

INNO-TECH HOLDINGS LIMITED

匯創控股有限公司

First Quarterly Report 2012/2013



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

(Incorporated in Bermuda with Limited Liability)

(Stock code : 8202)

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CORPORATE INFORMATION

Board of Directors

Mr. Chen Chuan (*Chairman*)
Mr. Ang Wing Fung
Ms. Wong On Yee*
Ms. Lu Di*
Mrs. Kwan Leung, Anna*

* *Independent non-executive Directors*

Compliance Officer

Mr. Chen Chuan

Authorised Representatives

Mr. Chen Chuan
Mr. Ang Wing Fung

Company Secretary

Mr. Tse Wing York, *CPA*

Audit Committee Members

Ms. Wong On Yee (*Chairman*)
Ms. Lu Di
Mrs. Kwan Leung, Anna

Remuneration Committee Members

Mr. Ang Wing Fung (*Chairman*)
Ms. Wong On Yee
Ms. Lu Di

Nomination Committee Members

Mr. Chen Chuan (*Chairman*)
Ms. Wong On Yee
Mrs. Kwan Leung, Anna

Auditors

HLB Hodgson Impey Cheng Limited
Chartered Accountants
Certified Public Accountants

Legal Adviser to the Company

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

Principal Bankers

Shanghai Commercial Bank Limited
The Bank of East Asia Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

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

Principal Share Registrars and Transfer Office

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

Hong Kong Branch Share Registrars and Transfer Office

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

Company Website

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

Gem Stock Code

8202

HIGHLIGHTS

- Turnover for the three months ended 30 September 2012 amounted to approximately HK\$18,864,000, representing an increase of approximately 47% as compared to amount reported in the corresponding period in 2011.
- Loss from ordinary activities attributable to owners of the Company amounted to approximately HK\$9,273,000 for the three months ended 30 September 2012.
- Basic loss per share amounted to HK\$0.03 for the three months ended 30 September 2012.
- The Board did not recommend the payment of a dividend for the three months ended 30 September 2012.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months ended 30 September 2012

The board of directors (“**Board**”) of Inno-Tech Holdings Limited (“**Company**”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (“**Group**”) for the three months ended 30 September 2012 as follow:–

	Notes	Unaudited three months ended 30 September	
		2012 HK\$'000	2011 HK\$'000
Turnover	3	18,864	12,869
Cost of sales		(22,495)	(14,870)
Gross loss		(3,631)	(2,001)
Other revenue		115	6
Marketing and promotion expenses		(363)	(470)
Administrative expenses		(6,252)	(6,159)
Finance costs		(5,298)	(999)
Loss on disposal of trading securities		–	(7,131)
Loss on fair value change in trading securities		(2)	(1,729)
Loss before income tax		(15,431)	(18,483)
Income tax	4	4,624	672
Loss for the period		(10,807)	(17,811)
Other comprehensive loss			
Exchange difference acting on translation of foreign operations		225	(48)
Total comprehensive loss for the period		(10,582)	(17,859)
Loss for the period attributable to:			
Owners of the Company		(9,273)	(17,502)
Non-controlling interests		(1,534)	(309)
		(10,807)	(17,811)
Total comprehensive loss attributable to:			
Owners of the Company		(9,048)	(17,550)
Non-controlling interests		(1,534)	(309)
		(10,582)	(17,859)
Loss per share attributable to owners of the Company			
– Basic and diluted (HK\$ per share)	5	(0.03)	(0.18)

Notes:

1. BASIS OF PREPARATION OF THE ACCOUNTS

The unaudited consolidated financial statements of the Group for the three months ended 30 September 2012 (“Quarterly Results”) have been prepared on the historical cost basis except for certain financial instruments which are measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange of assets.

Items included in the unaudited consolidation financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Hong Kong dollar is the Company’s functional and presentation currency. These unaudited consolidated financial statements are presented in Hong Kong dollars (“HK\$”) rounded to the nearest thousand except when otherwise indicated.

The unaudited consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance. These unaudited consolidated financial statements also comply with the applicable disclosure provisions of the Listing Rules of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”). A summary of the significant accounting policies adopted by the Group is set out below.

2. PRINCIPAL ACCOUNTING POLICIES

The accounting policies and methods of computation adopted for preparation of the Quarterly Results are consistent with those applied in the preparation of the annual financial statements of the Group for the year ended 30 June 2012 (“Annual Financial Statements”). The Quarterly Results should be read in conjunction with the Annual Financial Statements.

The Quarterly Results are unaudited, but have been reviewed by the audit committee of the Company.

The Group has not yet early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKAS 12 (Amendments)	Deferred Tax – Recovery of Underlying Assets ¹
HKAS 19 (Revised in 2011)	Employee Benefits ²
HKAS 27 (Revised in 2011)	Separate Financial Statements ²
HKAS 28 (Revised in 2011)	Investments in Associates and Joint Ventures ²
HKAS 32 (Amendments)	Offsetting Financial Assets and Financial Liabilities ³
HKFRS (Amendments)	Annual Improvements 2009 – 2011 Cycle ²
HKFRS 1 (Amendments)	Government Loan ²
HKFRS 7 (Amendments)	Disclosures – Offsetting Financial Assets and Financial Liabilities ²
HKFRS 9 and HKFRS 7 (Amendments)	Mandatory Effective Date of HKFRS 9 and Transition Disclosures ⁴
HKFRS 9	Financial Instruments ⁴
HKFRS 10	Consolidated Financial Statements ²
HKFRS 10, HKFRS 11 and HKFRS 12 (Amendments)	Consolidated Financial Statements, Joint Arrangements and Disclosures of Interests in Other Entities: Transition Guidance ²
HKFRS 11	Joint Arrangements ²
HKFRS 12	Disclosure of Interests in Other Entities ²
HKFRS 13	Fair Value Measurement ²
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine ²

¹ Effective for annual periods beginning on or after 1 January 2012

² Effective for annual periods beginning on or after 1 January 2013

³ Effective for annual periods beginning on or after 1 January 2014

⁴ Effective for annual periods beginning on or after 1 January 2015

3. TURNOVER

Turnover represents revenue from the design of residential intranet, provision of home-automation services and trading of related home-automation products, outdoor advertising operations and television advertisements in the People's Republic of China ("PRC"). The amount of each significant category of revenue recognised in turnover during the period is as follows:

	Unaudited three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Income from outdoor advertising operations	16,353	11,201
Income from television advertisements	2,504	–
Income from design of residential intranet, provision of home automation services and trading of related products	7	1,668
	18,864	12,869

4. INCOME TAX

Income tax in the condensed consolidated statement of comprehensive income represents:

	Unaudited three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Current tax		
PRC enterprise income tax	4	326
Deferred tax		
Current tax	(4,628)	(998)
Tax credit for the period	(4,624)	(672)

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the period (2011: HK\$ Nil).

Subsidiaries located in the PRC are subject to the PRC enterprise income tax at a rate of 25% on its assessable profits. Pursuant to Guo Fa [2007] No. 39 issued by the State Council, one of the subsidiaries of the Company, 匯創智能系統(深圳)有限公司 was granted tax concessions at a preferential tax rate of 22% for the year from 1 January 2011 to 31 December 2011, 24% for the year from 1 January 2012 to 31 December 2012 and 25% for the year from 1 January 2013 to 31 December 2013.

5. LOSS PER SHARE

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

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

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

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

	Unaudited three months ended 30 September	
	2012 HK\$'000	2011 HK\$'000
Loss for the period attributable to: Owners of the Company	(9,273)	(17,502)

	Number of shares three months ended 30 September	
	2012 (Unaudited) '000	2011 (Unaudited) '000
Weight average number of ordinary shares for the basic and diluted loss per share calculation	287,382	95,062

6. MOVEMENTS OF RESERVES

	Attributable to owners of the Company										
	Share capital	Share premium	Share options reserve	Convertible notes reserve	Contributed surplus	Capital redemption reserve	Exchange reserve	Accumulated losses	Attributable to owners of the Company	Non-controlling interest	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 July 2011	95	225,775	38,714	742	52,969	43	(419)	(70,460)	247,449	9,663	257,112
Loss for the period	-	-	-	-	-	-	-	(17,502)	(17,502)	(309)	(17,811)
Exchange difference on consolidation	-	-	-	-	-	-	(48)	-	(48)	-	(48)
Total comprehensive loss for the period	-	-	-	-	-	-	(48)	(17,502)	(17,500)	(309)	(17,859)
Issue of convertible note	-	-	-	6,146	-	-	-	-	6,146	-	6,146
At 30 September 2011	95	225,775	38,714	6,888	52,969	43	(467)	(87,962)	236,045	9,354	245,399
At 1 July 2012	95	225,775	38,714	-	52,969	43	(446)	(110,384)	206,756	5,229	211,985
Loss for the period	-	-	-	-	-	-	-	(9,273)	(9,273)	(1,534)	(10,807)
Exchange difference on consolidation	-	-	-	-	-	-	225	-	225	-	225
Total comprehensive loss for the period	-	-	-	-	-	-	225	(9,273)	(9,048)	(1,534)	(10,582)
Issue of convertible bonds on acquisition	-	(6,000)	-	28,866	-	-	-	-	22,866	-	22,866
Deferred tax liability arising on convertible bonds	-	-	-	(4,329)	-	-	-	-	(4,329)	-	(4,329)
Exercise of convertible notes	445	153,887	-	(19,998)	-	-	-	-	134,334	-	134,334
Exercise of convertible bonds	429	159,362	-	-	-	-	-	-	159,791	-	159,791
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	2,074	2,074
At 30 September 2012	969	533,024	38,714	4,539	52,969	43	(221)	(119,657)	510,370	5,769	516,139

7. EVENT AFTER THE REPORTING PERIOD

On 26 October 2012, the Company entered into the placing agreement with the placing agent pursuant to which the placing agent has conditionally agreed with the Company to place 19,012,424 placing shares on a fully underwritten basis to the placee who is an independent third party at the placing price of HK\$0.06 per placing share. The placing was completed on 1 November 2012.

DIVIDEND

The Directors did not recommend the payment of a dividend for the three months ended 30 September 2012 (2011: Nil).

BUSINESS REVIEW

For the three months ended 30 September 2012, the Group's unaudited consolidated turnover amounted to approximately HK\$18,864,000 (2011: HK\$12,869,000).

The Group recorded a loss for the period attributable to owners of the Company of approximately HK\$9,273,000 for the three months ended 30 September 2012 (2011: HK\$17,502,000). Basic loss per share for the three months ended 30 September 2012 was HK\$0.03 (2011: HK\$0.18).

Outdoor advertising business in Shijiazhuang

The Chinese government implemented measures to curb inflation and property prices during the period. Despite the challenging international macroeconomic environment and the tightening effect of these government policies, China's domestic consumption continued to rise on the back of continued urbanisation and rising general income. This provided a favorable foundation for the development of the advertising industry in China.

Domestic brands in the Greater China Region were even more active, increasing their advertising spending to gain further ground in the consumer market in China. New advertising clients from the household equipment industries made significant contributions to our revenue increase during the period. It is due to replacement of old-fashioned equipment by new model and the Chinese Government new subsidies program for energy-efficient equipment.

Although advertiser demand continued to rise, as new inventories and capacity were added by existing advertising platform operators, competition between outdoor advertising and other advertising formats continued to be keen.

During the three months ended 30 September 2012, the sales revenue of outdoor advertising business in Shijiazhuang decreased by 6% to HK\$10,503,000 in 2012, from HK\$11,201,000 in the corresponding period in 2011.

Acquisition of Redgate Ventures Group

On 31 August 2012, the Group acquired 100% equity interest of Redgate Ventures Limited (“Redgate Ventures”) and its subsidiaries (collectively refer as “Redgate Ventures Group”). Redgate Ventures is a major media investment holding company built by a team of career media professionals from some of the world’s largest media companies. Redgate Ventures Group operates primarily in China which was conceived in 2007 and built upon two key acquisitions in 2008 in the outdoor and television industries of Beijing Yanhuang Shengshi Advertising Co. Ltd. (“Beijing Yanhuang”) and Shanghai Dianguang Media Broadcasting Company Ltd. (“Shanghai Dianguang”) respectively. Redgate Ventures has grown more quickly through both acquisition and organic expansion, and believes that the high level of fragmentation in the Chinese media market, combined with the sheer scale of the market opportunity, presents a compelling platform for consolidation. Through its subsidiaries, Redgate Ventures Group operates its current business in advertising across a wide array of billboards, television airtime, and other mass media, which are all positioned to reach China’s fast-growing class of increasingly-affluent domestic consumers. Redgate Ventures Group provides advertising and advertising agency services to clients who advertise across a wide range of media. Redgate Ventures Group is also engaged in other advertising-related media activities such as product-placement, film consulting, and television program production. The Directors consider that there is synergy between the present business of the Group and those of the Redgate Ventures Group, in terms of business model and source of revenue, and the acquisition represents an opportunity for the Group to acquire an integrated cross-media platform and expand its presence in the television advertisement business in PRC.

For the three months ended 30 September 2012, the Group recorded revenue of approximately HK\$8,355,000 were contributed by Redgate Venture Group and accounted for approximately 44% of the Group’s turnover.

CAPITAL STRUCTURE

During the three months ended 30 September 2012, the convertible bonds amounted to HK\$163,000,000 were converted into 428,947,351 ordinary shares of the company.

During the three months ended 30 September 2012, the convertible notes amounted to HK\$169,000,000 were converted into 444,736,823 ordinary shares of the company.

The Company’s issued share capital was HK\$968,746.30 and the number of its issued ordinary shares was 968,746,297 shares of HK\$0.001 each (“Shares”).

As at 30 September 2012, the total issued share capital is 968,746,297 Shares.

OUTLOOK

Outdoor advertising and television advertisements businesses

The board has formulated the group strategy and the management now is trying all their effort to achieve the target through action plans of organic growth and acquisition. The action plan of organic growth may include increasing the amount of inventory under the management of the existing subsidiaries; increasing the rates that Redgate Ventures Group charges advertisers to advertise on its media inventory as well as the rate of sell-through, or the occupancy of that inventory; expansion in 2nd and 3rd tier cities; acquiring new concessions etc. The action plan of acquisition may include acquiring additional outdoor billboard and display companies; acquiring additional television advertising time slots; acquiring other advertising related businesses etc.

The Board believes that the potential within the advertising and marketing industry in both PRC and Hong Kong could be realised and strong growth would be expected in the near future. The Board is of the view that the acquisition of Redgate Ventures Group will enrich the earning base of the Group.

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

Save as the acquisition of 100% equity interest in Redgate Ventures mentioned in “Business Review”, there were no material acquisitions and disposals of investments by the Group during the three months ended 30 September 2012.

CONVERTIBLE INSTRUMENTS

The placing of the convertible bonds in aggregate principal amount of HK\$200,000,000 (“Placing CBs”) was completed on 29 August 2012. The net proceeds from the placing amounted to approximately HK\$194,000,000 will be used to fund the cash portion of the consideration paid for acquisition of Redgate Ventures. The Placing CBs, with maturity date of 28 August 2014, is convertible into Shares at an initial conversion price of HK\$0.38 per Share during the conversion period. As at 30 September 2012, the Placing CBs with the principal amount of HK\$163,000,000 have been converted into Shares of the Company.

On 31 August 2012, the Company issued convertible notes with the principal amount of HK\$1,300,704,000 as consideration for acquisition 100% of Redgate Ventures (“Redgate CNs”). The Redgate CNs, with maturity date of 30 August 2015, is convertible into Shares at an initial conversion price of HK\$0.38 per Share during the conversion period. As at 30 September 2012, the Redgate CNs with the principal amount of HK\$169,000,000 have been converted into Shares of the Company.

FOREIGN CURRENCY RISK

The reporting currencies of the Group is Hong Kong dollars (“HK\$”).

The Group has transactional currency exposures. Such exposures arise from the business operations in the PRC denominated in the Renminbi (“RMB”).

As at 30 September 2012, the Group had a minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities were principally denominated in the functional currencies, i.e. RMB, used by the Group entities or in the HK\$ functional currency Group entities.

As at 30 September 2012, the Group does not have a foreign currency hedging policy in respect of its foreign currency assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider using hedging instruments in respect of significant foreign currency exposure as and when appropriate.

EMPLOYEES

The number of employees (including Directors) was 126 as at 30 September 2012 (2011: 60), and the total staff costs (including Directors' remuneration) for the three months ended 30 September 2012 was approximately HK\$2,040,000 (2011: HK\$2,002,000). Other benefits provided by the Group to the employees include MPF and medical coverage.

SHARE OPTION SCHEME

(i) Pre-IPO Share Option Scheme

The Company's pre-IPO share option scheme (“Pre-IPO Share Option Scheme”) was adopted on 5 July 2002 and the principal terms of which were set out in the prospectus of the Company dated 30 July 2002 (“Prospectus”). There were 63,070 share options granted to the grantees. Up to 30 September 2012, there is no option granted and outstanding under the Pre-IPO Share Option Scheme. Details of which were as follows:

	Date of grant	Number of share options				Outstanding as at 30 September 2012	Option period	Exercise price per share
		Outstanding as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period			
Other employees and consultants	5 July 2002	12,614	-	-	(12,614)	-	5 July 2002 to 4 July 2012	HK\$106.54
Total		12,614	-	-	(12,614)	-		

(ii) Post-IPO Share Option Scheme

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company conditionally adopted the share option scheme, the principal terms of which are set out in the section head “Share Option Schemes” in Appendix IV of the Prospectus (“Post-IPO Share Option Scheme”). Up to 30 September 2012, there were 1,699,547 share options granted to the grantees and there were 1,078,088 shares options under the Post-IPO Share Option Scheme exercised and no options has been cancelled. The remaining 621,459 share options under the Post-IPO Share Option Scheme will lapse from 6 January 2014 to 14 January 2020. Details of which were as follows:

	Date of grant	Number of share options				Outstanding as at 30 September 2012	Option period	Exercise price per share
		Outstanding as at 1 July 2012	Granted during the period	Exercised during the period	Lapsed during the period			
Other employees and consultants	6 January 2004	28	-	-	-	28	6 January 2004 to 5 January 2014	HK\$83.72
	20 September 2005	2,628	-	-	-	2,628	20 September 2005 to 19 September 2015	HK\$43.38
	23 August 2007	183,375	-	-	-	183,375	23 August 2007 to 22 August 2017	HK\$239.74
	9 September 2008	81,069	-	-	-	81,069	9 September 2008 to 8 September 2018	HK\$66.22
	11 September 2008	57,814	-	-	-	57,814	11 September 2008 to 10 September 2018	HK\$74.20
	16 December 2008	57,814	-	-	-	57,814	16 December 2008 to 15 December 2018	HK\$29.00
	17 February 2009	31,535	-	-	-	31,535	17 February 2009 to 16 February 2019	HK\$37.680
	29 May 2009	31,535	-	-	-	31,535	29 May 2009 to 28 May 2019	HK\$33.48
	31 December 2009	17,987	-	-	-	17,987	31 December 2009 to 30 December 2019	HK\$17.12
	15 January 2010	157,674	-	-	-	157,674	15 January 2010 to 14 January 2020	HK\$27.780
Total		621,459	-	-	-	621,459		

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

Directors' and chief executives' interest in the Company

As at 30 September 2012, none of the Directors nor the chief executives of the Company had any other interests and short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register kept by the Company under Section 352 of the SFO or otherwise required to be notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors set out in Rules 5.46 to 5.67 of the GEM Listing Rules.

INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURE ORDINANCE OF SUBSTANTIAL SHAREHOLDERS

As at 30 September 2012, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group, or substantial shareholders as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Name of shareholders	Capacity	Number of Shares interested	Number of underlying Shares interested	Total number of Shares and underlying Shares interested	Approximately percentage of shareholding
Media Chief Limited	Beneficial owner	-	701,838,168		
	Interested of controlled corporation (Note 1)	286,842,101	634,210,526	1,622,890,795	167.52%
Carroway Holdings Limited	Beneficial owner	286,842,101	634,210,526	921,052,627	95.08%
United Industrial Services Limited	Beneficial owner	-	245,636,304	245,636,304	25.36%
Kuwait China Investment Company K.S.C	Beneficial owner	-	184,458,918	184,458,918	19.04%
AsiaStar IT Fund LP	Beneficial owner	-	173,227,245	173,227,245	17.88%
Shunleat (BVI) Limited	Beneficial owner	94,736,840	63,157,894	157,894,734	16.29%
Uni-Asia Limited	Beneficial owner	-	147,147,676	147,147,676	15.19%
Universal Portfolio Holdings Limited	Interested of controlled corporation (Note 2)	-	147,147,676	147,147,676	15.19%
Yasmine Holdings Limited	Interested of controlled corporation (Note 3)	-	147,147,676	147,147,676	15.19%
Hamilton Trust and Management Company Limited	Interested of controlled corporation (Note 4)	-	147,147,676	147,147,676	15.19%
Al-Saleh Fawzi M	Interested of controlled corporation (Note 5)	-	147,147,676	147,147,676	15.19%
Peter Bush Brack	Beneficial owner	-	138,421,052	138,421,052	14.29%
HEC Capital Limited	Beneficial owner	94,771,928	26,315,790	121,087,718	12.50%
Richmond Capital Group Limited	Beneficial owner	-	99,844,484	99,844,484	10.31%
Creative Sky Holdings Limited	Beneficial owner	-	85,551,304	85,551,304	8.83%
Shiny Reach Limited	Beneficial owner	72,368,421	-	72,368,421	7.47%
Pheby Paul John	Beneficial owner	-	55,789,473	55,789,473	5.76%
Saba Capital Limited	Beneficial owner	48,684,210	75,000	48,759,210	5.03%

Notes:

1. Carroway Holdings Limited is beneficially owned as to 51% by Media Chief Limited. Therefore Media Chief Limited is deemed to be interested in the shares of Carroway Holdings Limited.
2. Uni-Asia Limited is beneficially owned as to 100% by Universal Portfolio Holdings Limited. Therefore Universal Portfolio Holdings Limited is deemed to be interested in the shares of Uni-Asia Limited.
3. Universal Portfolio Holdings Limited is beneficially owned as to 90% by Yasmine Holdings Limited. Therefore Yasmine Holdings Limited is deemed to be interested in the shares of Universal Portfolio Holdings Limited.
4. Yasmine Holdings Limited is beneficially owned as to 100% by Hamilton Trust and Management Company Limited. Therefore Hamilton Trust and Management Company Limited is deemed to be interested in the shares of Yasmine Holdings Limited.
5. Hamilton Trust and Management Company Limited is beneficially owned as to 100% by Al-Saleh Fawzi M. Therefore Al-Saleh Fawzi M is deemed to be interested in the shares of Hamilton Trust and Management Company Limited.

Save as disclosed above, as at 30 September 2012, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS' INTERESTS IN CONTRACTS

As at 30 September 2012, no director of the Company had a significant beneficial interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company or any of its subsidiaries was a party.

DIRECTORS' INTEREST IN COMPETING INTERESTS

As at 30 September 2012, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

MANAGEMENT CONTRACTS

As at 30 September 2012, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

COMPETITION AND CONFLICT OF INTERESTS

As at 30 September 2012, none of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates (as referred to in Note 3 to Rule 6.35 of the GEM Listing Rules) have engaged in any business that competes or may compete with the business of the Group, or have any other conflict of interests with the Group.

CODE ON CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the code of conduct for securities transactions by Directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 (“Securities Code”) of the GEM Listing Rules. During the year ended 30 September 2012, the Company had made specific enquiry to all Directors and the Company was not aware of any non-compliance with the required standard set out in the Securities Code.

LITIGATION AND CONTINGENT LIABILITY

- (a) On 31 August 2010, a Writ of Summons was issued by Mr. Lim Yi Shenn as the plaintiff (“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, “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\$15,838,000. 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 and is currently in the course of discovery.

During the three months ended 30 September 2012, the Defendants had jointly taken out an application for leave to adduce expert evidence from independent witnesses on issues revolving around the placing agreement in June 2008. After the hearing on 17 September 2012, the Court refused leave to adduce expert evidence with costs to the Plaintiff. The Court also fixed the date for the next case management conference on 17 January 2013.

The directors consider that the Plaintiff does not have any valid claim against the Company at all and the Company has good defense to the claims. Therefore, no provision in respect of such claims was made in the consolidated financial statements.

- (b) On 14 January 2011, a Writ of Summons was issued by Smart Step Holdings Limited (“SSHL”) as the plaintiff against the Company, Inno-Gold Mining Limited (“IGML”) and Dragon Emperor International Limited (“DEIL”). DEIL and IGML were the subsidiaries of the Company until 9 May 2011 when the Company disposed all its interest in them.

SSHL alleged that Ms. Wong Yuen Yee and Mr. Wong Yao Wing had acted negligently and/or had breached their duties during their time as executives and directors of the Company, DEIL and IGML.

The substantive hearing of this case was adjourned sine die pursuant to the court order dated 15 April 2011, and currently there is no hearing listed for this case. This case remains dormant as at the date of approval of the Quarterly Results.

The directors consider that the case does not have any adverse financial impact upon the Company at all. Therefore, no provision in respect of such claims was made in the Quarterly Results.

- (c) According to relevant regulations in the PRC, all outdoor advertisements must be registered with the local branches of the State Administration for Industry and Commerce (“SAIC”) to obtain a licence for such advertisement. As some of the Group’s outdoor advertisements for which the Group is responsible to obtain such licences under contract have not been obtained, the respective local SAIC may impose administrative sanctions on the Group, such as fines and confiscation of the Group’s income generated from these unregistered outdoor advertisements minus the relevant costs of rental and relevant taxes. The Group entered into supplemental agreements with certain respective suppliers of the outdoor advertising media to specify that the said suppliers would assume the responsibilities for the examination and approval of their respective outdoor advertisements. The Group has sought legal advice and the directors have assessed that it is possible but not probable that the Group may be subject to those sanctions. The directors have estimated the potential maximum fines and confiscation of income approximately HK\$ 18,095,000 as at 30 September 2012. In addition, the respective local SAIC may also request the Group to discontinue the operation of the unregistered outdoor advertisements. In such circumstances, the Group’s customers may claim against the Group for breach of contracts. Since it cannot be reliably predicted whether a claim will be made by the customers against the Group and the potential damages to be claimed highly depend on how much damage would have been made to the customers and the Group does not have such information. In the opinion of the directors, the potential liabilities of Group in relation to the above potential breach of contracts cannot be reliably estimated.

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

AUDIT COMMITTEE

The audit committee was set up on 5 July 2002 with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules. The primary duties of the audit committee (“AC”) are to review and supervise the financial reporting process and internal control system of the Group. As of the date of this first quarter report, the AC comprises of three members, Ms. Wong On Yee, Ms. Lu Di and Mrs. Kwan Leung, Anna, all are being independent non-executive Directors. The Quarterly Results have been reviewed by the AC, which was of the opinion that the preparation of such results complied with the applicable accounting standards, the Stock Exchange and legal requirements and that adequate disclosures have been made. The AC is chaired by Ms. Wong On Yee.

REMUNERATION COMMITTEE

A remuneration committee (“RC”) was set up in July 2008 with written terms of reference to oversee the RC policy and structure for all Directors and senior management. As of the date of this first quarter report, the RC comprised three members, namely Mr. Ang Wing Fung, being an executive Director, Ms. Wong On Yee and Ms. Lu Di, all being independent non-executive Directors. The role and function of the RC include the determination of the specific remuneration packages of all executive Directors, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board of the remuneration of independent non-executive Directors. The RC is chaired by Mr. Ang Wing Fung.

NOMINATION COMMITTEE

The nomination committee (“NC”) was set up on 18 January 2012 with written terms of references to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. As at the date of this first quarter report, the NC comprised of three members, namely Mr. Chen Chuan, being an executive Director, Ms. Wong On Yee and Mrs. Kwan Leung, Anna, all being independent non-executive Directors. The role and function of the NC include to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships and to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive. The NC is chaired by Mr. Chen Chuan.

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Code on Corporate Governance Practices (“Corporate Governance Code”) as set out in Appendix 15 of the GEM Listing Rules. The Company has applied the principles in the Corporate Governance Code and complied with the code provisions set out in the Corporate Governance Code for the three months ended 30 September 2012.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors as at the date of this first quarterly report, there is sufficient public float of the Company’s issued shares as required under the GEM Listing Rules throughout the three months ended 30 September 2012.

PUBLICATION OF INFORMATION ON WEBSITES

This first quarterly report is available for viewing on the website of Stock Exchange at www.hkex.com.hk and on the website of the Company at www.it-holdings.com.hk.

By order of the Board

Chen Chuan

Chairman

Hong Kong, 9 November 2012

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

Executive Directors:

Mr. Chen Chuan (*Chairman*)

Mr. Ang Wing Fung

Independent Non-Executive Directors:

Ms. Wong On Yee

Ms. Li Di

Mrs. Kwan Leung, Anna