THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant, or other professional adviser.

If you have sold all your shares in Inno-Tech Holdings Limited, you should at once hand this circular and the accompanied proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

INNO-TECH HOLDINGS LIMITED

匯 創 控 股 有 限 公 司 *

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

MAJOR TRANSACTION
ACQUISITION OF 19% ISSUED SHARE CAPITAL OF CHINA NEW MEDIA (HK) COMPANY LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING

A notice convening the special general meeting of the Company to be held at Room 606, 6/F., MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong on 4 July 2011 at 11:00 a.m., is set out on pages 87 to 89 of this circular. Whether or not you propose to attend the meeting, you are advised to complete the form of proxy attached to the notice of the special general meeting in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible and in any event not later than 48 hours before the time appointed for holding of the special general meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting should you so wish.

16 June 2011

* *For identification purpose only*

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “EXCHANGE”)

GEM has been positioned as a market designed to accommodate companies to which a high investment risk may be attached than other companies listed on the 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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DEFINITIONS

In this circular, unless the context requires otherwise, the expressions as stated below will have the following meanings:

"Acquisition"	the acquisition of the Sale Shares pursuant to the Agreement
"Agreement"	the sale and purchase agreement dated 18 February 2011 entered into between the Vendor as vendor and the Company as purchaser relating to the sale and purchase of the Sale Shares
"associates"	has the meaning ascribed to it in the GEM Listing Rules
"Board"	the board of Directors or a duly authorised committee thereof
"Bye-laws"	Bye-laws of the Company
"Company"	Inno-Tech Holdings Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on GEM
"connected persons"	has the meaning ascribed to it in the GEM Listing Rules
"Conversion Shares"	the Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds
"Convertible Bonds"	the convertible bonds in the agreed form in the principal amount of HK$39,000,000.00 to be issued by the Company in favour of the Vendor at Completion to satisfy part of the consideration for the Acquisition
"Directors"	the directors of the Company and each a "Director"
"Enlarged Group"	the Group immediately after completion of the Acquisition
"GEM"	The Growth Enterprise Market of the Stock Exchange
"GEM Listing Rules"	Rules Governing the Listing of Securities on The Growth Enterprise Market of the Stock Exchange

"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administration Region of the People's Republic of China
"Latest Practicable Date"	14 June 2011, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
"Last Trading Day"	17 February 2011, being the last trading day of the Shares on the Stock Exchange immediately prior to the date of the Agreement
"Independent Third Party(ies)"	an independent third party, to the best of the Directors' knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the GEM Listing Rules)
"PRC"	The People's Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
"Purchaser"	Superior Luck Investments Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
"Sale Shares"	the 19 ordinary shares of HK$1.00 each in the issued share capital of the Target held and beneficially owned by the Vendor, representing 19% of the total issued share capital of the Target
"SFO"	The Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	a special general meeting of the Company to be held at Room 606, 6/F., MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong, on 4 July 2011 at 11:00 a.m. to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder

"Share(s)"	share(s) of nominal value of HK$0.01 each in the share capital of the Company
"Shareholders"	registered holders of the Shares
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Takeovers Code"	the Code on Takeovers and Mergers
"Target"	China New Media (HK) Company Limited, a company incorporated in Hong Kong with limited liability
"Vendor"	Win Today Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly owned by Ms. Yu Wai Yin, Vicky, Independent Third Party
"%"	per cent

INNO-TECH HOLDINGS LIMITED
匯創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

Executive Directors:
Mr. Chen Chuan *(Chairman)*
Mr. Ang Wing Fung

Independent non-executive Directors:
Ms. Au Yuk Kit
Ms. Wong On Yee
Ms. Lu Di

Registered office:
Clarendon House
Church Street
Hamilton HM 11
Bermuda

Head Office and Principal place of business in Hong Kong:
Room 606, 6/F.,
MassMutual Tower,
38 Gloucester Road,
Wanchai,
Hong Kong

16 June 2011

To Shareholders of the Company

Dear Sir or Madam,

MAJOR TRANSACTION
ACQUISITION OF 19% ISSUED SHARE CAPITAL OF CHINA NEW MEDIA (HK) COMPANY LIMITED
AND
NOTICE OF SPECIAL GENERAL MEETING

INTRODUCTION

The Board announced on 18 February 2011 that the Purchaser, a wholly owned subsidiary of the Company, entered into the Agreement with the Vendor pursuant to which the Purchaser has conditionally agreed to acquire from the Vendor 19% of the total issued share capital of the Target at a consideration of HK$78 million, which is to be satisfied as to HK$39 million in cash and the remaining HK$39 million by the issue of the Convertible Bonds by the Company to the Vendor upon Completion.

* *For identification purpose only*

The purpose of this circular is to provide you with, among other things, information of the Acquisition and to give you a notice of the SGM at which a resolution will be proposed to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder.

THE AGREEMENT

Date: 18 February 2011

Parties:

1. Win Today Limited as vendor

2. Superior Luck Investments Limited as purchaser

To the best of the Directors' information and belief after making reasonable enquiries, the Vendor and its ultimate beneficial owner are Independent Third Parties and has no relationship with the vendors in the acquisition of Active Link Investments Limited by the Company announced on 21 July 2010. The principal activity of the Vendor is investment holdings.

Assets to be acquired

Under the Agreement, the Purchaser has conditionally agreed to acquire from the Vendor the Sale Shares, representing 19% of the total issued share capital of the Target.

Consideration

The consideration for the Acquisition is HK$78 million, which is to be satisfied by the Purchaser in the following manner:

(a) as to HK$20 million in cash being refundable deposit which have been paid upon signing of the Agreement;

(b) as to HK$19 million in cash to be paid upon completion of the Acquisition; and

(c) the remaining HK$39 million to be satisfied by the issue of the Convertible Bonds by the Company to the Vendor upon completion of the Acquisition.

The cash portion of the Consideration will be funded by internal resources of the Company. The consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the Company and the Vendor and with reference to the valuation report set out in Appendix IV-A of this circular.

According to the valuation report by Ample Appraisal Limited, an independent professional valuer, the market value of 100% of the Target was HK$412,000,000 as at 31 December 2010 and the consideration for the Acquisition of HK$78 million represents a slight discount to the value of HK$78.28 million, being 19% of the Target's value based on the said valuation.

The valuation report adopted the income-based approach using discounted cash flow method which involved projections of profits, earnings and cash flows and are regarded as profit forecasts under Rule 19.61 of the GEM Listing Rules. Details of the bases and assumptions of the valuation are set out in the valuation report of the Target which is set out in Appendix IV-A of this circular. Please also refer to the letter from RSM Nelson Wheeler on the valuation report set out in Appendix IV-B of this circular and the letter from China Merchants Securities (HK) Co., Ltd. on the valuation report set out in Appendix IV-C of this circular.

In view of the consideration for the Acquisition being close to the said valuation, the Directors (including independent non-executive Directors) consider the terms (including the consideration for the Acquisition) for the Acquisition is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

Conditions precedent

The completion of the Agreement is subject to the following conditions precedent:

(a) the Purchaser being reasonably satisfied with the results of the due diligence review of the assets, liabilities, operations and affairs of the Target;

(b) all necessary consents and approvals required to be obtained on the part of the Vendor, the Purchaser and the Company in respect of the Agreement and the transactions contemplated thereby having been obtained;

(c) all necessary waiver, consent, approval, licence, authorisation, permission, order and exemption (if required) from the relevant governmental or regulatory authorities or other third parties which are necessary in connection with the Agreement and the transactions contemplated thereby having been obtained;

(d) the passing by the Shareholders at the SGM to approve the Agreement and the transactions contemplated thereunder, including but not limited to the issue of the Convertible Bonds to the Vendor;

(e) the warranties by the Vendor set out in the Agreement remaining true and accurate in all respects; and

(f) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Conversion Shares.

If the above conditions are not satisfied (or as the case may be, waived by the Purchaser in respect of (a) and (e) only) on or before 5:00 p.m. on 30 June 2011, or such later date as the Vendor and the Purchaser may agree, the Agreement shall cease and determine and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof. The Directors currently have no intention of waiving any of the conditions precedent.

On 14 June 2011, the parties to the Agreement agreed in writing that the date for fulfillment of the above conditions be extended to on or prior to 30 September 2011.

COMPLETION

Completion of the Agreement will take place on the 3rd business day after all the conditions precedent of the Agreement have been fulfilled or waived (as the case may be).

Principal terms of the Convertible Bonds

Principal amount

HK$39,000,000.00

Maturity

On the date falling on the expiry of 18 months from the date of issue of the Convertible Bonds.

Conversion price

The initial conversion price will be based on the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of completion of the Acquisition, subject to the maximum price of HK$0.18 per Conversion Share and the minimum price of HK$0.03 per Conversion Share. The initial conversion price shall be subject to the usual provisions for adjustments arising from events such as share consolidation, share subdivision, capitalisation issue, capital distribution, rights issue, issue of new shares or convertible securities at more than 80% discount to the market price.

The initial conversion price and the maximum and minimum conversion price were determined after arm's length negotiations between the Company and the Vendor with reference to the recent market price of the Share and its fluctuation since year 2011 and immediately before the date of the Agreement. The closing price of the shares was highest at HK$0.415 on 5 January 2011 and lowest at HK$0.062 on 9 February 2011. The Directors consider that the conversion price of the Convertible Bonds based on the average closing price of the Shares at completion is fair and reasonable.

The maximum conversion price of HK$0.18 per Conversion Share represents:

(a) a premium of approximately 190.32% to the closing price of HK$0.062 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a premium of approximately 190.32% to the average closing price of approximately HK$0.062 per Share for the last five trading days up to and including the Last Trading Day;

(c) a premium of approximately 181.25% to the average closing price of approximately HK$0.064 per Share for the last ten trading days up to and including the Last Trading Day;

(d) a premium of approximately 143.24% over the consolidated net assets attributable to equity holders of the Company as at 30 June 2010 of approximately HK$0.074 per Share.

The minimum conversion price of HK$0.03 per Conversion Share represents:

(a) a discount of approximately 51.61% to the closing price of HK$0.062 per Share as quoted on the Stock Exchange on the Last Trading Day;

(b) a discount of approximately 51.61% to the average closing price of approximately HK$0.062 per Share for the last five trading days up to and including the Last Trading Day;

(c) a discount of approximately 53.13% to the average closing price of approximately HK$0.064 per Share for the last ten trading days up to and including the Last Trading Day;

(d) a discount of approximately 59.46% over the consolidated net assets attributable to equity holders of the Company as at 30 June 2010 of approximately HK$0.074 per Share.

Interest

If the initial conversion price shall be less than HK$0.06 per Conversion Share (subject to adjustment), the Convertible Bonds shall not bear any interest.

If the initial conversion price shall be equal to or more than HK$0.06 per Conversion Share but less than HK$0.12 per Conversion Share (subject to adjustment), the Convertible Bonds shall bear interest at the rate of 3% per annum payable annually.

If the initial conversion price shall be equal to or more than HK$0.12 per Conversion Share (subject to adjustment), the Convertible Bonds shall bear interest at the rate of 6% per annum payable annually.

The interest rate mechanism was arrived at after arm's length negotiation between the Vendor and the Company having taking into account of the fluctuations in the Shares market prices and the difference in the number of Conversion Shares to be received by the Vendor based on the Conversion Price. The interest rates of 3% and 6% represents higher yields on the Convertible Bonds to compensate for the reduced number of Conversion Shares to be received by the Vendor.

Conversion

Provided that any conversion of the Convertible Bonds (i) does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds and parties acting in concert with it (as defined under the Takeovers Code) and (ii) does not result in the Company's non-compliance with the minimum public shareholding requirement under Rule 11.23 or other similar provisions of the GEM Listing Rules, each holder of the Convertible Bonds has the right to convert the whole or part of the outstanding principal amount of the Convertible Bonds (in the amount of HK$100,000 or integral multiples thereof) on any business day after the date of issuance of the Convertible Bonds up to the maturity date.

Assuming full conversion of the Convertible Bonds at the minimum conversion price of HK$0.03 per Conversion Share, an aggregate of 1,300,000,000 Conversion Shares will be issued by the Company (representing approximately 82.05% of the existing issued share capital of the Company and approximately 45.07% of the issued share capital of the Company as enlarged by the allotment and issue of the Conversion Shares).

Ranking of Conversion Shares

The Conversion Shares will rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

Transferability

The Convertible Bonds are freely transferable in denominations of the principal amount of HK$100,000 subject to prior notification to the Company. There is no restriction on transfer of the Convertible Bonds to connected persons of the Company. However the Company will disclose to the Stock Exchange and comply with the relevant requirements under the GEM Listing Rules as soon as the Company is aware of any dealings in the Convertible Bonds by a connected person of the Company.

Redemption

The Company may redeem the Convertible Bonds at 100% of the principal outstanding amount at any time from the date of issue to the maturity date. Any Convertible Bonds outstanding on the maturity date shall be redeemed by the Company at 100% of the outstanding principal amount.

Listing

No application will be made for the listing of the Convertible Bonds.

Application will be made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Conversion Shares which may fall to be issued upon conversion of the Convertible Bonds.

EFFECT ON THE SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the Latest Practicable Date, (ii) immediately after completion of the Acquisition and assuming full conversion of the Convertible Bonds at the maximum conversion price of HK$0.18 per Conversion Share, (iii) immediately after completion of the Acquisition and assuming full conversion of the Convertible Bonds at the minimum conversion price of HK$0.03 per Conversion Share (for illustration purpose), and (iv) immediately after completion of the Acquisition and assuming full conversion of the Convertible Bonds at the minimum conversion price of HK$0.03 per Conversion Share but subject to the conversion restrictions:

Shareholders	As at the Latest Practicable Date		Immediately after Completion and assuming full conversion of the Convertible Bonds at the maximum conversion price of HK$0.18 per Conversion Share		Immediately after Completion and assuming full conversion of the Convertible Bonds at the minimum conversion price of HK$0.03 per Conversion Share		Immediately after Completion and assuming full conversion of the Convertible Bonds at the minimum conversion price of HK$0.03 per Conversion Share but subject to the conversion restrictions	
	No. of Shares	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*	*No. of Shares*	*%*
Vendor	0	0.00	216,666,667	12.03	1,300,000,000	45.07	675,787,975	29.90
Public Shareholders	1,584,372,477	100.00	1,584,372,477	87.97	1,584,372,477	54.93	1,584,372,477	70.10
Total	1,584,372,477	100.00	1,801,039,144	100.00	2,884,372,477	100.00	2,260,160,452	100.00

Note: For illustration purpose only, any conversion of the Convertible Bonds does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the holder of the Convertible Bonds and parties acting in concert with it (as defined under the Takeovers Code) pursuant to the terms of the Convertible Bonds.

There will not be any change of control of the Company resulting from the completion of the Acquisition or the issuance of the Conversion Shares.

INFORMATION ON THE TARGET

The Target is a company incorporated in Hong Kong and is owned as to 51% by China New Media Company Limited ("CNM") and 49% by the Vendor. CNM is a wholly owned subsidiary of China Outdoor Media Group Limited (Stock Code: 254) ("COMG"), a company listed on the main board of the Stock Exchange. Therefore the Target is a subsidiary of COMG. The Target is principally engaged in outdoor advertising in Hong Kong, specializing in advertising spaces in lifts and outer walls of buildings.

According to the audited accounts of the Target set out in Appendix II of this circular, the audited loss before and after taxation for the period from 19 June 2009 (date of incorporation) to 30 June 2010 were both approximately HK$0.7 million. The audited loss before and after taxation for the six month period ended 31 December 2010 were both approximately HK$0.35 million. The audited net liabilities of the Target as at 31 December 2010 was approximately HK$1 million.

The Target obtains the rights to use advertising spaces in buildings such as lifts and outer walls by entering into contracts directly with the relevant property management company. Currently the Target has secured exclusive rights for lift spaces in 18 residential buildings, 8 commercial buildings and 3 industrial buildings located in Hong Kong Island, Kowloon and the New Territories and the outer wall of an industrial building located in the New Territories. The tenure of such rights for lift spaces range from 3 to 5 years and that for the outer wall is 10 years. The Target has no special arrangement or alliance with any particular supplier of advertising space. The Target entered into the agreements with the various property management companies regarding lifts and outer building walls on various dates in 2010. According to the said agreements, the Target is responsible for the installation and maintenance cost of the advertising space. However by virtue of the Target's agreements with the advertising agent, the advertising agent shall assume all such installation and maintenance cost of the advertising space. The Target is required to pay a fixed monthly licence for the grant of exclusive advertising space for such periods advertisements are displayed at the advertising spaces. No licence fee is payable if no advertisement is displayed on the advertising space. The Target will continue to enjoy the exclusive right over the advertising spaces during the tenure even if such advertising spaces are not occupied.

The Target will first identify the area which is available and/or ideal to place advertisements. The Target will then contact the property management companies in the area to discuss the opportunity to lease out advertising spaces. In determining the available and/or ideal place for advertisement, the Target will take into account factors such as the scale of the building blocks, concentration and consumption power of population within the area, the policy of the relevant management companies and specific market demands.

The Target has outsourced its sales of advertising spaces to an advertising agent who is responsible for procuring customers, production and maintenance of the advertisements and customer services. The Target entered into the agreements with the advertising agent, namely Easy Advertising Group Limited ("Easy Groups"), for the lifts and outer building wall in October 2009 and November 2009 respectively. According to their terms, the Target is responsible to procure advertising spaces whilst the advertising agent is responsible for sourcing end customers for placing advertisements. The advertising agent will also be responsible for the production, installation and maintenance of advertising frame. On this basis, the Target and advertising agent share the income after deducting management fee paid to the property management company. The Directors consider this income sharing basis is fair and just as each party has its own responsibility and the percentage of income to be shared between the parties is determined based on the party's respective contribution. The advertising agent has not yet procured any end customers for the time being. The Company understands that the Target has been re-formulating its strategies based on market responses and feed back from the advertising agent. The Target is now planning to focus on larger scale building blocks concentrated in a local area instead of isolated buildings dispersed over different districts. The target end customers include everyday consumable products and services such as telecommunication services, banking and insurance, food and beverages, household products, supermarket chains, shops and restaurants in the locality. The Target believes that this will attract more customers and to secure a higher profit margin.

According to the information provided by the Vendor, the advertising agent, Easy Groups, is an innovating and progressive outdoor advertising company, acting as agent of various outdoor signage and specialty at taxi body and roof advertisement. Easy Groups have won the "Eagle Star Innovative Award" and "The Most Innovative Business Award" presented by The City Junior Chamber in 2003 and Hong Kong Federation of Youth Groups co-organized with Shell Company in 2004 respectively. The advertising agent has a team of experienced and professional constructors and a sales team; specialists to follow the production and installation procedures immediately after they receive each order to ensure that the advertisements are launched without any hassle; professional constructors to monitor the repair and maintenance of the advertisements and that the lifts and outer walls are maintained at their best conditions and sales team to follow the advertising campaign of all companies and providing comprehensive support and services to the customers. In view of the experience and track record of the advertising agent, the Company believes that it will be able to procure and serve customers effectively and efficiently.

Besides outdoor advertising, the Target also provided marketing consultancy services and referral services to its related company on an ad hoc basis. Since the date of incorporation up to 31 December 2010, the Target only has one marketing consultancy service and one referral service completed. The consultancy services provided by the Target was mainly in planning, organizing and liaising promotional activities. The said transactions were introduced as related company planned to place certain advertisements on specific advertising board. By leveraging on the network of its management, the Target identified and referred the relevant locations with advertising spaces to its related company based on arm's length negotiation. The Target's management would specifically identify transactions with related parties and would discuss and decide the service fee and to ensure that they are conducted on an arm's length basis. The service fee was determined and based on the market rate comparable with other competitors and acceptance of customers. After the completion of the Acquisition, the Company's nominated director in the Target will exercise his power in monitoring related party transactions to ensure that they are conducted at arm's length. The Company understands that such consultancy and referral services provided to related company are not expected to be a regular business for the Target in the future.

The following is the brief summary of the senior management of the Target:

Mr. Lau Chi Yuen, Joseph, director of the Target. He is currently the executive director of COMG. Mr. Lau joined COMG in 2007. He has extensive experience in the media industry, corporate transactions and investments. Mr. Lau is responsible for formulating overall strategies for the Target and identifying appropriate areas and/or locations for Target's business. During the employment of Mr. Lau in COMG, he mainly involved in (1) the operation of Shanghai Win Advertising Media Company Limited, which was an enterprise established in the PRC and engaged in the provision of outdoor media advertising services in the PRC, and (2) the operation of iKanTV Limited, which was principally engaged in media advertising business and media development in Hong Kong.

Mr. Tang Lap Chin, Richard, director of the Target. He is currently the chief operating office of COMG. He joined COMG in 2007 after his retirement as Chief Inspector of Police. Mr. Tang is responsible for supervising the day to day operation of the Target including liaison with building management companies and advertising agencies. Mr. Tang is mainly responsible for the general administrative management of the business operation. Being a Chief Inspector of Police before joining COMG, his management skill will be applied to the day to day operation of the Target.

There are different types of outdoor media in Hong Kong, including advertisements within and outside buildings, on transportations (e.g. buses, taxi and MTR) and mobile advertisement, etc.

The Target mainly focuses on advertisements in lifts of different types of buildings. The management of the Target considers that there is much room for the development and improvement of such business due to the high density of multi-storey buildings in Hong Kong. In the future, the Target will consider introducing more value added services such as making use of LCD/LED display units for advertisements. COMG has confirmed in writing of its intention to continue to support financially the operations of the Target and to meet all third party obligations for at least 12 months from the date of this circular. The Vendor has indicated verbally of its intention to provide financial support to the Target. The Company is confident that all the shareholders of the Target will provide appropriate financial support to the Target to develop its business.

The Target's holding company, COMG, is engaged in other advertising business through its other subsidiaries and affiliates. Such advertising businesses include an outdoor sign board advertising business in the PRC and a TV and electronic display media advertising business in Hong Kong. In view of the different nature of the advertising media or different geographical location in which such business operates, the Company considers that there is no competition between such businesses and those of the Target.

To the best knowledge and belief of the Directors, there is no particular law or regulation applicable to the business which the Target operates and there is no particular licenses or approvals required for the Target to conduct its business.

FINANCIAL IMPACT OF THE ACQUISITION

Based on the pro forma financial information of the Enlarged Group set out in Appendix III to this circular and the bases and assumptions taken into account in preparing such pro forma financial information, the Group's total assets and total liabilities would be increased by approximately HK$54,685,000 and approximately HK$50,997,000 respectively as a result of the Acquisition. The details of the financial effect of the Acquisition on the financial position of the Group together with the bases and assumptions taken into account in preparing the unaudited pro forma financial information are set out, for illustration purpose only, in Appendix III to this circular.

REASONS FOR THE ACQUISITION

The Group is principally engaged in development and sale of intelligent home electronic application system, development of outdoor advertising industry in the PRC.

As stated in the Company's interim report for the period ended 31 December 2010, in order for the Group to broaden its source of income and expand the business operations, the Directors believe that it is beneficial for the Group to diversity its business into the advertising and display industry in the PRC.

It is the corporate strategy of the Group to strengthen its existing business and at the same time identifying and capitalizing new opportunities to achieve financial growth for the Group and to maximum shareholders' value. To this end, the Directors consider the Acquisition as an opportunity for the Group to further expand its business in outdoor advertising and display industry.

Following the acquisition of the bus and station advertising business in PRC on 5 October 2010, the Acquisition represents a horizontal expansion of the media platform currently provided by the Group and allows the Group to deploy a similar business model in Hong Kong. Although the Company is only acquiring a minority interest (19%) in the Target, the Acquisition will enable the Group to tap in and participate in the media industry in Hong Kong. The Acquisition is the Group's first investment in Hong Kong's outdoor media industry and the Company believes that outdoor media industry in Hong Kong will continue to enjoy substantial growth as a result of the close ties with the PRC and its accompanying robust economic growth. The economic growth of the PRC will have a general positive effect on Hong Kong's economy which directly affects the local media industry. It is also expected that more and more PRC customers would like to advertise their services and products in Hong Kong. Both COMG and the Company currently have business and presence in the PRC media industry. The Company believes that its existing PRC customer portfolio and those of COMG could have a positive contribution to the Target's business in Hong Kong. However there is no publicly available data on advertising spending by PRC products in Hong Kong. After familiarizing with the Hong Kong market, the Company may consider further expanding its outdoor advertising business in Hong Kong.

Although the Target has been operating at a loss and has no existing clients and is currently at net liability position, and the Company has limited control over the Target's business and operation, the Directors are of the view that (i) the Target will enjoy the continued financial support from all its shareholders including the Company; (ii) the Target already has an experienced and seasoned management team to overlook its business and operation; (iii) the Target's prospect is optimistic based on the review of its business model, its management and operation, the development potential of outdoor advertising in Hong Kong and the assessment of the prospective and profit growth of Target's business and revenue.

The Directors have assessed the revenue and profit growth of the Target based on the existing agreements made with the building management companies and the advertising agent, the prospective customer base and the projected growth rate in revenue for the next five years. The major figures adopted for the projections are:

- The occupation rate is projected to grow from 55% in 2011 to 90% in 2016, which represents a growth rate of approximately 10% each year. There is no publicly available comparable from similar business in Hong Kong. The Target's management believed that the advertising spaces inside the lift and in the lift lobby would be viewed by residents in high frequency and appealing to advertisers. Such advertising spaces will be priced competitively, depending on the locations, and some will be strategically priced at a fraction of competing print media. In view of the high view-to-price ratio which will be attractive to advertisers, the Target's management, being market participants with adequate market knowledge, believed that the occupancy rate can be expected to increase gradually from the initial 55% to 90% before it reaches a plateau. The Directors consider that such rate of growth is reasonable.

- During the period from 2011 to 2016, the projected growth rate of advertising spaces secured is 67%. The apparent high growth rate is due to the low base effect. The Target currently has secured advertising spaces in 30 buildings. Based on the said growth rate, the number of buildings to be secured in 2016 will be roughly 390. According to the database of the Home Affairs Department, there are currently approximately 39,000 private buildings in Hong Kong. The projected number of buildings to be secured by the Target in 2016 will constitute approximately 1% of the total number of private buildings in Hong Kong. Given the relatively new advertising niche to be explored by the Target, the Directors consider that the growth rate is reasonable and in line with the expectation of the Target's management. The incidental capital expenditure is expected to be insignificant as no substantial fixture or equipment is required for the advertising spaces. Lease payments and costs of production of advertisements will be shared and disbursed from income.

- The operating margin of the Target from 2012 to 2016 will be in the range of 27% to 30%. Such assumption was based on the income sharing and lease payment arrangement set out in existing contracts made with the advertising agent and building management companies. The Directors have reviewed the performance of a number of companies in the advertising industry. Among them, their financial performance deteriorated drastically in 2009 as the financial crisis hit the global economy. As the global economy recovered in 2010, they are showing marked improvements in operating margin. The Directors have reviewed three well run advertising companies, and their average operating margin for the three years from 2006 to 2008 was 27.1%.

Based on the above, it was projected that the compound annual growth rate of the Target's revenue from 2012 to 2016 will be 90% and the compound annual growth rate of the Target's profit from 2012 to 2016 will be 95%. The apparent high projected growth rate in revenue and profit as compared to the expected economic growth in the PRC and Hong Kong is due to the low base effect. The Target's projected profit growth rate for the year 2012 to 2016 are as follows:

2012	**2013**	**2014**	**2015**	**2016**
916%*	205%	93%	67%	46%

* *the figure is not meaningful due to comparison with 2011 which does not represent a full year operation.*

Despite the Target's short history and lack of proven track record, the Directors have discussed with the Target's management on its business development plan and shared the view that there is a huge potential for the new advertising niche to be exploited by the Target. The Target is committed to securing and expanding the advertising space inventory and customers. The Directors have discussed the discounted cash flow with the Target's senior management and the assumptions and projected growth rate adopted are in line with the management's expectation. The Directors considered that the projected growth rates are reasonable.

The Directors have taken into account (1) the projected continued robust economic growth in the PRC and Hong Kong in the next five years, (2) the continued influx and presence of PRC products and services in Hong Kong and their demand for advertising, (3) the Target's business is relatively new and unique in Hong Kong and shall enjoy a fast initial growth, (4) the skill and experience of the Target's management, (5) the support from the Target's shareholders including COMG and the Company by way of financial support and business referral. The Directors consider that such revenue and profit growth projections are fair and reasonable. The Company has discussed with the management of the Target and understand that it is the current intention of the Target to focus primarily in the Hong Kong market. As a result of the economic growth in PRC, it would lead to more PRC companies deciding to place advertisements promoting their business and products in Hong Kong by placing outdoor advertisements. Such potential customers include products and services such as telecommunication services, banking and insurance, food and beverages, household products and real estate. The Target will rely on the advertising agent to expand and diversify its customer base. Since the agreement with the Easy Groups relating to lift frames are non-exclusive, the Target may pick one or more additional advertising agents to source customers where appropriate. Besides, the Target's major shareholder, COMG, mainly engaged in the outdoor media and advertising services in the PRC and media related services that have coverage of PRC customers and would refer such customers to the Target. The Company understands that COMG has been in negotiation with its customers for business referral to the Target but no binding agreement or arrangement has been reached. The Company will also be able to refer existing customers which have business relationships with them to the Target. The Company has been given to understand that the Target will review and monitor its business operation and business environment on a regular basis and will formulate appropriate strategies before expanding outside the Hong Kong market. After taking into account of the aforesaid, the Company is of the view that the consideration for the Acquisition is justified by reference to the valuation report as set out in Appendix IV-A of this circular and the figures adopted in the valuation report are fair and reasonable. The Directors are not aware of any material adverse change in the business or financial position of the Target which would affect the valuation of the Target or render any of the assumptions inappropriate.

After the completion of the Acquisition, the Company's interest in the Target will be accounted for as an investment. The Purchaser shall be entitled to nominate one director into the board of directors of the Target upon completion of the Agreement. The director nominated by the Company will be responsible for monitoring the operation and performance of the Target; contribute to and involve in the development of strategy of the Target; and to safeguard the investment of the Company. Currently the board of directors of the Target consists of two persons, namely Mr. Lau Chi Yuen Joseph and Mr. Tang Lap Chin, Richard.

GEM LISTING RULES IMPLICATIONS

As the applicable percentage ratios in respect of the Acquisition exceeds 25% but is less than 100%, the Acquisition constitutes a major transaction for the Company under Rule 19.06 of the GEM Listing Rules, which is subject to the reporting, announcement and shareholders' approval requirements under the GEM Listing Rules.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, no Shareholder has an interest in the Agreement which is materially different from the other Shareholders. Therefore no Shareholder is required to abstain from voting on the resolution to be proposed at the SGM.

THE SGM

A notice convening the SGM is set out on pages 87 to 89 of this circular. A form of proxy for the SGM is enclosed with this circular. Whether or not you intend to be present at the SGM, you are advised to complete the form of proxy and return it to the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited of 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the SGM. The completion and delivery of a form of proxy will not preclude you from attending and voting at the meeting in person.

RECOMMENDATION

The Directors consider that the terms of the Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend that all Shareholders should vote in favour of the relevant resolution to be proposed at the SGM to approve the Agreement.

Yours faithfully,
On behalf of the Board
Chen Chuan
Chairman

The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.

1. THREE-YEAR FINANCIAL INFORMATION

Financial information of the Group for the period from 1 April 2007 to 30 June 2008, the year ended 30 June 2009 and the year ended 30 June 2010 are disclosed in the annual reports of the Company for the years/period 30 June 2008, 2009 and 2010 respectively, which are published on both the GEM website (www.hkgem.com) and the website of the Company (www.it-holdings.com.hk).

Acquisition since 30 June 2010

On 19 July 2010, the Company entered into the agreement with Chuk Ka Yi, Tam Wing Yuen, Chan Pui Shan Vivien and J&K TMT Investment Company Limited (the "Vendors") for the acquisition of the entire issued share capital in Active Link Investments Limited ("Active Link") which indirectly holds 80% equity interest in Shijiazhuang Municipal Xun Hua De Gao Bus Advertising Company Limited ("Shijiazhuang Xunhua").

Active Link is principally engaged in investment holding and Shijiazhuang Xunhua is principally engaged in design, production and publication of outdoor advertisements in PRC. The acquisition of Active Link and its subsidiaries was completed on 5 October 2010. The aggregate consideration for the acquisition was HK$105,600,000 which was paid by way of (i) cash in the sum of HK$40 million prior to and upon completion; (ii) 140,250,000 consideration shares at the issue price of HK$0.16 per share issued to the vendors upon completion; (iii) convertible bonds in the principal amount of HK$25,560,000 issued to the vendors upon completion; (iv) 55,000,000 shares at the issue price of HK$0.16 per share to be issued to the vendors after fulfillment of the profit guarantee for each of the financial year ending 31 December 2011 and 31 December 2012. For further details of the acquisition and financial information of Active Link and its subsidiaries, reference is made to the Company's announcement and circular dated on 21 July 2010 and 24 August 2010 respectively.

There is no variation to the aggregate of the remuneration payable to and benefits in kind receivable by the directors of the Company in consequence of the acquisition.

2. INDEBTEDNESS STATEMENT

Borrowings

As at the close of business on 30 April 2011, the Enlarged Group and the Group had outstanding unsecured borrowings of approximately HK$74,054,000. The unsecured borrowings included outstanding principal amount of convertible notes of approximately HK$36,200,000 and other borrowings of approximately HK$37,854,000.

Securities and guarantees

As at the close of business on 30 April 2011, the Enlarged Group and the Group did not obtain any banking facilities. As at the close of business on 30 April 2011, the Enlarged Group and the Group did not provide any corporate guarantees to banks.

Commitments

As at 30 April 2011, the Enlarged Group and the Group had total future minimum lease payments under non-cancellable operating leases for its office and staff quarters premises and falling due as follows:

	HK$'000
Within one year	488
In the second to fifth years, inclusive	25
	513

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 ex-director of the Company, Mr. Wong Yao Wing, Robert, an ex-director 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 parties have agreed to an interim stay of up to 8 June 2011 to attempt mediation to settle the dispute. The mediation was not successful and the parties shall continue with the proceedings.

Disclaimer

Save as aforesaid and apart from intra-group liabilities, at the close of business on 30 April 2011, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had no other outstanding mortgages, charges, debentures or other loan capital or bank overdrafts or loans or other similar indebtedness, finance lease or hire purchase commitments, liabilities under acceptance or acceptance credits, debt securities, guarantees or other material contingent liabilities. Save as aforesaid, the Directors confirm that there has been no material change to the indebtedness and contingent liabilities of the Group since 30 April 2011 and up to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the existing cash and bank balances and other internal resources available and also the effect of the Acquisition, the Enlarged Group has sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular in the absence of unforeseen circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial position or trading position of the Group since 30 June 2010, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND TRADING PROSPECT OF THE ENLARGED GROUP

At present, the principal business activities of the Group are domestic sale of i-Panel and Apbus products and the provision of intranet design for residential communities in the PRC and outdoor advertising business in the PRC.

Intelligent system business

The domestic sale of i-Panel and Apbus 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 secure 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 cool 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. In additional, to brace itself from future fluctuation due to economic cycles, the Group is in the course of reviewing its intelligent system business, in particular the viability of expanding this business into other sectors other than residential properties.

Advertising business

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 exclusive 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 exclusive basis. The Group is reviewing existing single-decker outdoor advertisements business with Local Bus Company in order to operate and develop sustainable regional business in PRC.

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.

The following is the text of a report, prepared for the sole purpose of inclusion in this circular, received from the independent reporting accountants, RSM Nelson Wheeler, Certified Public Accountants, Hong Kong.

RSM Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor,
Caroline Centre,
Lee Gardens Two,
28 Yun Ping Road,
Hong Kong

16 June 2011

The Board of Directors
Inno-Tech Holdings Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of China New Media (HK) Company Limited (the "Target Company") for the period from 19 June 2009 (date of incorporation) to 30 June 2010 and the six months ended 31 December 2010 (the "Relevant Periods") for inclusion in the circular dated 16 June 2011 issued by Inno-Tech Holdings Limited (the "Company") in connection with the proposed acquisition of 19% issued share capital of the Target Company (the "Circular").

The Target Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 19 June 2009. The Target Company is engaged in outdoor advertising and the provision of media management and consultancy services in Hong Kong. The Target Company has adopted 30 June as its financial year end date.

We have audited the statutory financial statements of the Target Company for the period from 19 June 2009 (date of incorporation) to 30 June 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

For the purpose of this report, the directors of the Target Company have prepared the financial statements of the Target Company for the Relevant Periods in accordance with HKFRSs (the "Underlying Financial Statements").

The Financial Information has been prepared from the Underlying Financial Statements in accordance with HKFRSs.

The directors of the Target Company are responsible for the preparation of the Underlying Financial Statements. The directors of the Company are responsible for the contents of the Circular in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

We have performed our independent audit on the Underlying Financial Statements in accordance with HKSAs and have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

For the purpose of this report, the directors of the Target Company have prepared the comparative financial information of the Target Company for the six months ended 31 December 2009 (the "Comparative Financial Information") in accordance with HKFRSs. We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2400 "Engagements to Review Financial Statements" issued by the HKICPA. A review consists principally of making enquiries of the Target Company's management and applying analytical procedures to the Comparative Financial Information and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the Comparative Financial Information.

In our opinion, for the purpose of this report, the Financial Information gives a true and fair view of the state of the Target Company's affairs as at 30 June 2010 and 31 December 2010 and of the Target Company's results and cash flows for the Relevant Periods.

FINANCIAL INFORMATION

A. STATEMENTS OF COMPREHENSIVE INCOME

		Period from 19 June 2009 (date of incorporation) to 30 June	Six months ended 31 December	
		2010	2009	2010
	Note	*HK$*	*HK$*	*HK$*
			(unaudited)	
Turnover	*7*	65,000	–	55,755
Direct costs		(3,250)	–	(53,100)
Gross profit		61,750	–	2,655
Bank interest income		1	–	3
Administrative expenses		(766,031)	(302,205)	(348,707)
Loss from operations		(704,280)	(302,205)	(346,049)
Finance costs – bank charges		(400)	(100)	(350)
Loss before tax		(704,680)	(302,305)	(346,399)
Income tax expense	*9*	–	–	–
Loss for the period and total comprehensive income for the period	*10*	(704,680)	(302,305)	(346,399)
Attributable to:				
Owners of the Target Company		(704,680)	(302,305)	(346,399)

B. STATEMENTS OF FINANCIAL POSITION

	Note	At 30 June 2010 HK$	At 31 December 2010 HK$
Current assets			
Deposits and other receivables		13,649	49
Bank and cash balances		85,001	100,909
		98,650	100,958
Current liabilities			
Accruals		16,800	26,590
Due to intermediate holding company	*11 & 16(b)*	258,927	258,927
Due to immediate holding company	*11 & 16(b)*	478,469	817,386
Due to a fellow subsidiary	*11 & 16(b)*	49,034	49,034
		803,230	1,151,937
Net current liabilities		(704,580)	(1,050,979)
NET LIABILITIES		(704,580)	(1,050,979)
Capital and reserves			
Share capital	*12*	100	100
Accumulated losses		(704,680)	(1,051,079)
EQUITY		(704,580)	(1,050,979)

C. STATEMENTS OF CHANGES IN EQUITY

	Share capital	Accumulated losses	Total
	HK$	*HK$*	*HK$*
Issue of shares	100	–	100
Total comprehensive income for the period	–	(704,680)	(704,680)
Changes in equity for the period	100	(704,680)	(704,580)
At 30 June 2010	100	(704,680)	(704,580)
Total comprehensive income and changes in equity for the period	–	(346,399)	(346,399)
At 31 December 2010	100	(1,051,079)	(1,050,979)
(Unaudited)			
At 1 July 2009	100	(7,650)	(7,550)
Total comprehensive income and changes in equity for the period	–	(302,305)	(302,305)
At 31 December 2009	100	(309,955)	(309,855)

D. STATEMENTS OF CASH FLOWS

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	Six months ended 31 December 2009	2010
	HK$	HK$ (unaudited)	HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax	(704,680)	(302,305)	(346,399)
Adjustment for:			
Bank interest income	(1)	–	(3)
Operating loss before working capital changes	(704,681)	(302,305)	(346,402)
(Increase)/decrease in deposits and other receivables	(13,649)	(13,600)	13,600
Increase in accruals	16,800	9,551	9,790
Increase in amount due to intermediate holding company	258,927	257,320	–
Increase in amount due to immediate holding company	478,569	–	338,917
Increase in amount due to a fellow subsidiary	49,034	49,034	–
Net cash generated from operating activities	85,000	–	15,905
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	1	–	3
NET INCREASE IN CASH AND CASH EQUIVALENTS	85,001	–	15,908
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	–	–	85,001
CASH AND CASH EQUIVALENTS AT END OF PERIOD	85,001	–	100,909
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank and cash balances	85,001	–	100,909

E. NOTES TO THE FINANCIAL INFORMATION

1. General information

The Target Company was incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance on 19 June 2009. The address of its registered office and principal place of business is Suite 1103, 11/F., ICBC Tower, 3 Garden Road, Hong Kong.

The Target Company is engaged in outdoor advertising and the provision of media management and consultancy services in Hong Kong.

In the opinion of the directors of the Target Company, as at 31 December 2010, China New Media Company Limited, a company incorporated in Hong Kong, is the immediate holding company; China Outdoor Media Group Limited, a company incorporated in Hong Kong, is the ultimate holding company of the Target Company.

2. Going concern

The Target Company incurred a loss of HK$346,399 for the six months ended 31 December 2010 and as at 31 December 2010 the Target Company had net current liabilities and net liabilities of HK$1,050,979 and HK$1,050,979 respectively. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Target Company's ability to continue as a going concern. Therefore, the Target Company may be unable to realise its assets and discharge its liabilities in the normal course of business.

This Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company, at a level sufficient to finance the working capital requirements of the Target Company. The ultimate holding company, China Outdoor Media Group Limited, has confirmed in writing of its intention to continue to support financially the operations of the Target Company and to meet all third party obligations for at least the ensuing twelve months period. The directors of the Target Company are therefore of the opinion that it is appropriate to prepare the Financial Information on a going concern basis. Should the Target Company be unable to continue as a going concern, adjustments would have to be made to the Financial Information to adjust the value of the Target Company's assets to their recoverable amounts and to provide for any further liabilities which might arise.

3. Adoption of new and revised HKFRSs

During the Relevant Periods, the Target Company has adopted all the new and revised HKFRSs that are relevant to its operations and effective for its accounting period beginning on 1 July 2010. HKFRSs comprise Hong Kong Financial Report Standards; Hong Kong Accounting Standards; and Interpretations.

The Target Company has not applied the new HKFRSs that have been issued but are not yet effective. The Target Company has already commenced an assessment of the impact of these new HKFRSs but is not yet in a position to state whether these new HKFRSs would have a material impact on its results of operations and financial position.

4. Significant accounting policies

This Financial Information has been prepared in accordance with HKFRSs, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

This Financial Information has been prepared under the historical cost convention.

The preparation of Financial Information in conformity with HKFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Target Company to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to this Financial Information, are disclosed in note 5 to the Financial Information.

The significant accounting policies applied in the preparation of this Financial Information are set out below.

(a) Foreign currency translation

(i) Functional and presentation currency

Items included in the Financial Information of the Target Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Financial Information is presented in Hong Kong dollars, which is the Target Company's functional and presentation currency.

(ii) Transactions and balances in Financial Information

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(b) Operating leases

Leases that do not substantially transfer to the Target Company all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(c) Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Target Company becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Target Company transfers substantially all the risks and rewards of ownership of the assets; or the Target Company neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

(d) Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. An allowance for impairment of other receivables is established when there is objective evidence that the Target Company will not be able to collect all amounts due according to the original terms of receivables. The amount of the allowance is the difference between the receivables' carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate computed at initial recognition. The amount of the allowance is recognised in profit or loss.

Impairment losses are reversed in subsequent periods and recognised in profit or loss when an increase in the receivables' recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the receivables at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

(e) Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Target Company's cash management are also included as a component of cash and cash equivalents.

(f) Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under HKFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Target Company after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

(g) Other payables

Other payables are stated initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(h) Equity instruments

Equity instruments issued by the Target Company are recorded at the proceeds received, net of direct issue costs.

(i) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Target Company and the amount of revenue can be measured reliably.

Revenue from the provision of media management and consultancy services is recognised when the service is rendered.

Interest income is recognised on a time-proportion basis using the effective interest method.

(j) Employee benefits

(i) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) Pension obligations

The Target Company contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Target Company and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Target Company to the funds.

(iii) Termination benefits

Termination benefits are recognised when, and only when, the Target Company demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(k) Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the period. Taxable profit differs from profit recognised in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Target Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Target Company intends to settle its current tax assets and liabilities on a net basis.

(l) Related parties

A party is related to the Target Company if:

(i) directly or indirectly through one or more intermediaries, the party controls, is controlled by, or is under common control with, the Target Company; has an interest in the Target Company that gives it significant influence over the Target Company; or has joint control over the Target Company;

(ii) the party is an associate;

(iii) the party is a joint venture;

(iv) the party is a member of the key management personnel of the Target Company or its parent;

(v) the party is a close member of the family of any individual referred to in (i) or (iv);

(vi) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or

(vii) the party is a post-employment benefit plan for the benefit of employees of the Target Company, or of any entity that is a related party of the Target Company.

(m) Impairment of assets

At the end of each reporting period, the Target Company reviews the carrying amounts of its tangible and intangible assets except receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Target Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(n) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Target Company has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(o) Events after the reporting period

Events after the reporting period that provide additional information about the Target Company's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. Critical judgements and key estimates

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors of the Target Company have made the following judgements that have the most significant effect on the amounts recognised in the Financial Information (apart from those involving estimations, which are dealt with below).

Going concern

The Financial Information has been prepared on a going concern basis, the validity of which depends upon the financial support of the ultimate holding company at a level sufficient to finance the working capital requirements of the Target Company. Details are explained in note 2 to the Financial Information.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Income taxes

The Target Company is subject to income taxes in Hong Kong. Significant estimates are required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

6. Financial risk management

The Target Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and interest rate risk. The Target Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Target Company's financial performance.

(a) Credit risk

The carrying amount of deposits and other receivables and bank and cash balances included in the statements of financial position represents the Target Company's maximum exposure to credit risk in relation to the Target Company's financial assets.

The Target Company has no significant concentrations of credit risk.

The credit risk on bank and cash balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

(b) Liquidity risk

The Target Company's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. The Target Company's financial liabilities are repayable on demand or within one year.

(c) Interest rate risk

As the Target Company has no significant interest-bearing assets and liabilities, the Target Company's operating cash flows are substantially independent of changes in market interest rates. Accordingly, no sensitivity analysis has been presented.

(d) Categories of financial instruments

	At	
	30 June 2010	**31 December 2010**
	HK$	*HK$*
Financial assets:		
Loans and receivables (including cash and cash equivalents)	98,650	100,958
Financial liabilities:		
Financial liabilities at amortised cost	803,230	1,146,937

(e) Fair values

The carrying amounts of the Target Company's financial assets and financial liabilities as reflected in the statements of financial position approximate their respective fair values.

7. Turnover

The Target Company's turnover which represents revenue from the provision of media management and consultancy services during the Relevant Periods are as follows:

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	Six months ended 31 December 2009	2010
	HK$	*HK$* (unaudited)	*HK$*
Advertising income	–	–	55,755
Marketing consultancy service income	40,000	–	–
Referral fee income	25,000	–	–
	65,000	–	55,755

8. Segment information

The Target Company has one single reportable segment which was managed as a single strategic business unit that engaged in outdoor advertising and the provision of media management and consultancy services in Hong Kong. Information reported to the Target Company's chief operating decision maker, for the purpose of resource allocation and assessment performance is focused on the operating results of the Target Company as a whole as the Target Company's resources are integrated and no discrete financial information is available. Accordingly, no segment analysis is presented.

The Target Company's revenue is attributable to the market in Hong Kong and the Target Company does not have any non-current assets. No geographical information is presented.

Revenue from major customers:

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	Six months ended 31 December 2009	2010
	2010	**2009**	**2010**
	HK$	*HK$* (unaudited)	*HK$*
Customer a	40,000	–	–
Customer b	25,000	–	55,755

9. Income tax expense

No provision for Hong Kong Profits Tax is required since the Target Company has no assessable profit for the Relevant Periods.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the Hong Kong Profits Tax rate is as follows:

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	Six months ended 31 December 2009	2010
	2010	**2009**	**2010**
	HK$	*HK$* (unaudited)	*HK$*
Loss before tax	(704,680)	(302,305)	(346,399)
Applicable Hong Kong Profits Tax rate	16.5%	16.5%	16.5%
Tax at the applicable Hong Kong Profits Tax rate	(116,272)	(49,880)	(57,156)
Tax effect of tax losses not recognised	116,272	49,880	57,156
Income tax expense	–	–	–

At 30 June 2010 and 31 December 2010, the Target Company has unused tax losses of HK$704,681 and HK$1,051,083, respectively, available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

10. Loss for the period

The Target Company's loss for the period is stated after charging the following:

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	Six months ended 31 December 2009	Six months ended 31 December 2010
	HK$	*HK$* (unaudited)	*HK$*
Auditor's remuneration	5,000	–	5,000
Directors' remuneration	–	–	–
Operating lease charges			
– Land and buildings	58,100	27,200	3,000
– Office equipment	5,800	1,740	3,480
Staff costs including directors' remuneration			
– Salaries, bonus and allowances	428,959	143,959	299,000
– Provision for unused annual leave	7,800	–	9,790
– Retirement benefit scheme contributions	12,013	2,000	9,619

11. Due to intermediate holding company, immediate holding company and a fellow subsidiary

The amounts due to intermediate holding company, immediate holding company and a fellow subsidiary are unsecured, interest-free and have no fixed terms of repayment.

12. Share capital

	At 30 June 2010	At 31 December 2010
	HK$	*HK$*
Authorised:		
10,000 ordinary shares of HK$1 each	10,000	10,000
Issued and fully paid:		
100 ordinary shares of HK$1 each	100	100

The Target Company's objectives when managing capital are:

(i) to safeguard the Target Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

(ii) to provide an adequate return to shareholders.

The Target Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristic of the underlying assets. In order to maintain or adjust the capital structure, the Target Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies and processes during the period from 19 June 2009 (date of incorporation) to 30 June 2010 and the six months ended 31 December 2010.

13. Contingent liabilities

At 30 June 2010 and 31 December 2010 the Target Company had no significant contingent liabilities.

14. Capital commitments

At 30 June 2010 and 31 December 2010 the Target Company had no significant capital commitments.

15. Lease commitments

At 30 June 2010 and 31 December 2010 the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At	
	30 June 2010	**31 December 2010**
	HK$	*HK$*
Within one year	6,960	6,960
In the second to fifth years inclusive	22,620	19,140
	29,580	26,100

16. Related party transactions

(a) Transactions with related parties

The Target Company had the following transactions with its related parties during the Relevant Periods:

	Period from 19 June 2009 (date of incorporation) to 30 June 2010	**Six months ended 31 December**	
		2009	**2010**
	HK$	*HK$* (unaudited)	*HK$*
Referral fee income received from a related company	25,000	–	–
Advertising income received from a related company	–	–	55,755

Mr. Lau Chi Yuen, Joseph, a director of the Target Company, has significant influence over the related company.

(b) ***Balances with related parties***

	At	
	30 June 2010	**31 December 2010**
	HK$	*HK$*
Due to intermediate holding company	258,927	258,927
Due to immediate holding company	478,469	817,386
Due to a fellow subsidiary	49,034	49,034

17. Subsequent financial statements

No audited financial statements have been prepared by the Target Company in respect of any period subsequent to 31 December 2010.

Yours faithfully,

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Target Company

Financial and business review

Target Company is incorporated in Hong Kong on 19 June 2009. The principal activities of Target Company are engaged in outdoor advertising and the provision of media management and consultancy services in Hong Kong.

According to the audited accounts of Target Company in accordance with HKFRSs issued by HKICPA, revenue for the period from 19 June 2009 (date of incorporation) to 30 June 2010 was amounting to HK$65,000.

The loss after taxation for the period from 19 June 2009 (date of incorporation) to 30 June 2010 was approximately HK$705,000 and the loss after taxation for the six months ended 31 December 2010 was approximately HK346,000. The audited net liabilities value of Target Company as at 30 June 2010 and 31 December 2010 was approximately HK$705,000 and HK$1,051,000 respectively.

Financial resources and liquidity

Target Company generally financed its operations by its direct or indirect holding company. No bank borrowing was obtained for the period from 19 June 2009 (date of incorporation) to 30 June 2010 and the six months ended 31 December 2010.

The net current liabilities as at 30 June 2010 and 31 December 2010 was approximately HK$705,000 and HK$1,051,000 respectively. The bank and cash balances of the Target Company as at 30 June 2010 and 31 December 2010 was approximately HK$85,000 and HK$101,000 respectively.

It is expected that the Target Company will start to generate significant revenue from its operation for the financial year 2011. In so far as the revenue from operation is insufficient to support its business, it is expected that all shareholders of the Target Company i.e. COMG, the Vendor and the Company, will provide financial support to the Target Company.

Capital structure

There was no change in the capital structure of Target Company during the Relevant Periods.

Capital commitments

As at 31 December 2010, there were no material capital commitments.

Significant investments

There was no significant investment held by Target Company during the Relevant Periods.

Acquisition of subsidiary

There was no acquisition of subsidiary and affiliated company during the Relevant Periods.

Analysis of segmental information

No further information for the business or geographical segment analysis of the Target Company has been presented as Target Company is solely engaged in outdoor advertising and the provision of media management and consultancy services in Hong Kong.

Employees and staff policy

As at 30 June 2010 and 31 December 2010, Target Company had about 2 directors and 2 permanent employees respectively and the total salary and allowances and pension scheme contribution amounted to approximately HK$449,000 and HK$318,000 respectively. The existing directors of the Target, namely Mr. Lau Chi Yuen, Joseph and Mr. Tang Lap Chin, Richard, are responsible for the Target's management and operations. Mr. Lau is responsible for formulating overall strategies for the Target and identifying appropriate areas and/or locations for Target's business. Mr. Tang is responsible for supervising the day to day operation including liaison with building management companies and/or advertising agencies. Should there be any change in the management, the business, results of operations and prospects may be affected.

The Directors considers that the Target has sufficient human resources for it business. The Target will recruit suitable personals to join should the business requires.

Charges on company's assets

As at 31 December 2010, no assets of Target Company were pledged.

Future plans for material investments or capital assets

As at 31 December 2010, Target Company did not have any plan for material investments or capital assets.

Gearing ratio

As at 31 December 2010, Target Company did not have any long-term liabilities and thus no gearing ratio was determined.

Foreign exchange exposure

Target Company mainly operates in the Hong Kong with most of the transactions settled in HK$. Therefore, it does not have any significant exposure to risk resulting from changes in foreign currency exchange rates.

Contingent liabilities

As at 31 December 2010, there were no material contingent liabilities.

Target may be affected by advertising trends and competition in the media industry in Hong Kong

There can be no assurance that the Target will be able to compete in the media industry in the future. If the Target is unable to compete effectively against competitors or to timely respond to a changing business environment, or if there are any reductions in or reallocations of customers' advertising expenditures or budgets, or to advertising in other types of media, the Target may lose customers and the financial condition and results of operations may be affected.

The Target can leverage on the resources, network and experience of its shareholders in order to compete and respond in a timer manner to challenging business environment. The Company (together with other shareholders of the Target) will actively monitor the market trend of the industry, operation and financial status of the Target on a regular basis.

Reliance on management

The existing directors of the Target are responsible for the Target's management and operations. Should there be any change in the management, the business, results of operations and prospects may be affected.

Fluctuations in the demand and advertising budgets

Revenue is subject to fluctuations in the demand and services and, correspondingly, advertising budgets. The demand and services is affected by a number of factors beyond Target's control, including economic conditions in Hong Kong, industry and market trends, shifts in consumer purchasing patterns and changes in the retail environment.

The Company (together with other shareholders of the Target) will actively monitor the market trend of the industry, operation and financial status of the Target on a regular basis.

Reliance on advertising agent

The Target relies on the advertising agent to procure and serve customers. If the advertising agent shall fail to procure customers successfully on favourable terms, the Target's business will be adversely affected.

The Target will select experienced and reputable advertising agent for its business. In order to protect the Target's interest, the agreement with the advertising agent in respect of lift frames is on a non-exclusive basis. The Target may consider replacing the existing advertising agent or appointing one or more additional advertising agents to serve the Target's needs. The Target will also leverage on the network and experience of its shareholders to expand its customers.

Crowe Horwath™

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International

34/F The Lee Gardens,
33 Hysan Avenue,
Causeway Bay, Hong Kong

16 June 2011

The Directors
Inno-Tech Holdings Limited
Room 606, 6/F, MassMutual Tower,
38 Gloucester Road,
Wanchai,
Hong Kong

Dear Sirs,

ACCOUNTANTS' REPORT ON THE UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES TO THE DIRECTORS OF INNO-TECH HOLDINGS LIMITED

We report on the unaudited pro forma statement of assets and liabilities (the "unaudited Pro Forma Financial Information") of Inno-Tech Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") and 19% equity interests in China New Media (HK) Company Limited (together with the Group hereinafter referred to as the "Enlarged Group"), which has been prepared by the directors of the Company for illustrative purpose only, to provide information about how the proposed acquisition of 19% issued share capital of China New Media (HK) Company Limited (the "Proposed Acquisition"), might have affected the financial information presented for inclusion as Appendix III of the circular of the Company dated 16 June 2011 (the "Circular"). The basis of preparation for the unaudited Pro Forma Financial Information is set out on pages 55 to 59 to the Circular.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS

It is the responsibility solely of the directors of the Company to prepare the unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "GEM Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion as required by paragraph 7.31(7) of the GEM Listing Rules, on the unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard on Investment Circular Reporting Engagements ("HKSIR") 300 "Accountants' Reports on Pro Forma Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

The unaudited Pro Forma Financial Information is for illustrative purposes only, based on the judgments and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in the future and may not be indicative of the financial position of the Enlarged Group as at 31 December 2010 or any future date.

OPINION

In our opinion:

- the unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

- such basis is consistent with the accounting policies of the Group; and

- the adjustments are appropriate for the purposes of the unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the GEM Listing Rules.

Crowe Horwath (HK) CPA Limited
Certified Public Accountants
Hong Kong

Lau Kwok Hung
Practising Certificate No.: P04169

1. INTRODUCTION

The following is the unaudited pro forma statement of assets and liabilities of the Enlarged Group prepared in accordance with Rule 7.31 of the GEM Listing Rules for the purpose of illustrating the effect of the Proposed Acquisition as if it had been completed on 31 December 2010.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group is prepared based on the unaudited condensed consolidated statement of financial position of the Group as at 31 December 2010 extracted from its published interim report of the Group for the six months ended 31 December 2010 to this circular after making appropriate pro forma adjustments that are considered necessary as if the Proposed Acquisition had been completed on 31 December 2010.

The unaudited pro forma statement of assets and liabilities is based on a number of assumptions, estimates and uncertainties. The accompanying unaudited pro forma statement of assets and liabilities is prepared for illustrative purpose only and it does not purport to describe the actual financial position of the Enlarged Group that would have been attained had the Proposed Acquisition been completed on 31 December 2010. The unaudited pro forma statement of assets and liabilities does not purport to predict the future financial position of the Enlarged Group.

The unaudited pro forma statement of assets and liabilities of the Enlarged Group should be read in conjunction with the Accountants' Reports on China New Media (HK) Company Limited as set out in Appendix II to this circular, the historical financial information on the Group as set out in Appendix I to this circular and other financial information included elsewhere in this circular.

2. UNAUDITED PRO FORMA STATEMENT OF ASSETS AND LIABILITIES OF THE ENLARGED GROUP

	The Group as at 31 December 2010	Pro forma adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
	(unaudited)			
Non-current assets				
Property, plant and equipment	14,377			14,377
Intangible assets	17,403			17,403
Interests in associates	1,790			1,790
Goodwill	89,679			89,679
Available-for-sale financial assets	–	78,000	*1*	78,000
	123,249			201,249
Current assets				
Trading securities	7,444			7,444
Inventories	1,434			1,434
Accounts receivable	1,985			1,985
Prepayments, deposits and other receivables	7,337			7,337
Amounts due from minority shareholder of a subsidiary	3,767			3,767
Promissory notes receivable	37,777			37,777
Cash and cash equivalents	23,315	(39,000)	*1*	–
		15,685	*2*	
	83,059			59,744
Assets classified as held for sale	47,045			47,045
	130,104			106,789

	The Group as at 31 December 2010	Pro forma adjustments		The Enlarged Group
	HK$'000	*HK$'000*	*Notes*	*HK$'000*
	(unaudited)			
Current liabilities				
Accounts payable, accrued expenses and other payables	13,476			13,476
Amounts due to directors	3,949			3,949
Deferred revenue	2,421			2,421
Tax payables	391			391
Deposit received from disposal of subsidiaries	13,000			13,000
Purchase consideration payable	11,000			11,000
Convertible notes	71,182			71,182
Bank overdraft	–	15,685	*2*	15,685
	115,419			131,104
Liabilities of disposal group classified as held for sale	27,585			27,585
	143,004			158,689
Net current liabilities	(12,900)			(51,900)
Total assets less current liabilities	110,349			149,349
Non-current liabilities				
Deferred taxation	1,403			1,403
Convertible bonds	20,885	35,312	*1*	56,197
	22,288			57,600
Net assets	**88,061**			**91,749**

3. NOTES TO THE UNAUDITED PRO FORMA ASSETS AND LIABILITIES OF THE ENLARGED GROUP

(1) On 18 February 2011, a wholly owned subsidiary of the Company (the "Purchaser"), entered into the sale and purchase agreement (the "Agreement") with the vendor pursuant to which the Purchaser has conditionally agreed to acquire from the vendor 19% of the total issued share capital of the China New Media (HK) Company Limited (the "Acquisition") at a consideration of HK$78 million.

(i) The consideration for the Acquisition was arrived at based on normal commercial terms after arm's length negotiations between the Company and the vendor and with reference to the valuation report set out in Appendix IV-A of this circular.

The consideration for the acquisition is HK$78 million, which is to be satisfied by the Purchaser in the following manner:

(a) as to HK$20 million in cash being refundable deposit to be paid upon signing of the Agreement;

(b) as to HK$19 million in cash to be paid upon completion of the Acquisition; and

(c) the remaining HK$39 million to be satisfied by the issue of the convertible bonds by the Company to the vendor upon completion of the Acquisition.

(ii) Upon the completion of the Acquisition, the investment in China New Media (HK) Company Limited will be accounted for available-for-sale financial assets in the consolidated financial statements of the Group in accordance with Hong Kong Accounting Standard 39 "Financial Instruments: Recognition and Measurement".

(iii) The convertible bonds to be issued by the Company in favour of the vendor at completion to satisfy part of the consideration for the Acquisition with principal amount of HK$39,000,000 has a maturity period of 18 months. The issuance of convertible bonds with principal amount of HK$39,000,000. The initial conversion price will be based on the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of completion of the Acquisition, subject to the maximum price of HK$0.18 per conversion share and the minimum price of HK$0.03 per conversion share (subject to anti-dilutive adjustments). The fair value of the convertible bonds is assumed to be its principal amount for the purpose of preparing the Pro Forma Statement of Assets and Liabilities of the Enlarged Group. In accordance with the Hong Kong Accounting Standard 32 "Financial Instruments: Presentation", convertible bonds issued by the Company contains both the liability and conversion option components. The liability component is recognised as financial liabilities and the residual, being the conversion option, as equity. The liability component is recognised at fair value of approximately HK$35,312,000. The adjustment reflects the fair value of the debt portion of the Convertible Notes as at 31 December 2010 (the deemed completion date) was valued by an independent professional valuer and the final valuation results to be recognised at actual completion of the proposed Acquisition may be different from the amounts stated herein.

(2) After making the adjustment 1 above, the unaudited pro forma assets and liabilities of Enlarged Group showed a shortfall of cash and bank balances of approximately HK$15,685,000. The shortfall of cash and bank balance is re-allocated to current liabilities. The shortfall will be mainly satisfied by the cash of the Group on hand 31 December 2010 and cash received by the Group subsequent to 31 December 2010 by right issue and placing of new shares. As the Company has issued 1,200,282,180 shares at HK$0.18 each on 12 January 2011, the net proceeds received in the amount approximately HK$207,650,000. And, the completion of the placing took place on 16 March 2011, 264,062,079 Placing Shares have been successfully placed by the Placing Agent with the net proceeds from the placing amount to approximately HK$15.01 million.

Ample Appraisal Ltd
AMAP
Room 604, Far East Consortium Building
121 Des Voeux Road Central
Hong Kong

16 June 2011

Inno-Tech Holdings Limited
Room 606, 6/F
MassMutual Tower
38 Gloucester Road
Wan Chai, Hong Kong

Dear Sir/Madam,

Re: Business Valuation of the 100% Equity Interest in China New Media (HK) Company Limited

In accordance with the instructions from Inno-Tech Holdings Limited (hereinafter referred to as the "Company") to us to conduct a business valuation on the 100% equity interest in the China New Media (HK) Company Limited (hereinafter referred to as the "Business Enterprise"), we are pleased to report that we have made relevant enquiries and obtained other information which we consider relevant for the purpose of providing our valuation as at 31 December 2010 (hereinafter referred to as the "Date of Valuation").

This report states the purpose and basis of valuation, scope of work, economic and industry overview, an overview of the Business Enterprise, major assumptions, valuation methodology, limiting conditions, and presents our estimate of value.

1. PURPOSE OF VALUATION

This report is prepared solely for the use of the directors and management of the Company. In addition, Ample Appraisal Limited ("Ample Appraisal") acknowledges that this report may be made available to the Company for public documentation purpose only.

Ample Appraisal assumes no responsibility whatsoever to any person other than the Company in respect of, or arising out of, the contents of this report. If others choose to rely in any way on the contents of this report they do so entirely on their own risk.

2. SCOPE OF WORK

Our valuation conclusion is based on the assumptions stated herein and on information provided by the management of the Company, and/or its representative (together referred to as the "Management").

In preparing this report, we have had discussions with the Management in relation to the development, operations and other relevant information of the Business Enterprise. As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and have considered such information and data as attainable and reasonable.

We have no reason to believe that any material facts have been withheld from us, however, we do not warrant that our investigations have revealed all of the matters which an audit or more extensive examination might disclose.

We do not express an opinion as to whether the actual results of the business operation of the Business Enterprise will approximate those projected because assumptions regarding future events by their nature are not capable of independent substantiation.

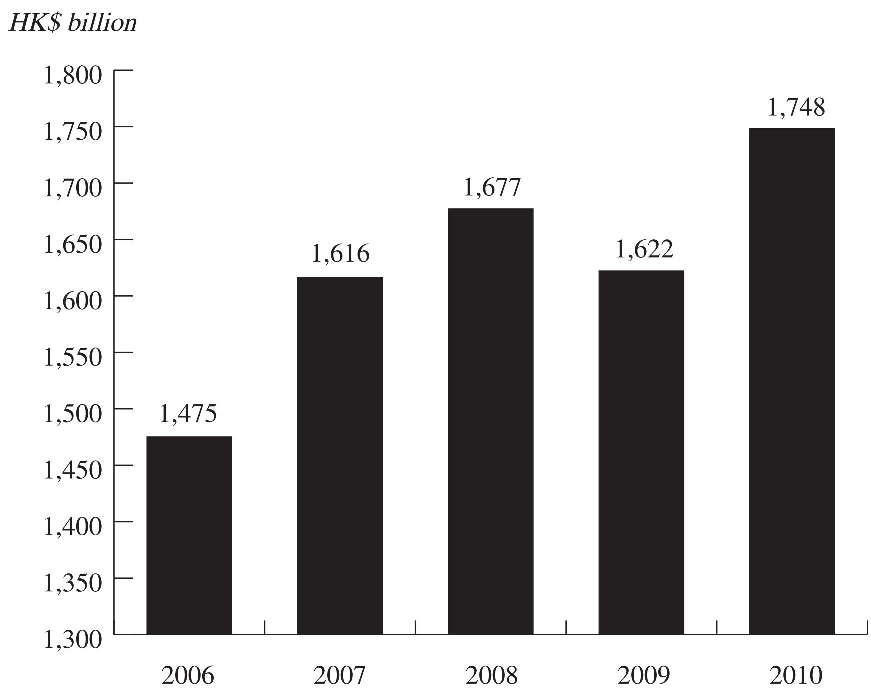
In applying these projections to the valuation of the Business Enterprise, we are making no representation that the business expansion will be successful, or that market growth and penetration will be realized.

3. ECONOMIC AND INDUSTRY OVERVIEW

3.1 Overview on the Economy of Hong Kong

Hong Kong has long been a free market economy highly dependent on international trade and finance. For this reason it was heavily exposed to the global economic turmoil that began in 2008 which resulted in a sharp drop of the Gross Domestic Product ("GDP") in the first quarter in 2009. Since then, the economy has been recovering. The GDP of Hong Kong in the fourth quarter in 2010 was approximately HK$477,746 million, a 6.76% increase over the previous quarter and 8.08% higher than that of the same quarter in 2009. Figure 1 illustrates the GDP of Hong Kong from 2006 to 2010.

Figure 1 – Hong Kong's GDP from 2006 to 2010



Source: Hong Kong Census and Statistics Department

3.2 Overview of Advertising Industry in Hong Kong

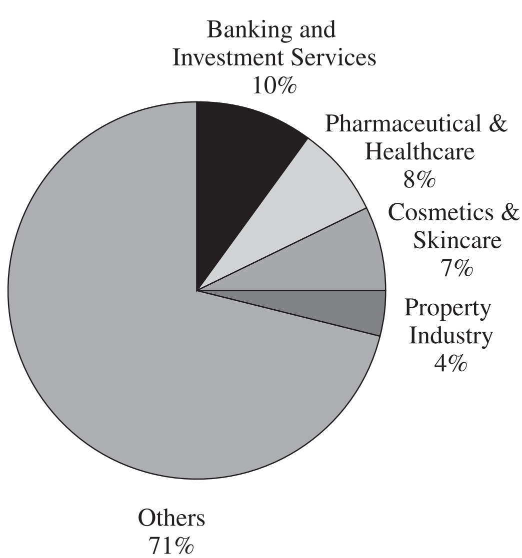
An extensive research conducted by Morgan Anderson Consulting has shown that there is an 80% correlation between GDP and advertising spending. Thus, the global economic downturn in 2008 had a major effect in the media and advertising industry worldwide. The global advertising spending by clients in 2009 suffered the sharpest decline in any single year since the Great Depression.

The advertising market in Hong Kong followed a similar pattern. After the strong recovery in 2004 from the SARS doldrums, advertising spending return to double digit growth for the three years to 2007. It is hit by the financial tsunami in 2008 and reported negative growth for the year. Following the stabilization of the economy, advertising market in Hong Kong resumed a modest growth in 2009, according to admanGo.

With the recovery of global economy in 2010, Hong Kong resumed growth with gross domestic product went up 6.8% in real terms in 2010, and recovered from the 2.7% contraction in 2009. The advertising industry in Hong Kong also rebound strongly. According to admanGo, a market leader in the provision of competitive advertising and advertisement monitoring service in Hong Kong, Hong Kong's advertising spending has grown 19% year-on-year to HK$31 billion in 2010 with a 5-year compound annual growth rate at 9.5%.

According to admanGo, leading the growth in advertising spending in Hong Kong is the banking and investment services industry, which ranked number one throughout 2010 with a total advertising spending of HK$3.20 billion, growing 32% year-on-year. The pharmaceutical & healthcare industry, at HK$2.41 billion, and cosmetics & skincare industry, at HK$2.26 billion, secured the second and third spots in the top 10 spending industries league table with a 21% and 31% year-on-year growth, respectively. The property industry also stood out with advertising spending in 2010 amounted to HK$1.27 billion, up 47% year-on-year. Figure 2 shows the advertising spending by industry in 2010 in Hong Kong.

Figure 2 – Advertising Spending by Industry in 2010 in Hong Kong

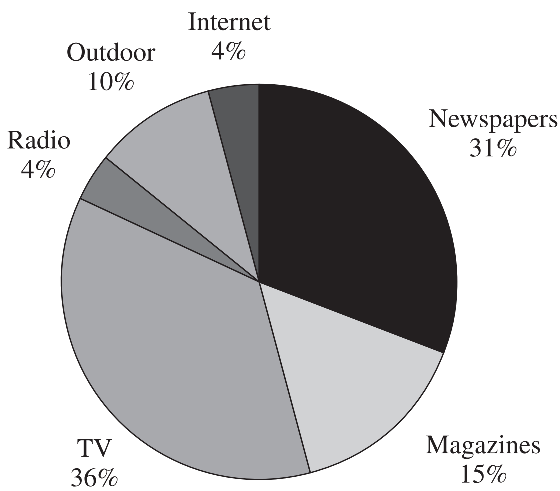


Source: admanGo

The lift frame advertising format encompasses a wide variety of forms that are specially located where particular groups congregate for a variety of purposes. Generally poster-type in form, some of the most common places where these displays are found include in the common areas of health clubs and bars, on college and high school campuses, in convention centers, in arcades, and at rest areas.

In Hong Kong, the predominant advertising media are TV and newspapers, which together accounted for two-third of the advertising spending in 2010, according to admanGo. Outdoor advertising, despite constant development in new products, ranks fourth in advertising spending market share in Hong Kong. Figure 3 shows the advertising spending market share of various advertising formats in Hong Kong in 2010.

Figure 3 – Advertising Spending Market Share by Advertising Formats in Hong Kong



Source: admanGo

Note:

admanGo is Hong Kong's market leader in providing competitive advertising and advertisement monitoring service through online platform. Over 80% of major advertising agencies, media and advertisers in Hong Kong currently use the service of admanGo. admanGo's coverage includes major TV and radio stations, 23 newspapers and over 100 publications, over 300 billboards all over Hong Kong and advertising media in MTR and bus, in Hong Kong; and

Morgan Anderson Consulting was founded in 1987 and is a marketing communications advisory firm to domestic and global marketers. It is providing clients with independent knowledge and insight to maximize value from marketing communications investments and agency relationships using proprietary data, methodologies, and tools that transform learning into action.

4. THE BUSINESS ENTERPRISE

The Business Enterprise is principally engaged in the provision of outdoor advertising, media management and consultancy services in Hong Kong. Through agreements with business partners, it has secured advertisement spaces in lift lobby and inside the lift for a number of commercial, industrial and residential buildings.

It has obtained the rights to use advertising spaces in buildings such as lifts and outer walls by entering into agreements directly with the relevant property management company. Currently the Business Enterprise has secured exclusive rights for lift spaces in 18 residential buildings, 7 commercial buildings and 3 industrial buildings located in Hong Kong Island, Kowloon and the New Territories, and the outer wall of an industrial building located in the New Territories. The tenure of such rights for lift spaces range from 3 to 5 years and that for the outer wall is 10 years.

The Business Enterprise has outsourced its sales of advertising spaces to an advertising agent who is responsible for procuring customers, production and maintenance of the advertisements and customer services. It will share the income from customers with the advertising agent. Besides outdoor advertising, the Business Enterprise also provided marketing consultancy services and referral services to its related company on an ad hoc basis. The Business Enterprise is in the initial stage of business development and no paying clients have been secured as at the Date of Valuation.

5. BASIS OF VALUATION

Our valuation is based on going concern premise and conducted on a market value basis. Market value is defined as “the estimated amount for which an asset could be exchanged, or a liability settled, between willing parties in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

6. INVESTIGATION AND ANALYSIS

Our investigation included discussions with members of the Management in relation to the development, operations and other relevant information of the Business Enterprise. In addition, we have made relevant inquiries and obtained further information and statistical figures regarding the economy of Hong Kong as we considered necessary for the purpose of the valuation.

As part of our analysis, we have reviewed such financial information and other pertinent data concerning the Business Enterprise provided to us by the Management and had considered such information and data as attainable and reasonable. We have also consulted other sources of financial and business information.

The valuation of the Business Enterprise requires consideration of all pertinent factors, which may or may not affect the operation of the business and its ability to generate future investment returns. The factors considered in our valuation include, but are not necessarily limited to, the following:

- The nature and prospect of the Business Enterprise;

- The financial condition of the Business Enterprise;

- The economic outlook in general and the specific economic environment and market elements affecting the business, industry and market as general overview of the outdoor advertising market. In view of the niche nature of the lift frame advertising format, in conducting the valuation and analysis, we consider these statistics as background supporting information.

- Relevant agreements; in particular, we have taken into consideration the agreement signed in relation to the rights to install display panel in the lift, the appointment of the advertising agency, and the sharing of advertising revenue;

- The ability of the Business Enterprise in attracting customers via the advertising agent who is responsible for procuring customers, production and maintenance of the advertisements, and customer services;

- The ability of the Business Enterprise in maintaining sufficient funds to operate the business, in view of the fact that advertising business is asset light with minimal capital expenditure requirement, no substantial down payment in securing advertising space, minimal inventory holding, and matching account receivables and accounts payables;

- The business risk of the Business Enterprise such as the ability in maintaining competent technical and professional personnel; and

- Investment returns and market transactions of entities engaged in similar lines of business.

7. VALUATION METHODOLOGY

There are generally three accepted approaches to obtain the market value of the Business Enterprise, namely the Market-Based Approach, Income-Based Approach and Asset-Based Approach. Each of these approaches is appropriate in one or more circumstances, and sometimes, two or more approaches may be used together. Whether to adopt a particular approach will be determined by the most commonly adopted practice in valuing business entities that are similar in nature.

7.1 Market-Based Approach

The Market-Based Approach values a business entity by comparing prices at which other business entities in a similar nature changed hands in arm's length transactions. The underlying theory of this approach is that one would not pay more than one would have to for an equally desirable alternative. By adopting this approach, the valuer will first look for valuation indication of prices of other similar business entities that have been sold recently.

The right transactions employed in analyzing indications of values need to be sold at an arm's length basis, assuming that the buyers and sellers are well informed and have no special motivations or compulsions to buy or to sell.

7.2 Income-Based Approach

The Income-Based Approach focuses on the economic benefits due to the income producing capability of the business entity. The underlying theory of this approach is that the value of the business entity can be measured by the present worth of the economic benefits to be received over the useful life of the business entity. Based on this valuation principle, the Income-Based Approach estimates the future economic benefits and discounts them to their present values using a discount rate appropriate for the risks associated with realizing those benefits.

Alternatively, this present value can be calculated by capitalizing the economic benefits to be received in the next period at an appropriate capitalization rate. This is subject to the assumption that the business entity will continue to maintain stable economic benefits and growth rate.

7.3 Asset-Based Approach

The Asset-Based Approach is based on the general concept that the earning power of a business entity is derived primarily from its existing assets. The assumption of this approach is that when each of the elements of working capital, tangible and intangible assets is individually valued, their sum represents the value of a business entity and equals to the value of its invested capital ("equity and long term debt"). In other words, the value of the business entity is represented by the money that has been made available to purchase the business assets needed.

This money comes from investors who buy stocks of the business entity ("equity") and investors who lend money to the business entity ("debt"). After collecting the total amounts of money from equity and debt, and converted into various types of assets of the business entity for its operation, their sum equals the value of the business entity.

7.4 Business Valuation

In the process of valuing the Business Enterprise, we have taken into account of the uniqueness of its operation and the media and advertising industry it is participating. The Market-Based Approach was not adopted in this case because most of the important assumptions are hidden. The Asset-Based Approach was also not adopted because it cannot reflect the market value of the Business Enterprise. We have therefore considered the adoption of Income-Based Approach in arriving at the market value of the Business Enterprise.

Under the Income-Based Approach, we have adopted the discounted cash flow ("DCF") method, which is based on a simple reversal calculation to restate all future cash flows in present terms. The present value of the expected cash flows was calculated as follows:

$$PVCF = CF_1/(1+r)^1 + CF_2/(1+r)^2 + ...+ CF_n/(1+r)^n$$

In which

PVCF	=	*Present value of the expected cash flows;*
CF	=	*Expected cash flow;*
r	=	*Discount rate; and*
n	=	*Number of years.*

We have analyzed the overall advertising market, agreements on securing lift frame and outer wall advertising space, agreements on engaging the advertising agent, and business plan in order to formulate the forecast. In accordance with the DCF valuation methodology, we calculated the free cash flow by adding non-cash expenses items, while deducting changes in working capital and capital expenditures from net profit after tax.

We made forecasts for six years in the preparation of valuation model and the period chosen is in accordance with common practice. We based our revenue projection on the agreements the Business Enterprise entered into. For both the lift frame advertising format and outer walls advertising format, we assessed the lease out spaces by taking the corresponding occupancy rates and the inventories into consideration and by multiply the leasing rate, we had the revenue projection. The occupancy rates are projected to grow from 55% at the end of 2011 to 90% in 2016, and together with 67% projected growth in advertising spaces to be secured, the compound annual growth rate in revenue over the years from 2012 to 2016 is projected to be 90%. The lift frame business segment will be developing faster than the outer walls business segment and accounting for three quarters of total revenue in the first year and eventually, the two business segments will be making even contribution. The Business Enterprise is outsourcing its operations to outside parties and minimal capital expenditure is expected to be incurred.

Over the forecasted period, the operating margin of the Business Enterprise will be in the range from 27% to 30%, and the compound annual growth rate in operating profit over the years from 2012 to 2016 is 95%.

In calculating the discount rate, we first obtained the weighted average cost of equity ("WACC") of the Business Enterprise, which was calculated by the formula below:

$$WACC = W_e \times R_e + W_d \times R_d \times (1 - T_c)$$

In which

R_e	=	*Cost of equity;*
R_d	=	*Cost of debt;*
W_e	=	*Weight of equity value to enterprise value;*
W_d	=	*Weight of debt value to enterprise value; and*
T_c	=	*Corporate tax rate.*

The cost of equity was calculated by using the following formula:

$R_e = R_f + \beta \times$ Market Risk Premium + Other Risk Premium

In which

R_e	=	*Cost of equity;*
R_f	=	*Risk-free rate; and*
β	=	*Beta coefficient.*

By adopting 3.58% as the risk-free rate, which is 5-year government bond yield rate extracted from Bloomberg, 10.79% as the market risk premium, which is the difference between market return of 14.37% and risk free rate of 3.58% as extracted from Bloomberg, 0.80 as the beta estimate of the Business Enterprise, which is the average of beta coefficients of the comparable companies extracted from Bloomberg, 3.99% as the other risk premium which is the size premium for micro-cap companies based on a study conducted by Ibbotson Associates, Inc., we arrived at 16.15% for cost of equity. The seven SEHK listed companies in the advertising business adopted in the calculation of beta coefficient are Clear Media (Stock Code: 100 HK), China Outdoor Media (Stock Code: 254 HK), Media China (Stock Code: 419 HK), Sinomedia (Stock Code: 623 HK), Roadshow (Stock Code: 888 HK), Qin Jia Yuan Media (Stock Code: 2366 HK) and Dahe Media (Stock Code: 8243 HK).

Note:

Ibbotson Associates, Inc. is a leading independent asset allocation provider in the United States and in international markets. Ibbotson's research generates new theories, enhances methodologies, and determines best practice applications. Ibbotson Associates contributes to the financial industry through asset allocation and business valuation consulting. Ibbotson was founded in 1977 and is a Morningstar company.

The cost of debt is 6.00%, which is the 3 to 5-year best lending rate extracted from Bloomberg. By taking the average of the debt-to-equity ratios of the comparable companies, which are Clear Media (Stock Code: 100 HK), China Outdoor Media (Stock Code: 254 HK), Media China (Stock Code: 419 HK), Sinomedia (Stock Code: 623 HK), Roadshow (Stock Code: 888 HK), Qin Jia Yuan Media (Stock Code: 2366 HK) and Dahe Media (Stock Code: 8243 HK), we adopted 16.06% as the weight of debt and 83.94% as the weight of equity, such that 14.28% of the WACC was obtained. Hence, we adopted the WACC as the discount rate as at the Date of Valuation.

Compared to similar interest in public companies, ownership interest is not readily marketable for closely held companies. Therefore, the value of a share of stock in a privately held company is usually less than an otherwise comparable share in a publicly held company. In the article with title "Why Is the Value of Minority Stock Discounted So Heavily" authored by Phil Williams and John Linder with LarsonAllen, the authors conducted analysis and determined appropriate lack of marketability discounts for non-marketable stocks in privately held companies. Accordingly, a marketability discount of 30.00% has been considered in arriving at our opinion of value of the Business Enterprise.

8. MAJOR ASSUMPTIONS

We have adopted certain specific assumptions in our valuation and the major ones are as follows:

- All relevant legal approvals and business certificates or licenses to operate the business in the localities in which the Business Enterprise operates or intends to operate would be officially obtained and renewable upon expiry;

- The projections outlined in the financial information provided are reasonable, reflecting market conditions and economic fundamentals, and will be materialized;

- There will be sufficient supply of technical staff in the industry in which the Business Enterprise operates, and the Business Enterprise will retain competent management, key personnel and technical staff to support its ongoing operations and developments;

- There will be no major change in the current taxation laws in the localities in which the Business Enterprise operates or intends to operate and that the rates of tax payable shall remain unchanged and that all applicable laws and regulations will be complied with;

- There will be no major change in the political, legal, economic or financial conditions in the localities in which the Business Enterprise operates or intends to operate, which would adversely affect the revenues attributable to and profitability of the Business Enterprise; and

- Interest rates and exchange rates in the localities for the operation of the Business Enterprise will not differ materially from those presently prevailing.

9. INFORMATION REVIEWED

Our estimate requires consideration of relevant factors affecting the market value of the Business Enterprise. The factors considered included, but were not necessarily limited to, the following:

- Financial statements of the Business Enterprise;
- Historical information of the Business Enterprise;
- Market trends of the industry and other dependent industries;
- General descriptions in relation to the Business Enterprise;
- Agreements entered into by the Business Enterprise with other parties on securing the lift frame advertising space and the outer door advertising space, and engaging the advertising agent who is responsible for procuring customers, production and maintenance of the advertisements and customer services; and
- Economic outlook in Hong Kong.

We have discussed the details with the Management. We have also conducted research from various sources to verify the reasonableness and fairness of information provided and we believe that such information is reasonable and reliable. We had assumed the accuracy of information provided and relied to a considerable extent on such information in arriving at our estimate.

10. LIMITING CONDITIONS

The valuation reflects facts and conditions existing at the Date of Valuation. Subsequent events have not been considered and we are not required to update our report for such events and conditions.

To the best of our knowledge, all data set forth in this report are reasonable and accurately determined. The data, opinions, or estimates identified as being furnished by others that have been used in formulating this analysis are gathered from reliable sources; yet, no guarantee is made nor liability assumed for their accuracy.

We have relied to a considerable extent on information provided by the Management in arriving at our estimate of value. We are not in the position to verify the accuracy of all information provided to us. However, we have had no reason to doubt the truth and accuracy of the information provided to us and to doubt that any material facts have been omitted from the information provided. No responsibilities for the operation and financial information that have not been provided to us are accepted.

We have not investigated the title to or any legal liabilities of the Business Enterprise and have assumed no responsibility for the title to the Business Enterprise appraised.

We would particularly point out that our valuation was based on the information such as the projections made by the Business Enterprise, company background, business nature and market share of the Business Enterprise provided to us.

Our conclusion of the market value was derived from generally accepted valuation procedures and practices that rely substantially on the use of various assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained.

We assume no responsibility whatsoever to any person other than the directors and management of the Company in respect of, or arising out of, the content of this report. If others choose to rely in any way on the contents of this report, they do so entirely on their own risk.

11. REMARKS

Unless otherwise stated, all monetary amounts stated in this valuation report are in Hong Kong Dollars (HK$).

We hereby confirm that we have no present interests in the Company, the Business Enterprise and the associated companies, or the values reported herein.

12. OPINION OF VALUE

Based on the investigation and analysis stated above and on the valuation method employed, the market value of 100% equity interest in the Business Enterprise as at the Date of Valuation, in our opinion, is reasonably estimated as **HK$ 412,000,000 (HONG KONG DOLLAR FOUR HUNDRED AND TWELVE MILLION ONLY).**

Yours faithfully,
For and on behalf of
AMPLE APPRAISAL LIMITED

Kelvin Luk	**Johnny Law**
MIBA	*CPA, CPA (Aust)*
Senior Vice President	*Senior Vice President*

RSM! Nelson Wheeler
中瑞岳華(香港)會計師事務所
Certified Public Accountants

29th Floor,
Caroline Centre,
Lee Gardens Two,
28 Yun Ping Road,
Hong Kong

16 June 2011

The Board of Directors
Inno-Tech Holdings Limited

Dear Sirs,

We have examined the principal accounting policies adopted in and the arithmetical accuracy of the calculations of the discounted cash flow forecast (the "Forecast") underlying the valuation (the "Valuation") of China New Media (HK) Company Limited (the "Target Company") performed by Ample Appraisal Limited (the "Valuer") in respect of the appraisal of the market value of 100% equity interest in the Target Company as at the reference date of 31 December 2010 in connection with the circular of Inno-Tech Holdings Limited (the "Company") dated 16 June 2011 (the "Circular").

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND RSM NELSON WHEELER

The directors of the Company are responsible for the preparation of the Forecast and the reasonableness and validity of the assumptions based on which the Forecast is prepared (the "Assumptions").

It is our responsibility to form an opinion based on our reasonable assurance engagement, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, on whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Company as set out in the audited consolidated financial statements of the Company for the year ended 30 June 2010 and to report our opinion solely to you, as a body, solely for the purpose in connection with the Circular and for no other purpose. We accept no responsibility to any other person in respect of, arising out of, or in connection with our work.

The Assumptions include hypothetical assumptions about future events and management actions that may or may not necessarily be expected to occur. Even if the events and actions anticipated do occur, actual results are still likely to be different from the Forecast and the variation may be material. Accordingly we have not reviewed, considered or conducted any work on the reasonableness and the validity of the Assumptions and do not express opinion whatsoever thereon.

BASIS OF OPINION

We conducted our reasonable assurance engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" with reference to the procedures under Auditing Guideline 3.341 "Accountants' Report on Profit Forecasts" issued by the Hong Kong Institute of Certified Public Accountants. Our work was performed solely to assist the directors of the Company to evaluate, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, whether the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Company as set out in the audited consolidated financial statements of the Company for the year ended 30 June 2010.

We planned and performed our reasonable assurance engagement so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give our opinion. Our reasonable assurance engagement included:

a. obtaining an understanding of the principal accounting policies adopted in the preparation of the Forecast through inquiry of persons responsible for financial and accounting matters;

b. comparing the principal accounting policies adopted in the preparation of the Forecast with those adopted in the preparation of the audited consolidated financial statements of the Company for the year ended 30 June 2010;

c. checking the arithmetical calculations relating to the amounts presented in the Forecast; and

d. such other procedures that we considered necessary.

We believe that our reasonable assurance engagement provides a reasonable basis for our opinion.

Our reasonable assurance engagement does not constitute an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the Hong Kong Institute of Certified Public Accountants. Accordingly, we do not express an audit or a review opinion on the Forecast.

OPINION

In our opinion, based on the foregoing, so far as the accounting policies and the arithmetical accuracy of the calculations are concerned, the Forecast has been properly compiled, in all material respects, in accordance with the Assumptions and on a basis consistent with the accounting policies normally adopted by the Company as set out in the audited consolidated financial statements of the Company for the year ended 30 June 2010.

Yours faithfully,

RSM Nelson Wheeler
Certified Public Accountants
Hong Kong

招商證券(香港)有限公司
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

48th Floor
One Exchange Square
Central
Hong Kong

16 June 2011

The board of directors of
Inno-Tech Holdings Limited

Dear Sirs,

We refer to the report of business valuation prepared by Ample Appraisal Limited ("Valuer") in relation to the appraisal of the market value of 100% equity interest in China New Media (HK) Company Limited as at 31 December 2010 (the "Valuation") as set out in Appendix IV-A of the circular dated 16 June 2011 (the "Circular") issued by Inno-Tech Holdings Limited (the "Company").

We have reviewed the Valuation for which the Valuer are responsible and discussed with you the information and documents provided by you which formed part of the bases and assumptions upon which the Valuation has been prepared. We have also considered the letter from RSM Nelson Wheeler dated 16 June 2011 addressed to yourselves regarding whether the discounted cash flow forecast projection of the business enterprise of China New Media (HK) Company Limited was compiled properly so far as the accounting policies and the arithmetical accuracy of the calculations are concerned.

On the basis of the foregoing, we are of the opinion that the Valuation set out in the Circular, for which you as the directors of the Company are solely responsible, has been stated after due and careful enquiry by you.

Yours faithfully
For and on behalf of
China Merchants Securities (HK) Company Limited
Jiang Jun
Executive Director
Investment Banking Department

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL OF THE COMPANY

As at the Latest Practicable Date, the authorised and issued share capital of the Company were as follows:

		HK$
Authorised:		
30,000,000,000	ordinary shares of HK$0.01 each	300,000,000.00

		HK$
Issued and fully paid:		
1,584,372,477	ordinary shares of HK$0.01 each	15,843,724.77

All Shares currently in issue rank pari passu in all respects with each others, including, in particular, as to dividends, voting rights and return of capital.

3. DISCLOSURE OF INTERESTS

Interests of directors

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange.

Interest of substantial shareholders

As at the Latest Practicable Date, the Directors were not aware of any other person who had an interest or short positions in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or who was interested in 5% or more of the nominal value of any class of share capital, or options in respect of such capital, carrying rights to vote in all circumstances at general meetings of the Company.

4. LITIGATION

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 ex-director of the Company, Mr. Wong Yao Wing, Robert, an ex-director 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 parties have agreed to an interim stay of up to 8 June 2011 to attempt mediation to settle the dispute. The mediation was not successful and the parties shall continue with the proceedings.

On 14 January 2011, an Originating Summons was issued seeking an order from the Court for Smart Step Holdings Limited, a shareholder of the Company to commence proceedings for derivative actions in the names of the Company, Inno Gold Mine and Dragon Emperor against Ms. Wong Yuen Yee and Wong Yao Wing, Robert. The proceedings were in the stage of exchanging evidence by affirmations.

Save as mentioned above, as at the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

5. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into any service agreements with any member of the Group, excluding contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation).

6. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors or management shareholder or their respective associates had any business or interest which competes or may compete with the business of the Group, or have or may have any other conflicts of interest with the Group.

7. OTHER INTERESTS OF THE DIRECTORS

As at the Latest Practicable Date:

(a) none of the Directors had any interest, either direct or indirect, in any assets which have, since 30 June 2010 (being the date to which the latest published audited accounts of the Group were made up), been acquired or disposed of by or leased to any member of the Enlarged Group, or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group; and

(b) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Enlarged Group which is subsisting as at the date of this circular and is significant in relation to the business of the Enlarged Group.

8. MATERIAL CONTRACTS

The following contracts (being contracts not entered into in the ordinary course of business of the Enlarged Group) have been entered into by the members of the Enlarged Group after the date of two years immediately preceding the date of this circular, and up to the Latest Practicable Date, and are or may be material:

(1) the sale and purchase agreement dated 9 June 2009 between Dragon Emperor as purchaser and Mr. Wong Chung Pong, Christopher as vendor (as supplemented by two supplemental agreements dated 26 August 2009 and 8 September 2009 respectively) in relation to the acquisition of 47.2% of the issued share capital of HK Gaofeng at a consideration of HK$75,000,000;

(2) the sale and purchase agreement dated 26 June 2009 entered into between Inno Hotel Investment & Management Holdings Limited ("Inno Hotel Investment") and Timewon Limited in relation to the disposal of the entire issued share capital of Sunny Team Corporation Limited at a consideration of RMB2,000,000;

(3) the sale and purchase agreement dated 26 June 2009 entered into between Inno Hotel Investment and Main Move Limited in relation to the disposal of the entire issued share capital of Homesmart Properties Limited at a consideration of RMB2,000,000;

(4) the placing agreement dated 10 July 2009 entered into between the Company and President Securities (Hong Kong) Limited as the placing agent, pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 1,000,000,000 new shares in four tranches of not less than 250,000,000 new shares each, at a price per share which is the higher of HK$0.138 per share or the average closing price of the shares as quoted on the Stock Exchange of the five trading days up to and including the date of notification of closing of each tranche by the placing agent;

(5) the extension agreement dated 31 August 2009 entered into between the Company and President Securities (Hong Kong) Limited to extend the latest date for fulfillment of the condition precedent of the placing agreement dated 10 July 2009 referred to in (4) above;

(6) the termination agreement dated 2 Ocober 2009 entered into between the Company and President Securities (Hong Kong) Limited to terminate the placing agreement dated 10 July 2009 referred to in (4) above and as supplemented by the extension agreement dated 31 August 2009 referred to in (5) above;

(7) the placing agreement dated 2 October 2009 entered into between the Company and President Securities (Hong Kong) Limited, the placing agent, (as supplemented by a supplemental agreement dated 13 January 2010), pursuant to which the Company has conditionally agreed to place through the Placing Agent, on a best effort basis, a maximum of 200,000,000 new shares in four tranches of not less than 50,000,000 shares each, at a price per share which is the higher of HK$0.69 per share or the average closing price of the shares as quoted on the Stock Exchange of the five trading days up to and including the date of notification of closing of each tranche by the placing agent;

(8) the subscription agreement dated 13 January 2010 entered into between the Company and Galaxy China Special Situations Fund SPC in relation to the subscription of 34,500,000 new shares at the price of HK$0.24 each share;

(9) the subscription agreement dated 13 January 2010 entered into between the Company and Galaxy China Deep Value Fund in relation to the subscription of 16,700,000 new shares at the price of HK$0.24 each share;

(10) the subscription agreement dated 13 January 2010 entered into between the Company and Cheeven Capital Management (Asia) Limited in relation to the subscription of 20,800,000 new shares at the price of HK$0.24 each share;

(11) the subscription agreement dated 13 January 2010 entered into between the Company and Mr. Chen Zhi Cheng in relation to the subscription of 22,465,427 new shares at the price of HK$0.24 each share;

(12) the placing agreement dated 23 March 2010 entered into between the Company and Cheong Lee Securities Limited, as the placing agent, pursuant to which the Company has conditional agreed to place, on a best effort basis, a maximum of 120,000,000 shares at the price of HK$0.25 each share;

(13) the sale and purchase agreement dated 3 May 2010 entered into between Shiny Step Investments Limited, Duncan Capital Limited and Mr. Shek Ka Sun, Andy in relation to the sale and purchase of 19.19% of the issued share capital of Great China Media Holdings Limited for a consideration of HK$43,000,000;

(14) the placing agreement dated 26 June 2010 entered into between the Company and Cheong Lee Securities Limited, as the placing agent, pursuant to which the Company has conditionally agreed to place, on a best effort basis, a maximum of 148,000,000 new shares, at the price of HK$0.186 each share;

(15) the agreement dated 19 July 2010 between the Company, Chuk Ka Yi, Tam Wing Yuen, Chan Pui Shan Vivien and J&K TMT Investment Company Limited in relation to the sale and purchase of the entire issued share capital of Active Link Investments Limited at a consideration of HK$105,600,000;

(16) the placing agreement dated 4 October 2010 entered into between the Company and Cheong Lee Securities Limited, as the placing agent, pursuant to which the Company has conditionally agreed to place, on a best effort basis, a maximum of 170,000,000 new shares, at a price of HK$0.10 each share;

(17) the sale and purchase agreement in relation to the entire issued share capital of Inno Gold Mining Limited and the shareholders loan entered into between the Company and Gold Concept Investments Limited on 7 October 2010 (as supplemented by six supplemental agreements dated 31 December 2010, 17 January 2011, 31 January 2011, 18 February 2011, 4 March 2011 and 1 April 2011 respectively) at an aggregate consideration of HK$15,000,000;

(18) the underwriting agreement dated 28 October 2010 entered into between the Company and Cheong Lee Securties Limited, as the underwriter, in relation to the underwriting of not less than 1,200,282,180 Shares and not more than 1,546,758,990 Shares to be issued pursuant to a rights issue on the basis of 10 right shares for every one Share held, at HK$0.18 each Share;

(19) the Agreement;

(20) the placing agreement dated 7 March 2011 entered into between the Company and Chung Nam Securities Limited, as the placing agent, in relation to the placing of 264,062,079 Shares at HK$0.059 each Share;

(21) the supplemental agreement dated 4 May 2011 as amended by an addendum dated 12 May 2011 entered into between Shiny Step Investment Limited, Duncan Capital Limited and Mr. Shek Sun, Andy in relation to the issue the third promissory note in favour of Shiny Step Investments Limited in the sum of HK$38.7 million maturing on 3 May 2012 and carry interest at the rate of 3% per annum;

(22) the placing agreement dated 8 June 2011 entered into between the Company and Cheong Lee Securities Limited, as the placing agent, pursuant to which the Company has conditional agreed to place, on a best effort basis, a maximum of 316,000,000 shares at the price of HK$0.031 each share; and

(23) the extension agreement dated 14 June 2011 entered into between the Purchaser and Vendor to extend the date for fulfillment of the conditions precedent set out in the Agreement to on or prior to 30 September 2011.

9. EXPERT AND CONSENT

The followings are the names and the qualifications of the professional advisers who have given opinions or advice which are contained or referred to in this document:

Name	Qualification
Ample Appraisal Limited	Valuer
RSM Nelson Wheeler	Certified Public Accountants
Crowe Horwath (HK) CPA Limited	Certified Public Accountants
China Merchants Securities (HK) Co., Ltd.	Financial adviser

As at the Latest Practicable Date, none of Ample Appraisal Limited, RSM Nelson Wheeler, Crowe Horwath (HK) CPA Limited and China Merchants Securities (HK) Co., Ltd. had any beneficial interest in the share capital of any member of the Enlarged Group nor did any of them have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Enlarged Group or have any interest, either directly or indirectly, in any assets which have been, since 30 June 2010, being the date to which the latest published audited consolidated accounts of the Group were made up, acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

Each of Ample Appraisal Limited, RSM Nelson Wheeler, Crowe Horwath (HK) CPA Limited and China Merchants Securities (HK) Co., Ltd. has given and has not withdrawn its respective written letters of consent to the issue of this circular with the inclusion herein of references to its name in the form and context in which they respectively appear.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours (i.e. from 9:30 a.m. to 6:00 p.m. on Monday to Friday) at the principal place of business of the Company in Hong Kong at Room 606, 6/F, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong from 16 June 2011, the date of this circular up to and including 4 July 2011:

(a) the memorandum of association and the bye-laws of the Company;

(b) the annual reports of the Company for the year ended period from 1 April 2007 to 30 June 2008, year ended 30 June 2009 and 30 June 2010 of the Company;

(c) the letter on the unaudited pro forma financial information of the Enlarged Group issued by Crowe Horwath (HK) CPA Limited set out in Appendix III to this circular;

(d) the valuation reports prepared by Ample Appraisal Limited, the text of which are set out in Appendix IV respectively;

(e) the letter from RSM Nelson Wheeler on the valuation report;

(f) the letter from China Merchants Securities (HK) Co., Ltd. on the valuation report;

(g) the letters of consent referred to under the paragraph headed "Expert and Consent" in this appendix;

(h) the material contracts disclosed in the paragraph under the heading "Material Contracts" in this Appendix to this circular; and

(i) the circular dated 24 August 2010 relating to the acquisition of Active Link Investments Limited and continuing connected transactions.

11. GENERAL

(a) The compliance officer of the Company is Mr. Chen Chuan, who is an engineer and holds a Bachelor degree in Biological Engineering from School of Biotechnology of Jiangnan University.

(b) The secretary of the Company is Mr. Li Ka Fai, Peter, who is a member of the Hong Kong Institute of Certified Public Accountants.

(c) The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(d) The head office of the Company is located at Room 606, 6/F, MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong.

(e) The branch share registrar and transfer office of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, 17M Floor, Hopewell Centre, 183 Queen's Road East,Wanchai, Hong Kong.

(f) The Company's audit committee ("Audit Committee") comprises of three independent non-executive Directors, namely, Ms. Wong On Yee, Ms. Au Yuk Kit and Ms. Lu Di. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, interim reports and quarterly reports, (b) to provide advice and comments thereon to the Board and (c) to review and supervise the financial reporting process and internal control procedures of the Group. The background of the members of Audit Committee are set out below:

(i) Ms. Wong On Yee, is a member of the Hong Kong Institute of Certified Public Accountants and holds a bachelor degree in accountancy from the Hong Kong Polytechnic University. Ms. Wong has over 10 years of experience in the fields of auditing, accounting and finance. She is currently the director of an accountancy consulting firm. Apart from her directorship with the Company, Ms. Wong currently does not hold any directorship in any public listed company.

(ii) Ms. Au Yuk Kit, graduated from The Hong Kong Polytechnic University and is currently a merchant in fashion and marketing industry. Ms. Au has more than 20 years of experience in merchandising and marketing industry. Apart from her directorship with the Company, Ms. Au currently does not hold any directorship in any public listed company.

(iii) Ms. Lu Di, graduated from the University of Toronto, Canada with a Honours Bachelor of Commerce. Ms. Lu is currently the Brand Promotion Manager of one of the PRC online media company and she has worked in marketing field for four years. Apart from her directorship with the Company, Ms. Lu currently does not hold any directorship in any public listed company.

INNO-TECH HOLDINGS LIMITED
匯創控股有限公司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

NOTICE IS HEREBY GIVEN THAT a Special General Meeting of Inno-Tech Holdings Limited (the "Company") will be held at Room 606, 6/F., MassMutual Tower, 38 Gloucester Road, Wanchai, Hong Kong, on 4 July 2011 at 11:00 a.m. as special business, to consider and, if thought fit, to pass with or without amendments, the following resolution:

ORDINARY RESOLUTION

"**THAT**

(a) the conditional sale and purchase agreement (the "**Agreement**") as defined in the circular dated 16 June 2011 despatched to the shareholders of the Company (the "**Circular**"), a copy of which has been produced to this meeting marked "A" and signed by the chairman hereof for the purpose of identification, and all the transactions contemplated thereby be and are hereby approved, confirmed and ratified;

(b) the issue of the Convertible Bonds (as defined in the Circular) in accordance with the terms of the Agreement be and are hereby approved;

(c) the issue and allotment by the Company of new shares in the capital of the Company from time to time upon exercise of the conversion rights under the Convertible Bonds (as defined in the Circular) be and are hereby approved;

* *For identification purpose only*

(d) any one director of the Company be and is hereby authorised to do all such acts and things as he in his sole and absolute discretion deems necessary, desirable or expedient to implement, give effect to and/or complete the Agreement and the transactions contemplated thereunder, including without limitation the issue of the Convertible Bonds, the issue and allotment of new shares in the capital of the Company from time to time upon exercise of the conversion rights under the Convertible Bonds, and, where required, any amendment of the terms of the Agreement and/or the Convertible Bonds as required by, or for the purposes of obtaining the approval of, relevant authorities or to comply with all applicable laws, rules and regulations."

By order of the Board
INNO-TECH HOLDINGS LIMITED
Chen Chuan
Chairman

Hong Kong, 16 June 2011

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head office and principal place of business in Hong Kong:
Room 606, 6/F.
MassMutual Tower
38 Gloucester Road
Wan Chai
Hong Kong

Notes:

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote in his stead at the Meeting in accordance with the bye-laws of the Company. A proxy need not be a Shareholder but must be present in person to represent the shareholder.

2. To be valid, the form of proxy together with a power of attorney or other authority (if any) under which it is signed or a certified copy thereof must be deposited with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, No. 183 Queen's Road East, Wanchai, Hong Kong at least 48 hours before the time appointed for holding the Meeting or any adjournment thereof as the case may be and in default thereof the form of proxy and such power or authority shall not be treated as valid.

3. Completion and return of the form of proxy will not preclude you from attending and voting at the Meeting if you so wish.

As at the date of this notice, the executive directors of the Company are Mr. Chen Chuan and Mr. Ang Wing Fung. The independent non-executive directors of the Company are Ms. Au Yuk Kit, Ms. Wong On Yee and Ms. Lu Di.