



**INNO-TECH  
HOLDINGS LIMITED**  
**匯創控股有限公司\***

(Incorporated in Bermuda with limited liability)  
(Stock Code: 8202)

**2010 / 2011**

Interim Report

\* 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 positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the 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 a 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.**

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*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 GEM of the Stock Exchange for the purpose of giving information with regard to Inno-Tech Holdings Limited. The Directors 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.*

## CORPORATE INFORMATION

### Board of Directors

- Mr. Chen Chuan (*Chairman*)  
(appointed on 19 January 2011)
- Ms. Wong Yuen Yee (*Chairman*)  
(resigned on 19 January 2011)
- Mr. Wong Yao Wing, Robert  
(*Deputy Chairman*)  
(resigned on 31 January 2011)
- Mr. Ang Wing Fung
- Ms. Wong On Yee\*
- Mr. Chu Woon Yuen\*  
(resigned on 15 December 2010)
- Ms. Au Yuk Kit\*
- Ms. Lu Di\*  
(appointed on 15 December 2010)

\* Independent non-executive Directors

### Compliance Officer

- Mr. Wong Yao Wing, Robert  
(resigned on 31 January 2011)
- Mr. Chen Chuan  
(appointed on 31 January 2011)

### Authorised Representatives

- Mr. Wong Yao Wing, Robert  
(resigned on 31 January 2011)
- Ms. Wong Yuen Yee  
(resigned on 19 January 2011)
- Mr. Chen Chuan  
(appointed on 31 January 2011)
- Mr. Ang Wing Fung  
(appointed on 19 January 2011)

### Company Secretary

- Mr. Li Kar Fai, Peter, *CPA*

### Audit Committee Members

- Ms. Wong On Yee  
(*Chairman of audit committee*)
- Mr. Chu Woon Yuen  
(resigned on 15 December 2010)
- Ms. Au Yuk Kit
- Ms. Lu Di  
(appointed on 15 December 2010)

### Auditors

- Crowe Horwath (HK) CPA Limited

### Legal Advisers to the Company

- Troutman Sanders (*as to Hong Kong Laws*)  
Tang, Tso & Lau Solicitors  
(*as to Hong Kong Laws*)

### Principal Bankers

- Wing Lung Bank Limited  
Shanghai Commercial Bank Limited

### Registered Office

- Clarendon House  
2 Church Street  
Hamilton HM 11  
Bermuda

### Head Office and Principal Place of Business

- Room 606, 6th Floor  
MassMutual Tower  
38 Gloucester Road  
Wanchai  
Hong Kong

### Principal Share Registrars and Transfer Office

- The Bank of Bermuda Limited  
6 Front Street  
Hamilton HM 11  
Bermuda

### Hong Kong Branch Share Registrars and Transfer Office

- Computershare Hong Kong  
Investor Services Limited  
46th Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### Company Website

- <http://www.it-holdings.com.hk>

### Gem Stock Code

- 8202

## HIGHLIGHTS

- Revenue for the six months ended 31 December 2010 amounted to approximately HK\$11,059,000, representing an increase of approximately 86% as compared to amount reported in the corresponding period in 2009.
- Loss from ordinary activities attributable to equity holders amounted to approximately HK\$29,248,000 for the six months ended 31 December 2010.
- Basis loss per share amounted to HK\$0.28 for the six months ended 31 December 2010.
- The Board did not recommend the payment of a dividend for the six months ended 31 December 2010.

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

The board of directors (the "Board") of Inno-Tech Holdings Limited (the "Company") are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31 December 2010 as follow:-

	Notes	Unaudited three months ended 31 December		Unaudited six months ended 31 December	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
<b>Continuing operations:</b>					
Revenue	3	10,916	4,939	11,059	5,938
Cost of sales		(10,183)	(4,076)	(12,853)	(4,737)
Gross profit/(loss)		733	863	(1,794)	1,201
Other revenue		1,355	6,090	1,355	13,547
Marketing and promotion expenses		(694)	(2,776)	(1,363)	(3,475)
Administrative expenses		(11,847)	(8,840)	(19,484)	(18,306)
Finance costs		(2,767)	(1,679)	(4,945)	(2,693)
Share of profits/(losses) of associates and jointly controlled entities		(2)	1,587	(2)	2,318
Loss on disposal of trading securities		(727)	-	(1,589)	-
(Loss)/gain on fair value change in trading securities		(243)	-	100	-
Deemed loss on disposal of associates		-	(754)	-	(754)
<b>Loss before income tax expenses from continuing operations</b>	4	(14,192)	(5,509)	(27,722)	(8,162)
Income tax expenses	5	(387)	-	(387)	-
<b>Loss for the period from continuing operations</b>		(14,579)	(5,509)	(28,109)	(8,162)
<b>Discounting operation:</b>	6				
Loss for the period from discounting operation		(843)	(7,969)	(1,687)	(7,969)
<b>Loss for the period</b>		(15,422)	(13,478)	(29,796)	(16,131)
<b>Other comprehensive loss for the period</b>					
Exchange difference acting on translation of foreign operations		26	108	(8)	108
<b>Total comprehensive loss for the period</b>		(15,396)	(13,370)	(29,804)	(16,023)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 December 2010

	Notes	Unaudited three months ended 31 December		Unaudited six months ended 31 December	
		2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
<b>Loss for the period attributable to:</b>					
Owners of the Company		(15,278)	(13,123)	(29,248)	(15,776)
Non-controlling interests		(144)	(355)	(548)	(355)
		(15,422)	(13,478)	(29,796)	(16,131)
<b>Total comprehensive loss attributable to:</b>					
Owners of the Company		(15,252)	(13,015)	(29,256)	(15,668)
Non-controlling interests		(144)	(355)	(548)	(355)
		(15,396)	(13,370)	(29,804)	(16,023)
<b>Loss per share attributable to owners of the Company</b>	7				
From continuing and discounting operations – Basic and diluted		(0.15)	(Restated) (0.28)	(0.28)	(Restated) (0.34)
From continuing operations – Basic and diluted		(0.14)	(0.12)	(0.27)	(0.17)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	Unaudited 31 December 2010	Audited 30 June 2010
<b>Non-current assets</b>			
Property, plant and equipment	9	14,377	17,469
Intangible assets	10	17,403	22,526
Interest in associates	11	1,790	1,792
Goodwill		89,679	–
Deposit for acquisition of a subsidiary		–	10,000
		<b>123,249</b>	51,787
<b>Current assets</b>			
Trading securities	12	7,444	7,495
Inventories	13	1,434	1,404
Accounts receivable	14	1,985	182
Prepayments, deposits and other receivables		7,337	845
Amount due from minority shareholder of a subsidiary		3,767	–
Promissory notes receivable	15	37,777	38,573
Cash and cash equivalents		23,315	10,283
		<b>83,059</b>	58,782
Assets classified as held for sale	16	47,045	46,156
		<b>130,104</b>	104,938

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	Unaudited 31 December 2010	Audited 30 June 2010
<b>Current liabilities</b>			
Trade payables, accrued expenses and other payables	17	<b>13,476</b>	6,721
Amounts due to directors		<b>3,949</b>	568
Deferred revenue		<b>2,421</b>	–
Tax payable		<b>391</b>	–
Deposit received from disposal of subsidiaries		<b>13,000</b>	–
Purchase consideration payable		<b>11,000</b>	–
Convertible notes	18	<b>71,182</b>	14,076
		<b>115,419</b>	21,365
Liabilities of a disposal group classified as held for sale	16	<b>27,585</b>	26,037
		<b>143,004</b>	47,402



## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2010

	Notes	Unaudited 31 December 2010	Audited 30 June 2010
<b>Net current (liabilities)/assets</b>		<b>(12,900)</b>	57,536
<b>Total assets less current liabilities</b>		<b>110,349</b>	109,323
<b>Non-current liabilities</b>			
Deferred taxation		<b>1,403</b>	1,403
Convertible notes	18	<b>20,885</b>	52,676
		<b>22,288</b>	54,079
<b>NET ASSETS</b>		<b>88,061</b>	55,244
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	19	<b>1,200</b>	74,203
Reserve		<b>77,743</b>	(28,408)
		<b>78,943</b>	45,795
Non-controlling interest		<b>9,118</b>	9,449
<b>TOTAL EQUITY</b>		<b>88,061</b>	55,244

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2010

	Attributable to owners of the Company										Non-controlling interest	Total	
	Share capital	Share premium	Share options reserve	Convertible notes reserve	Contributed surplus	Capital redemption reserve	Exchange reserve	Investment revaluation reserve	Accumulated losses	Attributable to owners of the Company			Non-controlling interest
At 1 July 2009	42,884	441,580	36,398	8,631	5,625	43	(205)	(640)	(451,332)	82,984	-	82,984	
Loss for the period	-	-	-	-	-	-	-	-	(15,776)	(15,776)	(355)	(16,131)	
Exchange difference on consolidation	-	-	-	-	-	-	108	-	-	108	-	108	
Total comprehensive loss for the period	-	-	-	-	-	-	108	-	(15,776)	(15,668)	(355)	(16,023)	
Issuance of shares upon exercise of share options	40	246	(134)	-	-	-	-	-	-	152	-	152	
Recognition of equity component of convertible note	-	-	-	15,184	-	-	-	-	-	15,184	-	15,184	
Issuance of shares upon conversion of convertible notes	6,309	21,888	-	(6,620)	-	-	-	-	-	21,587	-	21,587	
Obtaining control of subsidiary	-	-	-	-	-	-	-	-	-	-	(5,995)	(5,995)	
Share issuance cost	-	(16)	-	-	-	-	-	-	-	(16)	-	(16)	
At 31 December 2009	49,233	463,708	36,264	17,195	5,625	43	(97)	(640)	(467,108)	104,223	(6,350)	97,873	
At 1 July 2010	<b>74,203</b>	<b>504,779</b>	<b>38,714</b>	<b>14,690</b>	<b>5,625</b>	<b>43</b>	<b>(221)</b>	<b>-</b>	<b>(592,038)</b>	<b>45,795</b>	<b>9,448</b>	<b>55,244</b>	
Loss for the period	-	-	-	-	-	-	-	-	(29,248)	(29,248)	(548)	(29,796)	
Exchange difference on consolidation	-	-	-	-	-	-	(8)	-	-	(8)	-	(8)	
Total comprehensive loss for the period	-	-	-	-	-	-	(8)	-	(29,248)	(29,256)	(548)	(29,804)	
Issue of new shares on acquisition	14,025	-	-	-	-	-	-	-	-	14,025	-	14,025	
Issue of convertible note	-	-	-	5,187	-	-	-	-	-	5,187	-	5,187	
Issuance of shares	31,800	12,728	-	-	-	-	-	-	-	44,528	-	44,528	
Share issuance cost	-	(1,336)	-	-	-	-	-	-	-	(1,336)	-	(1,336)	
Obtaining control of subsidiaries	-	-	-	-	-	-	-	-	-	-	217	217	
Capital reorganisation	(118,828)	(504,779)	-	-	31,569	-	-	-	592,038	-	-	-	
At 31 December 2010	<b>1,200</b>	<b>11,392</b>	<b>38,714</b>	<b>19,877</b>	<b>31,194</b>	<b>43</b>	<b>(229)</b>	<b>-</b>	<b>(29,248)</b>	<b>78,943</b>	<b>9,118</b>	<b>88,061</b>	

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 December 2010

	Unaudited six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000
Net cash (used in)/generated from operating activities	<b>(664)</b>	2,129
Net cash (used in)/generated from investing activities	<b>(29,436)</b>	2,880
Net cash generated from/(used in) financing activities	<b>43,192</b>	(4,891)
Increase in cash and cash equivalents	<b>13,092</b>	118
Cash and cash equivalents at the beginning of the period	<b>10,283</b>	735
Effect of foreign exchange rate change	<b>(60)</b>	108
Cash and cash equivalent at the end of the period	<b>23,315</b>	961
Analysis of cash and cash equivalents:		
Cash and cash equivalents in the condensed consolidated statement of financial position	<b>23,315</b>	961
Bank overdrafts	–	–
Cash and cash equivalents	<b>23,315</b>	961

Notes:

## 1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (the "HKFRSs"), which includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules of the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Group has applied the same principal accounting policies and methods of computation in the unaudited condensed consolidated financial statements as are applied in its annual financial statements for the year ended 30 June 2010. The principal accounting policies adopted are disclosed in the Group's 09/10 Annual Report dated 29 September 2010.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group's 09/10 Annual Report.

## 2. PRINCIPAL ACCOUNTING POLICIES

In the current period, the Group has applied the following new and revised standards, amendments or interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), which are or have become effective.

HKFRSs (Amendments)	Improvements to HKFRSs 2009
HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Additional Exemptions for First-time Adopters
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HKFRS 2 (Amendment)	Group Cash-settled Share-based Payment Transactions
HK(IFRIC) – Int 19	Extinguishing Financial Liabilities with Equity Instruments

## 2. PRINCIPAL ACCOUNTING POLICIES (continued)

The amendment to HKAS 17 made under "Improvements to HKFRSs 2009," mandatory for accounting periods beginning on or after 1 January 2010, removes the specific guidance which stated that land held under a lease should be classified as an operating lease unless title to the land is expected to pass at the end of the lease term. It provides new guidance which indicates that entity should use judgement to decide whether the lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17. The Group will reassess the classification of land elements of unexpired leases at the date it adopts the amendment on the basis of information existing at the inception of the lease and recognise a lease newly classified as a finance lease retrospectively if the criteria of a finance lease is met. If the information necessary to apply the amendment retrospectively is not available, the Group will recognise the related asset and liability at their fair values on the date of adoption and recognise the difference in retained earnings.

## 3. REVENUE

Revenue represents design of residential intranet, provision of e-property management software application consulting services and trading of home-automation, provision of hotel services and other productions in Hong Kong and the People's Republic of China (the "PRC") and rental revenue from outdoor advertising space in the PRC.

## 4. LOSS BEFORE INCOME TAX EXPENSES FROM CONTINUING OPERATIONS

	<b>Unaudited six months ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
Finance cost		
Interest on bank loans and overdrafts wholly repayable within five years	<b>3</b>	68
Interest on convertible notes	<b>4,942</b>	2,340
Interest on promissory notes	–	285
Auditors' remuneration	<b>345</b>	412
Staff cost	<b>4,999</b>	4,764
Amortisation of intangible assets	<b>5,123</b>	6,265
Depreciation on owned assets	<b>3,767</b>	4,074
Operating lease charge in respect of office premises	<b>757</b>	656
Retirement costs	–	132
Write back of impairment loss recognized in respect of trade debtors	–	(7,392)
Write back of impairment loss recognized in respect of loan to a former associate	–	(6,149)

## 5. INCOME TAX EXPENSES

The amount of income tax expenses in the unaudited condensed consolidated statement of comprehensive income of the Group represents:

	<b>Unaudited six months ended 31 December 2010</b>	2009
Current tax charge – PRC	<b>387</b>	–

No provision for Hong Kong profits tax has been made as the Group has no estimated assessable profits for Hong Kong profits tax purpose for the six months ended 31 December 2010 (six months ended 31 December 2009: HK\$ nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof

## 6. DISCONTINUED OPERATION

During the current and prior periods, the Group was engaged in the sale of dolomite, investment, consultation and mining engineering technical consultation in the PRC through the Inno Gold Mining Limited and its subsidiaries (the “Inno Gold Mine Group”).

On 7 October 2010, the Company and Gold Concept Investments Limited (the “Gold Concept”) entered into the sale and purchase agreement (the “Agreement”) pursuant to which the Company conditionally agreed to sell and Gold Concept conditionally agreed to acquire the sale shares and the sale loan at an aggregate consideration of HK\$15,000,000, details of which are set out in the Company’s announcements dated 7 October 2010.

**6. DISCONTINUED OPERATION** (continued)

The results of the discontinued operation for the current and prior periods, which had been included in the profit or loss, were as follows:

	<b>Unaudited six months ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
<b>Loss for the period from discontinued operation</b>		
Turnover	-	-
Cost of sales and services	<b>(339)</b>	(203)
Gross loss	<b>(339)</b>	(203)
Marketing and promotion expenses	<b>(367)</b>	(2,268)
Administrative expenses	<b>(981)</b>	(5,498)
Loss before income tax expenses	<b>(1,687)</b>	(7,969)
Income tax expenses	-	-
Loss for the period	<b>(1,687)</b>	(7,969)

The cash flow information of the discontinued operation was as follows:

	<b>Unaudited six months ended 31 December</b>	
	<b>2010</b>	<b>2009</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Net cash generated from/(used in) operating activities	<b>8</b>	(88)
Net cash used in investing activities	-	-
Net cash used in financing activities	-	-
Increase/(decrease) in cash and cash equivalents	<b>8</b>	(88)

The gold mining industry has been classified and accounted for as disposal group held for sale at 31 December 2010 (Note 16).

## 7. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the period attributable to the owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The calculation of diluted loss per share for the period is based on the loss for the period attributable to the owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Basic and diluted loss per share amounts for the three months ended 31 December 2009 and the six months ended 31 December 2009 are restated to take into effect the Company's capital reorganisation completed on 9 December 2010.

As the Company's outstanding convertible bonds and share options, where applicable, had an anti-dilutive effect to the basic loss per share calculation for the current and prior periods, the conversion of the above potential dilutive shares is not assumed in the computation of diluted loss per share amounts. Therefore, the basic and diluted loss amounts per share calculations for the respective periods are equal.

### From continuing and discontinued operations:

The calculation of basic and diluted loss per share are based on:

	Unaudited three months ended 31 December 2010		Unaudited six months ended 31 December 2010	
	2009 HK\$'000	2009 HK\$'000	2009 HK\$'000	2009 HK\$'000
Loss for the period attributable to: Owners of the Company	(15,278)	(13,123)	(29,248)	(15,776)
	Number of shares three months ended 31 December 2010		Number of shares six months ended 31 December 2010	
	(Unaudited) '000	(Unaudited) - restated '000	(Unaudited) '000	(Unaudited) - restated '000
Weight average number of ordinary shares for basic and diluted loss per share calculation	103,195	47,157	102,722	46,903



## 7. LOSS PER SHARE (continued)

## From continuing operations:

The calculation of basic and diluted loss per share are based on:

	Unaudited three months ended 31 December		Unaudited six months ended 31 December	
	2010 HK\$'000	2009 HK\$'000	2010 HK\$'000	2009 HK\$'000
Loss for the period attributable to: Owners of the Company	(14,579)	(5,509)	(28,109)	(8,162)

  

	Number of shares three months ended 31 December		Number of shares six months ended 31 December	
	2010 (Unaudited) '000	2009 (Unaudited - restated) '000	2010 (Unaudited) '000	2009 (Unaudited - restated) '000
Weight average number of ordinary shares for basic and diluted loss per share calculation	103,195	47,157	102,722	46,903

## 8. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. Business segment information is chosen as the primary reporting format because this is more relevant to the Group's internal financial reporting.

## (a) Business segments

The Group comprises the following main business segments:

Intelligent system:	The development and sale of intelligent home electronic application system.
Hotel management:	The provision for hotel management services.
Gold mining:	Sale of dolomite, investment, consultation and mining engineering technical consultation.
Outdoor advertising:	Rental revenue from display of advertisements on bus bodies and stations.

## 8. SEGMENT INFORMATION (continued)

### (a) Business segments (continued)

Segment information about these businesses is set out as follows:

	For the six months ended 31 December 2010				Total (unaudited) HK\$'000
	Continuing operation	Continuing operation	Continuing operation	Discontinuing operation (Note 6)	
	Intelligent system (unaudited) HK\$'000	Hotel management (unaudited) HK\$'000	Outdoor advertising (unaudited) HK\$'000	Gold mining (unaudited) HK\$'000	
<b>Segment revenue</b>					
Revenue from external customers	177	-	10,882	-	11,059
<b>Reportable segment profit/loss</b>	(12,902)	(1,964)	1,558	(1,687)	(14,995)
Depreciation, amortization and release of prepaid lease payments	8,797	20	56	139	9,012

	For the six months ended 31 December 2009				Total (unaudited) HK\$'000
	Continuing operation	Continuing operation	Continuing operation	Discontinuing operation (Note 6)	
	Intelligent system (unaudited) HK\$'000	Hotel management (unaudited) HK\$'000	Outdoor advertising (unaudited) HK\$'000	Gold mining (unaudited) HK\$'000	
<b>Segment revenue</b>					
Revenue from external customers	5,938	-	-	-	5,938
<b>Reportable segment loss</b>	(6,233)	(5,463)	-	(7,969)	(19,665)
Depreciation, amortization and release of prepaid lease payments	10,169	20	-	150	10,339

## 8. SEGMENT INFORMATION (continued)

## (b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities

	Note	Unaudited six months ended 31 December	
		2010 HK\$'000	2009 HK\$'000
<b>Turnover</b>			
Continuing operations:			
Reportable segments' revenues		11,059	5,938
Elimination of inter-segment revenue		—	—
		11,059	5,938
Discontinuing operations:			
Reportable segments' revenues		—	—
Elimination of inter-segment revenue		—	—
	6	—	—
		11,059	5,938

## 8. SEGMENT INFORMATION (continued)

## (b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities (continued)

	Note	Unaudited six months ended 31 December	
		2010 HK\$'000	2009 HK\$'000
<b>Loss before income tax expenses</b>			
Continuing operations:			
Reportable segment loss		(13,308)	(11,696)
Share of (losses)/profits less losses of associates		(2)	2,318
Other revenue and other net income		1,454	6,152
Finance costs		(4,945)	(2,626)
Unallocated head office and corporate expenses		(11,308)	(2,310)
Consolidated loss before income tax expenses		(28,109)	(8,162)
Discontinuing operations:			
Reportable segment loss		(1,687)	(7,969)
	6	(1,687)	(7,969)
		(29,796)	(16,131)

## 8. SEGMENT INFORMATION (continued)

## (b) Reconciliation of reportable segment revenues, profit or loss, assets and liabilities (continued)

Note	Unaudited 31 December 2010 HK\$'000	Audited 30 June 2009 HK\$'000
<b>Total assets</b>		
Reportable segment assets	832,894	617,558
Elimination of inter-segment receivables	(652,649)	(519,686)
	<b>180,245</b>	97,872
Interests in associates (accounted for by the equity method)	1,790	1,792
Unallocated		
– Promissory notes receivable	37,777	38,573
– Others	33,541	18,488
Consolidated total assets	<b>253,353</b>	156,725
<b>Total liabilities</b>		
Reportable segment liabilities	87,075	48,223
Elimination of inter-segment payables	(17,752)	(16,501)
	<b>69,323</b>	31,722
Unallocated		
– Deferred tax liabilities	1,403	1,403
– Convertible notes	92,067	66,752
– Others	2,499	1,604
	<b>165,292</b>	101,481

**8. SEGMENT INFORMATION** (continued)**(c) Geographic information**

As all segments of the Group are operating in the PRC, including Hong Kong, no geographic information has further been disclosed.

**9. PROPERTY, PLANT AND EQUIPMENT**

	<b>Unaudited 2010 HK\$'000</b>
Net book value as at 1 July	22,110
Additions	354
Acquisition of subsidiaries (Note 20)	321
Transfer to assets classified as held for sale (Note 16)	(4,641)
Depreciation	(3,767)
	14,377

**10. INTANGIBLE ASSETS**

	<b>Unaudited 2010 HK\$'000</b>
Net book value as at 1 July	62,236
Additions	-
Transfer to assets classified as held for sale (Note 16)	(39,710)
Amortisation	(5,123)
	17,403

**11. INTEREST IN ASSOCIATES**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Share of net assets	<b>1,790</b>	1,792

**12. TRADING SECURITIES**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Listed securities:		
– Equity securities listed in Hong Kong	<b>7,444</b>	7,495

Fair values are determined with reference to quoted market bid price.

**13. INVENTORIES**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Finished goods	<b>252</b>	301
Work in progress	<b>786</b>	864
Raw materials	<b>396</b>	239
	<b>1,434</b>	1,404

**14. ACCOUNTS RECEIVABLE**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Trade debtors	<b>1,985</b>	37
Less: allowance for doubtful debts	<b>–</b>	–
	<b>1,985</b>	37
Receivable from associates	<b>–</b>	145
	<b>1,985</b>	182

**14. ACCOUNTS RECEIVABLE** (continued)

The ageing analysis of trade debtors is as follows:

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Current	930	34
Less than 1 months past due	–	–
1 to 3 months past due	–	–
Over 3 months past due	1,055	3
	<b>1,985</b>	37

**15. PROMISSORY NOTES RECEIVABLE**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
At the beginning of period/year	38,573	–
At the date of inception	–	38,137
Repayment	(2,150)	–
Implicit interest credited	1,354	436
At the end of period/year	<b>37,777</b>	38,573

**16. ASSETS CLASSIFIED AS HELD FOR SALE**

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Assets related to gold mining business	47,045	46,156
Liabilities related to gold mining business	27,585	26,037



**16. ASSETS CLASSIFIED AS HELD FOR SALE** (continued)

	<b>Unaudited 31 December 2010 HK\$'000</b>	Audited 30 June 2009 HK\$'000
Property, plant and equipment (Note 9)	<b>6,932</b>	4,641
Intangible assets (Note 10)	<b>37,869</b>	39,710
Inventories	<b>56</b>	55
Prepayment, deposits and other receivables	<b>2,139</b>	1,707
Cash and cash equivalents	<b>49</b>	43
<b>Assets classified as held for sale</b>	<b>47,045</b>	46,156
Trade payables, accruals and other payables	<b>27,585</b>	26,037
Liabilities directly associated with assets classified as held for sale	<b>27,585</b>	26,037
<b>Net assets of gold mining business</b>	<b>19,460</b>	20,119
Attributable to owners of the Company	<b>10,802</b>	10,670
Non-controlling interest	<b>8,658</b>	9,449
<b>Net assets of gold mining business</b>	<b>19,460</b>	20,119

**17. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES**

	<b>Unaudited 2010 HK\$'000</b>	Audited 2009 HK\$'000
Trade payables	<b>1,917</b>	979
Accrued expenses and other payables	<b>11,559</b>	5,742
	<b>13,476</b>	6,721

**17. TRADE PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES** (continued)

	Unaudited 2010 HK\$'000	Audited 2009 HK\$'000
Less than 1 month	508	979
1 to 3 months	–	–
Over 3 months	1,409	–
	<b>1,917</b>	979

**18. CONVERTIBLE NOTES**

	Liability component of convertible bonds HK\$'000	Derivative component of convertible bonds HK\$'000	Total HK\$'000
Liability component as at the 1 July 2009	22,106	–	22,106
Issue of convertible notes	59,816	–	59,816
Convertible to ordinary shares	(21,587)	–	(21,587)
Interest charges	6,417	–	6,417
Liability component as at the 30 June 2010	66,752	–	66,752
Issue of convertible note	20,854	(481)	20,373
Interest charges	4,942	–	4,942
Liability component as at the 31 December 2010	92,548	(481)	92,067
Less: amount due within one year	(71,182)	–	(71,182)
Amount due over one year	21,366	(481)	20,885

## 19. SHARE CAPITAL

	Note	2010 '000	Unaudited 2010 HK\$'000
Authorised:			
Ordinary shares of HK\$0.1 each		3,000,000	300,000
Capital reorganisation	(ii)	27,000,000	–
		30,000,000	300,000
Issued and fully paid:			
As at 1 July 2010		742,032	74,203
Issue of new shares	(i)	318,000	31,800
Issue of new shares on acquisition of subsidiaries	20	140,250	14,025
		1,200,282	120,028
Capital reorganisation	(ii)	(1,080,254)	(118,828)
		120,028	1,200

## Notes:

- (i) On 7 July 2010, the Company placed and issued 148,000,000 ordinary shares of HK\$0.186 each at cash consideration of HK\$27,528,000 in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK\$2,752,800 was credited to the share premium account of the Company.

On 12 October 2010, the Company placed and issued 170,000,000 ordinary shares of HK\$0.1 each at cash consideration of HK\$17,000,000 in the Company. The aggregate cash consideration was credited to the share capital account of the Company.

- (ii) During the six months ended 31 December 2010, the directors of the Company proposed to effect a capital reorganisation in the following manner; (a) the issued shares capital of the Company be reduced by canceling the paid up capital to the extent of HK\$0.099 each on each shares that the nominal value of all issued shares will reduced from HK\$0.1 to HK\$0.001 each; (b) each of the authorized but unissued shares of HK\$0.1 each in the share capital of the Company be subdivided into 100 subdivided shares of HK\$0.001 each; (c) every 10 issued and unissued subdivided shares with par value of HK\$0.001 each consolidated into one new share of HK\$0.01 each and any fraction of new shares arising there from all not be allotted to be shareholders but shall be aggregated and sold, if possible, for the benefit of the Company; (d) the entire amount standing to the credit of the share premium account of the Company be cancelled; and (e) the credit arising from the capital reduction and share premium cancellation be transferred to the contributed surplus account of the Company, and the application of the appropriate sum therein to set off against the total accumulated losses of the company.

The Capital Reorganisation was completed on 9 December 2010.

Upon completion of the Capital Reorganisation, the amount of approximately, HK\$118,828,000 arising from the reduction of the issued share capital of the Company, the amount standing to the credit of the Company's share premium account of approximately HK\$504,779,000 has been used to set off the accumulated losses of the Company of approximately HK\$592,038,000. The remaining credit balance of approximately HK\$31,569,000 has been transferred to the contributed surplus account of the Company.

## 20. ACQUISITION OF SUBSIDIARIES

On 5 October 2010, the Group acquired 100% equity interest of Active Link Investments Limited (the "Active Link") and its subsidiaries (collectively refer as the "Active Link Group") for a consideration of HK\$90,585,000.

The net assets acquired in these transactions are as follows:-

	<b>Unaudited 2010 HK\$'000</b>
Net assets acquired	
Property, plant and equipment (Note 9)	321
Trade receivables	425
Deposits, prepayments and other receivables	1,792
Amounts due from minority shareholder	3,711
Cash and cash equivalents	206
Trade payables	(3,420)
Deferred revenue	(1,377)
Accruals and other payables	(359)
Tax payables	(176)
	1,123
Non-Controlling interest	(217)
Goodwill	89,679
<b>Total Consideration</b>	<b>90,585</b>
Consideration satisfied by:	
Cash paid	40,000
Convertible bonds	25,560
Share of the company – at fair value*	14,025
Fair value of contingent consideration – Share of company**	11,000
	90,585
Net cash outflow arising on acquisition:	
Consideration paid in cash	(40,000)
Cash and cash equivalent balances acquired	206
	(39,794)

**20. ACQUISITION OF SUBSIDIARIES** (continued)

- \* The fair value of the 140,250,000 ordinary shares of the company issued as part of the consideration was determined with reference to the market share price of HK\$0.1 of the company's shares at the acquisition date, at the total fair value of HK\$14,025,000 was credited to share capital.
- \*\* Share will issue after the Company has received the audited accounts of Shijiazhuang Municipal Xun Hua De Gao Bus Advertising Company Limited (the "Shijiazhuang Xunhua") and is satisfied that the guaranteed profit for the relevant year as been met, the company shall issue to the vendors 55,000,000 shares in each year ending 31 December 2011 and 31 December 2012 respectively. The fair value of 110,000,000 ordinary shares of the company at the date of completion of acquisition is amounting to HK\$11,000,000.

**21. COMMITMENTS****i) Operating lease commitments**

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	<b>Unaudited 2010 HK\$'000</b>	Audited 2009 HK\$'000
Within 1 year	<b>957</b>	397
Over 1 year but within 5 years	-	-
	<b>957</b>	397

**ii) Capital commitments**

	<b>Unaudited 2010 HK\$'000</b>	Audited 2009 HK\$'000
Contracted but not provided for: Investment on joint venture	-	18,333
	-	18,333

**22. SIGNIFICANT SUBSEQUENT EVENTS**

- i) On 29 October 2010, the Company proposes to raise approximately HK\$216.05 million, before expenses, by way of a rights issue of 1,200,282,180 rights shares at the subscription price of HK\$0.18 per rights share on the basis of 10 Rights Shares for every New Share held on the 17 December 2010 payable in full upon application.

On 12 January 2011, the Company issued 1,200,282,180 rights shares of HK\$0.18 each at cash consideration of HK\$216,051,000 in the Company. The excess of the aggregate cash consideration over the nominal value of shares of HK\$12,002,822 was credited to the share premium account of the Company.

**23. COMPARATIVE FIGURES**

As detailed in Note 7, the Company's basic and diluted losses per share figures for the prior period ended have been restated to conform with the current period's presentation.

## DIVIDEND

The Directors did not recommend the payment of a dividend for the six months ended 31 December 2010 (2009: Nil).

## BUSINESS REVIEW

For the six months ended 31 December 2010, the Group's unaudited consolidated turnover amounted to approximately HK\$11,059,000 (2009: HK\$5,938,000).

The Group recorded a net loss of approximately HK\$29,248,000 for the six months ended 31 December 2010 (2009: net loss HK\$15,776,000). Basic loss per share for the six months ended 31 December 2010 was HK\$0.28 (2009: basic loss per share: HK\$0.17 (restated)).

### Intelligent system business

The domestic sale of i-Panel and Aplus products and the provision of intranet design for residential communities remained the core business of the Group. Sales orders are obtained by the Group before completion of the construction of residential properties and intellectual system installations and related works will commence after the construction has been completed. As it usually takes more than a year from the date of receiving the orders up to commencement of the intellectual system installations and related works, revenue from this business sector in a financial year reflects the performance and ability of the Group to obtain sales orders in the previous one to two years. Due to the financial crisis and subsequent economy downturn in 2008 and 2009, the Group was unable to maintain sufficient amount of sales orders from the slow residential market during that period and the Group's revenue generated from this business sector for the year ended 30 June 2010 experienced a significant decrease. With the gradual recovery of the global economy, the performance of this business sector of the Group has been picking up and the sale teams of the Group have been in negotiation with contractors in various construction projects. Although the market conditions in the property sector in the PRC has proved to be tough and various government measures to slow down this sector had been put in place, the Group believes that the performance of its intelligent system business will experience improvement as a result of the economy recovery and will cope with the challenges and continue to develop this core business.

## Advertising and display industry

In order to broaden the source of income and expand the business operations of the Group, the Directors believe that it is beneficial for the Group to diversity its business into the advertising and display industry in the PRC.

The acquisition of 100% of the equity interest in Active Link Group was completed on 5 October 2010. Active Link is principally engaged in investment holding which effectively hold 80% equity interest of Shijiazhuang Municipal Xun Hua De Gao Bus Advertising Company Limited (the "Shijiazhuang Xunhua"). Accordingly, Shijiazhuang Xunhua became an indirect subsidiary of the Company. Shijiazhuang Xunhua is principally engaged in design, production and publication of outdoor advertisements in PRC.

Pursuant to two licensing agreements made between the Shijiazhuang City General Public Transportation Company Limited (the "Local Bus Company") and Shijiazhuang Municipal Xun Hua De Gao Bus Advertising Company Limited (the "Shijiazhuang Xunhua"), one of the subsidiary of Active Link Group, the Local Bus Company has granted to Shijiazhuang Xunhua the advertising rights on all the 12 double-decker buses and 1,544 bus stations operated and owned by the Local Bus Company. The licensing agreements of double-decker buses and bus stations will expire on 31 August 2015 and 30 June 2017. It is the common understanding between the Local Bus Company and Shijiazhuang Xunhua that the granting of such advertising rights is on an executive basis.

Pursuant to the sub-license, Shandong Xunhua has sub-licensed its advertising rights on all such 2,100 single-decker buses to Shijiazhuang Xunhua. The sub-license agreement will expire on 31 January 2015. It is the common understanding between the Shandong Xunhua and Shijiazhuang Xunhua that the granting of such advertising rights is on an executive basis.

Pursuant to the sale and purchase agreement, the ex-shareholders of Active Link guarantee to the Company that the net profit after tax of Shijiazhuang Xunhua (based on its audited accounts) for each of the two calendar years ending 31 December 2011 and 31 December 2012 shall not be less than HK\$11,000,000.

The Board believes that the potential within the advertising and marketing industry could be realized and strong growth would be expected in the near future. The Board is of the view that the entering into of the Acquisition will enrich the earning base of the Group by introducing an additional investment platform to the Group.



## Disposal of Gold Mining Industry

In the course of identifying suitable gold mines to further develop the gold mining business of the Group, the Company has sought advice from time to time as to the applicable regulations in the PRC and also in Hong Kong in relation to gold mining business in the PRC and was given to understand that the regulatory environment in this regard had become more tightened which would result in uncertainties as to the time and costs required to complete the acquisition.

Since Zhang Jia Fan Gold Mine has been in the early development stage of reconnaissance investigation and infrastructure strengthening and expansion, Zhang Jia Fan Gold Mine has been operating at a loss. The management of the Company has kept monitoring the situation and assessing its business strategy from time to time. In June 2010, taking into account, among others, principally (i) the delay in making progress in increasing the output of Zhang Jia Fan Gold Mine; and (ii) the uncertainty as to the time the Group can make further acquisition of gold mines around Dexing City, it was concluded that the Group should amend its business strategy and consider focusing its resources on businesses which would bring stable income to the Group without having to incur significant capital investment.

In light of change in circumstances, the management of the Group has undertaken a review of the business strategy and focus of the Group and concluded that the Group should consider focusing its resources on businesses which would bring stable income to the Group without having to incur significant capital investment. In October 2010, the Company invested in a outdoor advertising and display business with a guarantee that the business will at least earn an annual net profit after tax of HK\$11 million.

## Capital Structure

On 4 October 2010, the Company entered into the conditional placing agreement with the placing agent on a best endeavour basis for the placing of 170,000,000 new ordinary shares (the "Placement") and 170,000,000 new ordinary shares were issued and allotted on 12 October 2010.

On 5 October 2010, 140,250,000 new shares of the Company (the "Consideration Shares") were issued and allotted by the Company to J&K TMT Investment Company Limited as partial consideration for the acquisition of the entire issued share capital of Active Link.

On 29 October 2010, the Directors, propose to reorganise (the “Reorganisation”) the Shares of the Company in the following manner: (a) the issued shares capital of the Company be reduced by canceling the paid up capital to the extent of HK\$0.099 each on each shares that the nominal value of all issued shares will reduced from HK\$0.1 to HK\$0.001 each; (b) each of the authorized but unissued shares of HK\$0.1 each in the share capital of the Company be subdivided into 100 subdivided shares of HK\$0.001 each; (c) every 10 issued and unissued subdivided shares with par value of HK\$0.001 each consolidated into one new share of HK\$0.01 each and any fraction of new shares arising there from all not be allotted to be shareholders but shall be aggregated and sold, if possible, for the benefit of the Company; (d) the entire amount standing to the credit of the share premium account of the Company be cancelled; and (e) the credit arising from the capital reduction and share premium cancellation be transferred to the contributed surplus account of the Company, and the application of the appropriate sum therein to set off against the total accumulated losses of the company.

Following the passing of a special resolution of the Company’s special general meeting on 8 December 2010, the Reorganization was completed on 9 December 2010.

As at 31 December 2010, the total issued share capital is 120,028,218 New Shares.

## **MATERIAL ACQUISITIONS AND DISPOSALS DURING THE PERIOD AND FUTURE PLANS FOR MATERIAL INVESTMENTS**

Save as the acquisition of 100% equity interest in Active Link Group mentioned in Acquisition of subsidiaries (Note 16) and disposal of Inno Gold Mine Group mentioned in “Business Review”, there were no material acquisitions and disposals of investments by the Group during the six months ended 31 December 2010.

Addition, the Group is constantly looking for any other business opportunities for new possible potential investment to improve the standard performance of the Group and improve shareholders’ return.

## CONVERTIBLE NOTES

On 28 February 2009, the Company issued convertible notes with the principal amount of HK\$43,384,000 as consideration for acquisition of assets. The convertible notes, with maturity date of 28 February 2011, are convertible into Shares at an initial conversion price of HK\$3.19 per Share during the conversion period. As at 31 December 2010, an equivalent of HK\$27,506,000 convertible bonds has been converted into Ordinary Shares of the Company. The remaining balance of convertible bonds with an equivalent amount of HK\$15,878,000 were outstanding as at 31 December 2010.

On 27 October 2009, the Company issued convertible notes with the principal amount of HK\$75,000,000 as consideration for acquisition of assets. The convertible notes, with maturity date of 27 October 2011, are convertible into Shares at an initial conversion price of HK\$6.90 per Share during the conversion period. As at 31 December 2010, an equivalent of HK\$13,800,000 convertible bonds has been converted into Ordinary Shares of the Company. The remaining balance of convertible bonds with an equivalent amount of HK\$61,200,000 were outstanding as at 31 December 2010.

On 5 October 2010, the Company issued convertible notes with the principal amount of HK\$25,560,000 as consideration for acquisition of assets. The convertible notes, with maturity date of 4 October 2012, are convertible into Shares at an initial conversion price of HK\$1.60 per Share during the conversion period. All the convertible bonds with an equivalent amount of HK\$25,560,000 were outstanding as at 31 December 2010.

## FOREIGN CURRENCY RISK

During the six months ended 31 December 2010, the majority of the Group's income and expenses was denominated in Hong Kong dollar while an insignificant portion of expenses was denominated in Renminbi. As at 31 December 2010, there were no bank borrowings which were denominated in Renminbi (2009: HK\$Nil). The management of the Company is of the opinion that the Group has insignificant exposure to interest rate risk and foreign exchange risk. As a result, the Group had not used any financial instruments for hedging against fluctuation in interest rate nor foreign currencies for the three months ended 31 December 2010.

## EMPLOYEES

The number of employees (including Directors) was 66 as at 31 December 2010 (2009: 46), and the total staff costs (including Directors' remuneration) for the six months ended 31 December 2010 was approximately HK\$4,999,000 (2009: HK\$4,896,000). Other benefits provided by the Group to the employees include MPF, medical coverage and share-based payments.

## SHARE OPTION SCHEME

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

The Company's pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was adopted on 5 July 2002 and the principal terms of which were set out in the prospectus of the Company dated 30 July 2002 (the "Prospectus"). There were 480,000 share options granted to the grantees. Up to 31 December 2010, there were 350,400 options under the Pre-IPO Share Option Scheme have been exercised and 33,600 share options have been lapsed. The remaining 96,000 share options under the Pre-IPO Share option Scheme will lapse on 4 July 2012. Details of which were as follows:

	Date of grant	Number of share options				Outstanding as at 31 December 2010	Option period	Exercise price per share
		Outstanding as at 1 July 2009	Granted during the period	Exercised during the period	Lapsed during the period			
Employee	5 July 2002	96,000	-	-	-	96,000	5 Jul 2002 to 4 Jul 2012	HK\$14
Total		96,000	-	-	-	96,000		

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

Pursuant to a written resolution passed by 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" in Appendix IV of the Prospectus ("Post-IPO Share Option Scheme"). Up to 31 December 2010, there were 12,934,610 share options granted to the grantees and there were 8,204,923 shares options under the Post-IPO Share Option Scheme exercised and no options has been cancelled. The remaining 4,729,687 share options under the Post-IPO Share Option Scheme will lapse from 6 January 2014 to 14 January 2020. Details of which were as follows:

	Date of grant	Number of share options				Outstanding as at 31 December 2010	Option period	Exercise price per share
		Outstanding as at 1 July 2010	Granted during the period	Exercised during the period	Lapsed during the period			
Directors	23 August 2007	694,400	-	-	-	694,400	23 Aug 07 to 22 Aug 2017	HK\$1.50
	31 December 2009	10,000	-	-	-	10,000	31 Dec 09 to 30 Dec 19	HK\$2.25
	6 January 2004	210	-	-	-	210	6 Jan 04 to 5 Jan 14	HK\$11.00
Other employees and consultants	20 September 2005	20,000	-	-	-	20,000	20 Sep 05 to 19 Sep 15	HK\$5.70
	23 August 2007	701,200	-	-	-	701,200	23 Aug 07 to 22 Aug 18	HK\$31.50
	9 September 2008	616,987	-	-	-	616,987	9 Sep 09 to 8 Sep 19	HK\$8.70
	11 September 2008	440,000	-	-	-	440,000	11 Sep 08 to 10 Sep 18	HK\$9.75
	16 December 2008	440,000	-	-	-	440,000	16 Dec 08 to 15 Dec 18	HK\$3.81
	17 February 2009	240,000	-	-	-	240,000	17 Feb 09 to 16 Feb 17	HK\$4.95
	29 May 2009	240,000	-	-	-	240,000	29 May 09 to 28 May 19	HK\$4.40
	31 December 2009	126,890	-	-	-	126,890	31 Dec 09 to 30 Dec 19	HK\$2.25
15 January 2010	1,200,000	-	-	-	1,200,000	15 Jan 10 to 14 Jan 20	HK\$3.65	
<b>Total</b>		<b>4,729,687</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,729,687</b>		

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

As at 31 December 2010, 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 taken 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 31 December 2010

Name of Directors	Personal Interests	Corporate Interests	Aggregate Interests	Percentage of the Company's issued share capital
Ms. Wong Yuen Yee (Notes 1, 2)	3,100,612	1,887,240	4,987,852	4.16%
Mr. Wong Yao Wing, Robert (Notes 1, 2)	2,901,412	1,887,240	4,788,652	3.99%

Notes:

- The 18,872,400 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 18,872,400 Shares held by Multiturn Trading Limited under the SFO.
- Ms. Wong Yuen Yee and Mr. Wong Yao Wing, Robert was resigned on 19 January 2011 and 31 January 2011 respectively.

(ii) **Beneficial interests and short positions in underlying shares of equity derivatives of the Company as at 31 December 2010**

Name of Directors	Date of grant	No. of shares attached to the option	Exercisable period	Exercise price per share
Ms. Wong Yuen Yee (Note 1)	23 August 2007	158,600	23 Aug 2007 to 22 Aug 2017	HK\$31.50
Mr. Wong Yao Wing, Robert (Note 1)	23 August 2007	158,600	23 Aug 2007 to 22 Aug 2017	HK\$31.50

Note:

1. Ms. Wong Yuen Yee and Mr. Wong Yao Wing, Robert was resigned on 19 January 2011 and 31 January 2011 respectively.

Save as disclosed above, as at 31 December 2010, none of the Directors or their associates as well as the chief executives of the Group had any interests or short positions in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

Save as disclosed above, as at 31 December 2010, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other corporation, and neither the Directors and chief executives of the Company, nor any of their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

## INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURE ORDINANCE OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2010, 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 10% 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 of shareholders	Capacity	Number of Shares interested	Number of underlying Shares interested	Approximately percentage of shareholding
J&K TMT Investment Company Limited	Corporate (Note 1)	14,025,000	–	11.68%
Desire Delight Limited	Corporate (Note 2)	–	15,975,000	13.31%
Lam Man Tang	Beneficial owner	22,222,222	–	18.51%

Notes:

1. J&K TMT Investment Company Limited is owned as to 50% by Song Guili and as to 50% by Lim Sheng Long.
2. Desire Delight Limited is wholly owned by Chuk Ka Yi.
3. After the right issue which completed on 12 January 2011, there are no substantial shareholders need to disclose their interests under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Save as disclosed above, as at 31 December 2010, 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 10% 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.



## COMPETING INTERESTS

As at 31 December 2010, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

## PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of its shares during the period. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the Code for dealing in securities of the Company by the Directors. All Directors confirmed that they complied with the required standards as set out in Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period.

## CONTINGENT LIABILITIES

On 31 August 2010, a Writ of Summons was issued by Mr. Lim Yi Shenn as the plaintiff (the "Plaintiff") against Ms. Wong Yuen Yee, an executive director and the Chairman of the Company, Mr. Wong Yao Wing, Robert, an executive director and the Deputy Chairman of the Company and the Company (collectively, the "Defendants"). The Plaintiff claimed against each of the Defendants for damages for various misrepresentations made in relation to certain investment agreement and placing agreement of April and June 2008. The Plaintiff has filed a statement of claim setting out the particulars of his claims against the Defendants and claiming damages in the amount of approximately HK\$15 million. The Defendants denied the claims of the Plaintiff and have sought legal advice in this regard. The Defendants will rigorously defend the case and will take appropriate legal action.

Save as discussed above, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

## CORPORATE GOVERNANCE PRACTICES

The Company recognizes that establishment and implementation of good corporate governance standards helps the group to achieve its corporate objectives and fulfill the expectations of shareholders and stakeholders effectively. Therefore, the Board of Directors ("the Board") of the Company, with effect from 1 April 2005 has fully applied the principles and complied with the requirements of the Code on Corporate Governance Practices ("CG Code") contained in Appendix 15 to the GEM Listing Rules:-

- 1) Due to practical reasons, 14 days advance notifications have not been given to all meetings of the board. Reasonable notifications have been given in respect of those meetings of the board where it is not practicable to give 14 days advance notification. The board will use its best endeavours to give 14 days advance notifications of board meeting to the extent practicable (Code Provisions A.1.1 and 1.1.3);
- 2) As at the date of this report, we have no formal guidelines for employees dealings in securities (Code Provision A.5.4) although a formal guideline has been adopted for directors. Actions will be taken by the board to formalize the circumstances under which employees can deal in the shares of the Company before end of the current financial year;
- 3) Actions have yet taken to review the internal control systems of the Group. The Board plans to engage an external auditor to undertake the review before the end of the current financial year and to take appropriate course of action in this regard based on the recommendation of the external auditor (Code Provision C.2.1); and
- 4) No formal schedule of matters reserved to the Board and those delegated to the management has been adopted by the Group although there are guidelines for the responsibilities and duties to members of the board and members of the managements taking up different position. The Board has delegated its Human Resources Department to prepare the formal schedule for the approval of the board before the end of the current financial year (Code Provision D.1.2).

## AUDIT COMMITTEE

The Company established an audit committee on 5 July 2002 with terms of reference in compliance with Rule 5.23, 5.24 and 5.25 of the GEM Listing Rules. The audit committee currently comprises Ms. Wong On Yee, Ms. Au Yuk Kit and Ms. Lu Di who are the independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The Group's unaudited results for the six months ended 31 December 2010 have been reviewed by the audit committee, which is of the opinion that the unaudited consolidated financial statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements in Hong Kong and that adequate disclosures have been made.

By order of the Board

**Chen Chuan**

*Chairman*

Hong Kong, 14 February 2011

As at the date of this report, the directors of the Company are:-

*Executive Directors:*

Mr. Chen Chuan (*Chairman*)

Mr. Ang Wing Fung

*Independent Non-Executive Directors:*

Ms. Wong On Yee

Ms. Au Yuk Kit

Ms. Lu Di