January 2004 to 5 January 2014	0.11
Mr. Wong Kwok Sing	20 September 2005	5,800,000	20 September 2005 to 19 September 2015	0.057
Mr. Lam Shiu San	5 July 2002	4,800,000	5 July 2002 to 4 July 2012	0.14
Mr. Lam Shiu San	6 January 2004	4,757,000	6 January 2004 to 5 January 2014	0.11
Mr. Lam Shiu San	20 September 2005	5,800,000	20 September 2005 to 19 September 2015	0.057
Mr. Wong Yao Wing, Robert	5 July 2002	4,800,000	5 July 2002 to 4 July 2012	0.14
Mr. Wong Yao Wing, Robert	6 January 2004	4,757,000	6 January 2004 to 5 January 2014	0.11
Mr. Wong Yao Wing, Robert	20 September 2005	5,800,000	20 September 2005 to 19 September 2015	0.057

Save as disclosed, as at the Latest Practicable Date, none of Directors or chief executives of the Company has any interests or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of 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 (including interests or short positions which is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares 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 is expected, directly or indirectly, to be 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 member of the Group:

Name	Capacity and nature of interest	Shares/equity derivatives	Number/amount of Shares/equity derivatives held	Percentage of the Company's issued share capital as at the Latest Practicable Date
Multiturn Trading Limited	Corporation (Note 1)	Shares	194,724,000	32.33%
Rexy Investment Limited	Corporation (Note 2)	Shares	57,600,000	9.56%

### Notes:

1. Multiturn Trading Limited is owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Siu San, respectively, all of whom are executive Directors.
2. Rexy Investment Limited is wholly owned by Plotio Limited, which is wholly owned by HyComm Wireless Limited, a company listed on the Main Board of the Stock Exchange.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares 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 is expected, directly or indirectly, to be 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 member of the Group.

## **SPONSOR'S INTEREST**

As at the Latest Practicable Date, the Company does not have any sponsor, the previous sponsor's agreement has expired on 31 March 2005.

## **COMPETING INTERESTS**

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) or any of their respective associates had any interest in any business which competes or may compete with the business of the Group or have or may have any conflicts with the interests of the Group.

## **LITIGATION**

As at the Latest Practicable Date, no member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

## **DIRECTORS' SERVICE CONTRACTS**

Each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Lam Shiu San and Mr. Wong Yao Wing, Robert, who are executive Directors, has entered into a service contract with the Company. Each service contract is of two years duration commencing on 1 April 2002 and shall continue thereafter until terminated by either party giving to the other not less than three months' prior written notice expiring not earlier than the date of expiry of the said initial fixed term of two years. As at 31 December 2005, none of these service contracts have been terminated by either party.

No service contract entered into between the Company and the independent non-executive Directors.

Save as disclosed, none of the Directors or proposed Directors has entered into any service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

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

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the period.

## AUDIT COMMITTEE

The Company's audit committee comprises of three members, namely Mr. Wong Tak Leung, Charles ("Mr. Wong"), Ms. Wu Wai Yee, Annis ("Ms. Wu") and Ms. Ho Chui Yin, Liwina ("Ms. Ho"), all of whom are independent non-executive Directors.

Ms. Wu is the director of Annis Wu & Associates Limited which engages in financial advisory services. She has over 16 years of experience in banking, financial consulting and auditing with foreign banks, local regulatory bodies and international accounting firms. Ms. Wu holds a higher diploma in accountancy and is an associate member of the Hong Kong Institute of Certified Public Accountants.

Ms. Ho, is a member of the Royal Institution of Chartered Surveyors, member of Hong Kong Institute of Surveyors, Member of Chartered Institute of Arbitrators and associate member of Hong Kong Institute of Arbitrators. Ms. Ho obtained a professional diploma in Quantity Surveying from the University of Hong Kong Polytechnic in 1988 and a degree in Master of Science in Construction Project Management from the University of Hong Kong in 1997. Ms. Ho is currently a resident Quantity Surveyor to Widnell Ltd. Prior to her current position, Ms. Ho has worked for various property developers and surveyor firms since 1988.

Mr. Wong, graduated from the University Hong Kong in 1972 with a bachelor degree of Science and became a Solicitor of the Supreme Court of Hong Kong in 1976, a solicitor of the Supreme Court of England & Wales in 1978, Barrister & Solicitor of the Supreme Court of Victoria, Australia in 1983, a Notary Public since 1987, Advocate & Solicitor of Supreme Court of Republic of Singapore in 1990. Mr. Wong is currently a partner of Messrs. Lo, Wong & Tsui, Solicitors and a non-executive director of Soundwill Holdings Limited. Mr. Wong is a Temporary Deputy Registrar of the High Court and he is also an Assistant Chief Commissioner of the Scout Association of Hong Kong.

None of the three audit committee members have served or are serving as directors of other companies listed on the GEM or the Main Board of the Stock Exchange or any other stock exchanges. The primary duties of the audit committee are to review the Company's annual report and financial statements, half-yearly and quarterly reports and to provide advice and comments with the respect to internal control to the Board.

## COMPLIANCE WITH RULES 5.34 TO 5.45 OF THE GEM LISTING RULES

The Company has complied throughout the period of nine months ended 31 December 2005 the minimum standards of good practice concerning the general management responsibilities of the Board as set out in Rules 5.34 to 5.45 of the GEM Listing Rules.

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

Hong Kong, 13 February 2006.