

# INNO-TECH HOLDINGS LIMITED

匯創控股有限公司

Interim Report 16/17



(Incorporated in Bermuda with Limited Liability)

(Stock code : 8202)



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

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*This report, for which the directors (the “Directors”) of Inno-Tech Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no matters the omission of which would make any statement herein or in this report misleading.*



## CORPORATE INFORMATION

### Board of Directors

Mr. Ha Chuen Yeung  
Mr. Lau King Hang  
Dr. Chan Yiu Wing  
Mr. Mazher Hussain  
Mr. Lee Ho Yiu, Thomas\*  
Mr. Tse Yuen Ming\*  
Ms. Liu Jianyi\*

\* Independent non-executive Directors

### Compliance Officer

Mr. Ha Chuen Yeung

### Authorised Representatives

Mr. Ha Chuen Yeung  
Ms. Lai Wai Ha of Akron Advisory Limited,  
external service provider

### Company Secretary

Ms. Lai Wai Ha of Akron Advisory Limited,  
external service provider

### Audit Committee Members

Mr. Lee Ho Yiu, Thomas (*Chairman*)  
Mr. Tse Yuen Ming  
Ms. Liu Jianyi

### Nomination Committee Members

Ms. Liu Jianyi (*Chairman*)  
Mr. Lee Ho Yiu, Thomas  
Mr. Tse Yuen Ming  
Dr. Chan Yiu Wing  
Mr. Lau King Hang

### Remuneration Committee Members

Ms. Liu Jianyi (*Chairman*)  
Mr. Lee Hoi Yiu, Thomas  
Mr. Lau King Hang

### Head Office and Principal Place of Business

Suite B, 6/F., One Capital Place  
18 Luard Road, Wan Chai  
Hong Kong

### Auditors

Elite Partners CPA Limited  
*Certified Public Accountants*

### Legal Adviser to the Company

Lam & Co Solicitors (*as to Hong Kong Laws*)  
Tang, Tso & Lau Solicitors  
(*as to Hong Kong Laws*)

### Principal Banker

Dah Sing Bank Limited

### Registered Office

Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

### Company Website

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

### Principal Share Registrars and Transfer Office

Codan Services Limited  
Clarendon House, 2 Church Street  
Hamilton HM 11, Bermuda

### Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor  
Services Limited  
Shops 1712-1716, 17/F, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

### GEM Stock Code

8202



## HIGHLIGHTS

- Revenue for the six months ended 31 December 2016 amounted to approximately HK\$26,224,000, representing an increase of approximately 14.62% as compared to amount reported in the corresponding period in 2015.
- Loss from continuing operations attributable to equity holders amounted to approximately HK\$90,599,000 for the six months ended 31 December 2016.
- Basic loss per share from continuing operations amounted to approximately HK\$0.52 for the six months ended 31 December 2016.
- The Board did not recommend the payment of a dividend for the six months ended 31 December 2016.

## INTERIM RESULTS (UNAUDITED)

The board of Directors (the “Board”) of Inno-Tech Holdings Limited (the “Company”) are pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 31 December 2016, together with the unaudited comparative figures for the corresponding period in 2015, as follow:–

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	Unaudited For the three months ended 31 December		Unaudited For the six months ended 31 December	
		2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
<b>Continuing operations</b>					
Revenue	3	15,256	10,609	26,224	22,879
Cost of sales		(14,619)	(8,811)	(23,583)	(18,717)
Gross profit		637	1,798	2,641	4,162
Other revenue and net income		2,500	72	2,504	105
Marketing and promotion expenses		(287)	(231)	(534)	(475)
Administrative expenses		(7,719)	(3,940)	(12,491)	(9,259)
Finance costs		(978)	(855)	(4,915)	(4,607)
Gain/(loss) on fair value change in trading securities		5	(47)	5	(102)
Loss on repayment of promissory notes		(50,719)	–	(50,719)	–
Loss on repayment of borrowings		(27,155)	–	(27,155)	–
<b>Loss before income tax</b>	4	<b>(83,716)</b>	<b>(3,203)</b>	<b>(90,664)</b>	<b>(10,176)</b>
Income tax	5	65	25	65	82
<b>Loss for the period from continuing operations</b>		<b>(83,651)</b>	<b>(3,178)</b>	<b>(90,599)</b>	<b>(10,094)</b>
<b>Discontinued operations</b>					
Profit/(loss) for the period from discontinued operations	6	–	–	(7)	(9)
<b>Loss for the period</b>		<b>(83,651)</b>	<b>(3,178)</b>	<b>(90,606)</b>	<b>(10,103)</b>
<b>Loss for the period attributable to: Owners of the Company</b>		<b>(83,651)</b>	<b>(3,178)</b>	<b>(90,606)</b>	<b>(10,103)</b>
<b>Loss per share attributable to the owners of the Company</b>					
From continuing and discontinued operations					
– Basic and diluted (HK\$ per share)		(0.43)	(0.03)	(0.52)	(0.09)
From continuing operations					
– Basic and diluted (HK\$ per share)		(0.43)	(0.03)	(0.52)	(0.09)

# CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

	Unaudited		Unaudited	
	For the three months ended 31 December		For the six months ended 31 December	
	2016	2015	2016	2015
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Profit/(Loss) for the period</b>	<b>(83,651)</b>	(3,178)	<b>(90,606)</b>	(10,103)
<b>Other comprehensive income/(loss)</b>				
Exchange difference arising on translation of financial statements of overseas subsidiaries	(113)	1,531	(46)	1,394
<b>Total comprehensive income/(loss) for the period</b>	<b>(83,764)</b>	(1,647)	<b>(90,652)</b>	(8,709)
<b>Total comprehensive income/(loss) attributable to:</b>				
Owners of the Company	<b>(83,764)</b>	(1,647)	<b>(90,652)</b>	(8,709)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		Unaudited As at 31 December 2016 Notes	Audited As at 30 June 2016 HK\$'000
		HK\$'000	HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	9	488	589
Intangible assets	10	162	423
		<b>650</b>	1,012
<b>Current assets</b>			
Financial assets at fair value through profit or loss	11	48	43
Account receivables	12	4,075	3,510
Prepayments, deposits and other receivables	13	21,988	21,094
Cash and cash equivalents		18,892	5,438
		<b>45,003</b>	30,085
<b>Current liabilities</b>			
Account payables, accrued expenses and other payables	14	20,463	45,044
Borrowings	15	–	44,500
Promissory notes	16	–	50,000
Tax payable		15,484	15,777
		<b>35,947</b>	155,321
<b>Net current assets/(liabilities)</b>		<b>9,056</b>	(125,236)
<b>Total assets less current liabilities</b>		<b>9,706</b>	(124,224)

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

		<b>Unaudited</b>	Audited
		<b>As at</b>	As at
		<b>31 December</b>	30 June
		<b>2016</b>	2016
	Notes	<b>HK\$'000</b>	HK\$'000
<b>Non-current liabilities</b>			
Convertible bonds	17	<b>113,707</b>	–
Borrowings	15	–	10,000
Deferred taxation		<b>41</b>	106
		<b>113,748</b>	10,106
<b>Net assets/(liabilities)</b>		<b>(104,042)</b>	(134,330)
<b>Equity</b>			
Share capital	18	<b>2,979</b>	79,625
Reserves		<b>(107,021)</b>	(213,955)
<b>Total equity</b>		<b>(104,042)</b>	(134,330)



# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 December 2016

	Share capital HK\$'000	Share premium HK'000	Share option reserve HK'000	Convertible bonds reserve HK'000	Contributed surplus HK'000	Capital redemption reserve HK'000	Exchange reserve HK'000	Other reserves HK'000	Accumulated losses HK'000	Total HK'000
At 1 July 2015 (Audited)	79,625	1,202,504	38,714	-	52,959	43	(883)	(743)	(1,473,284)	(101,065)
Loss for the period	-	-	-	-	-	-	-	-	(10,103)	(10,103)
Exchange difference on translation of financial statement of overseas subsidiaries	-	-	-	-	-	-	1,394	-	-	1,394
Total comprehensive income for the period	-	-	-	-	-	-	1,394	-	(10,103)	(8,709)
At 31 December 2015 (Unaudited)	79,625	1,202,504	38,714	-	52,959	43	511	(743)	(1,483,387)	(109,774)
At 1 July 2016 (Audited)	79,625	1,049,931	38,628	-	52,959	43	161	(743)	(1,354,934)	(134,330)
Placing of shares	15,925	(1,275)	-	-	-	-	-	-	-	14,650
Capital reorganisation	(93,639)	-	-	-	93,639	-	-	-	-	-
Issue of subscription shares	750	-	-	-	-	-	-	-	-	750
Placing of shares	318	10,494	-	-	-	-	-	-	-	10,812
Issue of Convertible bonds	-	-	-	94,728	-	-	-	-	-	94,728
	2,979	1,059,150	38,628	94,728	146,598	43	161	(743)	(1,354,934)	(13,390)
Loss for the period	-	-	-	-	-	-	-	-	(90,606)	(90,606)
Exchange difference on translation of financial statement of overseas subsidiaries	-	-	-	-	-	-	(46)	-	-	(46)
Total comprehensive income for the period	-	-	-	-	-	-	(46)	-	(90,606)	(90,652)
	2,979	1,059,150	38,628	94,728	146,598	43	115	(743)	(1,445,540)	(104,042)

# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	For the six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
Net cash (used in)/generated from operating activities	<b>(20,713)</b>	1,460
Net cash used in investing activities	<b>(22)</b>	–
Net cash generated from/(used in) financing activities	<b>34,523</b>	(855)
Increase in cash and cash equivalents	<b>13,788</b>	605
Cash and cash equivalents at the beginning of the period	<b>5,438</b>	7,506
Effect of foreign exchange rate change	<b>(334)</b>	409
Cash and cash equivalent at the end of the period	<b>18,892</b>	8,520
Analysis of cash and cash equivalents:		
Cash and cash equivalents in the condensed consolidated statement of financial position	<b>18,892</b>	8,520



Notes:

**1. BASIS OF PREPARATION OF ACCOUNTS**

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 December 2016 (“Interim Financial Statements”) have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the applicable disclosure requirements of the GEM Listing Rules.

The preparation of the Interim Financial Statements in conformity with HKAS 34 requires the management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The Interim Financial Statements include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since 30 June 2016, and therefore, do not include all of the information required for full set of financial statements prepared in accordance with the Hong Kong Financial Reporting Standards (“HKFRSs”) which collective term includes all applicable individual HKFRSs, HKAS and Interpretations issued by HKICPA. They shall be read in conjunction with the Group’s audited financial statements for the year ended 30 June 2016 (the “Annual Report”).

**2. PRINCIPAL ACCOUNTING POLICIES**

The Interim Financial Statements have been prepared under the historical cost convention, except for securities investment which are stated at fair value.

The accounting policies and methods of computation applied in the preparation of the Interim Financial Statements are consistent with those applied in preparing the Annual Report.

The adoption of the new/revised HKFRSs that are relevant to the Group and effective from the current period had no significant effects on the results and financial position of the Group for the current period and prior years.

At the date of authorisation of the Interim Financial Statements, the Group has not early adopted any new/revised HKFRSs that have been issued but are not yet effective for the current period. The Directors have already commenced an assessment of the impact of these new and revised HKFRSs but are not yet in a position to reasonably estimate whether these new and revised HKFRSs would have a significant impact on the Group’s results of operations and financial position.

### 3. REVENUE

Revenue represents the income from the advertising operations in the People's Republic of China ("PRC") and from event management and marketing services in Hong Kong. The amount of revenue recognised during the period is as follows:

	Unaudited For the six months ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
<b>Continuing operations</b>		
Outdoor advertising on buses and bus stations	25,295	22,879
Marketing services fee income	929	–
	<b>26,224</b>	<b>22,879</b>

### 4. LOSS BEFORE INCOME TAX

Loss before income tax is arrived at after charging:

	Unaudited For the six months ended 31 December	
	2016	2015
	HK\$'000	HK\$'000
Finance cost		
Interest on promissory notes	–	3,307
Borrowing interests	2,859	1,300
Imputed interest on convertible bonds	2,056	–
Staff cost	2,717	2,642
Amortisation of intangible assets	261	327
Depreciation on owned assets	122	211
Operating lease charge in respect of office premises	263	293



## 5. INCOME TAX

Income tax in the condensed consolidated statement of profit or loss and other comprehensive income represents:

	Unaudited	
	For the six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000
<b>Current tax</b>		
PRC Enterprise Income Tax	–	–
<b>Deferred tax</b>		
Current tax	(65)	(82)
Tax credit for the period	(65)	(82)

No provision for Hong Kong profits tax and PRC enterprise income tax have been made as the Group did not generate any assessable profits arising in Hong Kong and the PRC respectively during the period (2015: Nil).

## 6. DISCONTINUED OPERATIONS

During the year ended 30 June 2013, the Directors determined to cease the operations of Cyberliving Holdings Limited and its subsidiaries (the “Cyberliving Group”) which were engaged in intelligent system business. The intelligent system business was terminated during the year ended 30 June 2013.

For the period ended 31 December 2016 and 2015, the results and cash flows of Cyberliving Group are treated as discontinued operation.

## 6. DISCONTINUED OPERATIONS (Continued)

The results of the discontinued operations included in the condensed consolidated statement of profit or loss and other comprehensive income and condensed consolidated statement of cash flows are set out below:

	<b>Unaudited</b>	
	<b>For the six months ended</b>	
	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>
Turnover	-	-
Cost of sales	-	-
Gross profit	-	-
Other revenue and other net income	-	-
Marketing and promotion expenses	-	-
Administrative expenses	(7)	(9)
Loss before income tax	(7)	(9)
Income tax	-	-
Loss for the period	(7)	(9)
Gain on disposal of subsidiaries	-	-
Profit/(loss) for the period from discontinued operations	(7)	(9)
<b>Profit/(loss) attributable to:</b>		
Owners of the Company	(7)	(9)
<b>Cash flows from discontinued operations:</b>		
Net cash used in operating activities	(7)	(9)
Net cash outflows	(7)	(9)

## 7. EARNINGS/(LOSS) PER SHARE

Basis loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Three months ended 31 December		Six months ended 31 December	
	2016 HK\$'000	2015 HK\$'000	2016 HK\$'000	2015 HK\$'000
Loss attributable to owners of the Company				
For continuing operations	<b>(83,651)</b>	(3,178)	<b>(90,599)</b>	(10,094)
For discontinuing operation	-	-	<b>(7)</b>	(9)
	<b>(83,651)</b>	(3,178)	<b>(90,606)</b>	(10,103)
<b>Number of shares</b>	<b>'000</b>	'000 (Restated)	<b>'000</b>	'000 (Restated)
Weighted average number of ordinary shares in issue	<b>194,120</b>	113,074	<b>175,630</b>	113,074

Convertible bonds and share options are no dilutive effect on calculation of the diluted loss per share for the three and six months ended 31 December 2016.

The Company has conducted capital reorganisation in November 2016. For details, please refer to announcements of the Company dated 12 August 2016, 19 September 2016, 17 October 2016, 3 November 2016 and the circular of the Company dated 23 September 2016. The weighted average number of ordinary shares in 2015 have been adjusted to reflect the effect of the share consolidations.

## 8. SEGMENT INFORMATION

Operating segments are identified on the basis of internal reports which provides information about components of the Group. These information are reported to and reviewed by the chief operating decision maker ("CODM") for the purposes of resource allocation and performance assessment.

The Group has the following continuing operating segments during the period. These segments are managed separately. No operating segment have been aggregated to form the following reportable segments:

- (1) Outdoor advertising on buses and bus stations: outdoor advertising operations on buses and bus stations in the PRC;
- (2) Television advertisements: television advertising operations in the PRC; and
- (3) Event management services: event management and market services in HK.

## 8. SEGMENT INFORMATION (Continued)

### Continuing operations

#### (a) Business segments

Information regarding the Group's reportable segments as provided to the Group's continuing operations is set out as follows:

	Continuing operations For the six months ended 31 December 2016			
	Outdoor advertising on buses and bus stations (unaudited) HK\$'000	Television advertisements (unaudited) HK\$'000	Event management (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>				
Revenue from external customers	25,295	–	929	26,224
<b>Reportable segment loss</b>	(1,380)	–	(686)	(2,066)
Depreciation and amortisation	280	–	–	280
Reportable segment assets	10,198	–	676	10,874
Reportable segment liabilities	6,083	–	180	6,263

	Continuing operations For the six months ended 31 December 2015		
	Outdoor advertising on buses and bus stations (unaudited) HK\$'000	Television advertisements (unaudited) HK\$'000	Total (unaudited) HK\$'000
<b>Segment revenue</b>			
Revenue from external customers	22,879	–	22,879
<b>Reportable segment loss</b>	(189)	–	(189)
Depreciation and amortisation	387	–	387
Reportable segment assets	9,721	–	9,721
Reportable segment liabilities	28,039	–	28,039



## 8. SEGMENT INFORMATION (Continued)

### Continuing operations (Continued)

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

	Unaudited	
	For the six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000

#### Revenue

Total reportable segment revenues	26,224	22,879
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	Unaudited	
	For the six months ended	
	31 December	
	2016	2015
	HK\$'000	HK\$'000

#### Loss before income tax

Reportable segment loss	(2,066)	(189)
Other revenue and net income	2,504	105
Finance costs	(4,915)	(4,607)
Loss on repayment of promissory notes	(50,719)	–
Loss on repayment of borrowings	(27,155)	–
Unallocated head office and corporate expenses	(8,313)	(5,485)

Consolidated loss before income tax	(90,664)	(10,176)
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	Unaudited	
	As at	As at
	31 December	31 December
	2016	2015
	HK\$'000	HK\$'000

#### Total assets

Total reportable segment assets	10,874	9,721
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	10,874	9,721
Deposit for acquisition of subsidiaries	15,000	15,000
Financial assets at fair value through profit or loss	48	120
Unallocated corporate assets	19,731	8,468

Consolidated total assets	45,653	33,309
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8. SEGMENT INFORMATION (Continued)

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

	Unaudited	
	As at 31 December 2016 HK\$'000	As at 31 December 2015 HK\$'000
<b>Total liabilities</b>		
Total reportable segment liabilities	6,263	28,039
	6,263	28,039
Borrowings	–	47,000
Promissory notes	–	50,000
Deferred taxation	41	155
Unallocated corporate liabilities	29,684	17,889
Convertible bonds	113,727	–
	149,715	143,083

*Discontinued operations*

	Unaudited	
	For the six months ended 31 December 2016 HK\$'000	2015 HK\$'000
<b>Revenue</b>		
Total reportable segments revenues	–	–
Elimination of inter-segment revenue	–	–
Consolidated revenue	–	–

## 8. SEGMENT INFORMATION (Continued)

### (c) Geographic information

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

## 9. PROPERTY, PLANT AND EQUIPMENT

	<b>Unaudited 2016 HK\$'000</b>
Net book value as at 1 July	<b>589</b>
Additions	<b>26</b>
Depreciation	<b>(122)</b>
Exchange realignment	<b>(5)</b>
Net book value as at 31 December	<b>488</b>

## 10. INTANGIBLE ASSETS

	<b>Unaudited 2016 HK\$'000</b>
Net book value as at 1 July	<b>423</b>
Amortisation	<b>(261)</b>
Net book value as at 31 December	<b>162</b>

## 11. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Listed securities:		
– Equity securities listed in Hong Kong	<b>48</b>	43

Financial assets at fair value through profit or loss are stated at fair values which are determined with reference to quoted market bid price.

## 12. ACCOUNT RECEIVABLES

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Trade debtors	4,075	3,510
Less: allowance for doubtful debts	–	–
	<b>4,075</b>	3,510

The ageing analysis of account receivables is as follows:

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Current	3,653	1,549
Less than 1 months past due	–	278
1 to 3 months past due	–	314
Over 3 months past due	422	1,369
	<b>4,075</b>	3,510

The ageing analysis of account receivables that are past due but not impaired, along with receivables that are neither past due nor impaired, is as follows:

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Past due but not impaired:		
– Less than 3 months past due	–	592
– Over 3 months past due	422	1,369
	<b>422</b>	1,961
Neither past due nor impaired	<b>3,653</b>	1,549
	<b>4,075</b>	3,510

**13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES**

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Prepayments	4,125	2,666
Rental and utility deposits	168	180
Other deposits (note)	15,780	16,251
Other receivables	1,915	1,997
	<b>21,988</b>	21,094

Note:

Other deposits included HK\$15,000,000 refundable deposit paid for a proposed acquisition of new subsidiary.

**14. ACCOUNT PAYABLES, ACCRUED EXPENSES AND OTHER PAYABLES**

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Account payables	16	820
Accrued expenses and other payables	19,860	41,521
Purchase considerable payable	196	196
Receipts in advance	391	2,507
	<b>20,463</b>	45,044

The following is an ageing analysis of trade payables presented based on invoice date as at the end of the reporting period:

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Less than 1 month	16	-
1 to 3 months	-	820
3 to 6 months	-	-
6 months to 1 year	-	-
Over 1 year	-	-
	<b>16</b>	820

## 15. BORROWINGS

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Current	–	44,500
Non-Current	–	10,000
	–	54,500

As at 30 June 2016, the Group borrowed HK\$42,000,000 with interest of 2.5% per month, HK\$10,000,000 with interest of 2% per month and HK\$2,500,000 with interest of 2% per month and repayable on 22 September 2015, 6 December 2017 and 23 August 2016 respectively.

The borrowings were secured by the equity interests in four wholly-owned subsidiaries of the Group.

On 12 August 2016, the Company and Kuo Yi-Hui, an independent third party, entered into the second deed of amendment (as supplemented in September 2016), pursuant to which the Company agreed with Kuo Yi-Hui, to convert the entire principal amount of HK\$42 million and accrued interests up to 12 August 2016 into HK\$50 million of Convertible bonds (“CB2”). The issuance of CB2 took place on 7 November 2016.

## 16. PROMISSORY NOTES

On 31 August 2012, the Company issued HK\$160,000,000 unsecured redeemable promissory notes in connection with the acquisition of 100% equity interest in the Redgate Ventures Group. The promissory notes are repayable in one lump sum on maturity of two years and matured on 30 August 2014. On 29 August 2014, the Company has entered into two deeds of extension to amend the terms and conditions of the respective promissory notes with each of the two noteholders respectively, pursuant to which the parties to the respective deeds of extension agreed to extend the maturity date of the promissory notes from 31 August 2014 to 30 November 2014.

On 28 November 2014, the Company has entered into two second deeds of extension to further amend the terms and conditions of the respective promissory notes with each of the two noteholders respectively, pursuant to which the parties to the respective second deeds of extension agreed to further extend the maturity date of the promissory notes from 30 November 2014 to 27 February 2015.

On 2 April 2015, the Company has entered into a third deed of extension to further amend the terms and conditions of the promissory notes with the noteholder, pursuant to which the parties to the respective second deeds of extension agreed to further extend the maturity date of the promissory notes from 27 February 2015 to 31 October 2015.

## 16. PROMISSORY NOTES (Continued)

On 30 September 2015, the Company issued a letter to Profit Eagle Limited (“Profit Eagle”), the holder of the promissory notes and proposed the repayment of outstanding promissory notes by issuance of convertible bonds. On 22 October 2015, Profit Eagle principally agreed the Company’s proposal on the condition that the Company should issue and allot 180,000,000 ordinary shares of the Company to the holder at the aggregate consideration of HK\$1.00.

On 12 August 2016, the Company and Profit Eagle entered into the first deed of amendment (the “First Deed of Amendment”) pursuant to which the Company agreed with Profit Eagle to convert the promissory notes into convertible bonds of an aggregate principal amount of HK\$60,500,000 (“CB1”) and to issue 75 million new shares (the “Free Shares”) to Profit Eagle as compensation for the default of payment under the promissory notes.

On 19 September 2016, the Company and Profit Eagle entered into a supplemental deed to the First Deed of Amendment (the “Supplemental Deed”). Pursuant to the Supplemental Deed, (i) the Company and Profit Eagle agreed to change the terms that the Company shall at completion of the issuance of CB1 issue and allot 75,000,000 new shares (the “Subscription Shares”) to Profit Eagle or its nominee at the subscription price of HK\$0.01 per Subscription Share (the “Subscription Price”) (which is equivalent to the par value of the new share) instead of for free and (ii) Profit Eagle has to obtain prior written consent of the Company if any of the nominee(s), transferee(s) or assignee(s) (and their respective ultimate beneficial owners) who take(s) up the Subscription Shares is a connected person of the Company. The Company intends to use the net proceeds from the Subscription Shares of approximately HK\$750,000 for its general working capital. The issuance of CB1 and Subscription Shares took place on 7 November 2016.

	<b>Unaudited</b>	Audited
	<b>As at</b>	As at
	<b>31 December</b>	30 June
	<b>2016</b>	2016
	<b>HK\$'000</b>	HK\$'000
At the beginning of the period/year	<b>50,000</b>	46,693
Interest charged	–	3,307
Redemption of promissory notes	<b>(50,000)</b>	–
At the end of the period/year	–	50,000

## 17. CONVERTIBLE BONDS

The liabilities component of convertible bonds are as follows:

	At 31 December 2016 HK\$'000	At 30 June 2016 HK\$'000
CB 1	48,679	–
CB 2	44,700	–
CB 3	20,328	–
	<b>113,707</b>	–

On 7 November 2016, the Company issued zero coupon convertible bonds with an aggregate nominal value of HK\$60.5 million (“CB 1”) to repay promissory notes with amount of HK\$50 million. The maturity date of the CB 1 is at the 24 months of the date of the issue of the convertible bonds. The bond holders have the rights to convert into approximately 605,000,000 conversion shares at initial conversion price of HK\$0.1 per conversion share.

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2016	–	–	–
Issue of convertible bonds	47,797	52,922	100,719
Imputed interest expense	882	–	882
At 31 December 2016	<b>48,679</b>	<b>52,922</b>	<b>101,601</b>

On 7 November 2016, the Company issued 3% convertible bonds with an aggregate nominal value of HK\$50 million (“CB 2”) to repay the borrowing with principal amount of HK\$42 million and accrued interests. The maturity date of the CB 2 is at the 18 months of the date of the issue of the convertible bonds. The bond holders have the rights to convert into approximately 500,000,000 conversion shares at initial conversion price of HK\$0.1 per conversion share.

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2016	–	–	–
Issue of convertible bonds	43,894	38,016	81,910
Imputed interest expense	806	–	806
At 31 December 2016	<b>44,700</b>	<b>38,016</b>	<b>82,716</b>



## 17. CONVERTIBLE BONDS (Continued)

On 7 November 2016, the Company issued 3% convertible bonds with an aggregate nominal value of HK\$25 million ("CB 3"). The maturity date of the CB 3 is at the 24 months of the date of the issue of the convertible bonds. The bond holders have the rights to convert into approximately 250,000,000 conversion shares at initial conversion price of HK\$0.1 per conversion share.

	Liability component HK\$'000	Equity component HK\$'000	Total HK\$'000
At 1 July 2016	–	–	–
Issue of convertible bonds	19,960	3,990	23,950
Imputed interest expense	368	–	368
<b>At 31 December 2016</b>	<b>20,328</b>	<b>3,990</b>	<b>24,318</b>

## 18. SHARE CAPITAL

	Par value of each share HK\$	Number of share	Nominal value HK\$'000
Authorised:			
At 30 June 2016, 1 July 2016	0.1	3,000,000,000	300,000
Share consolidated (Note (a))		(2,400,000,000)	–
Share sub-division (Note (a))		29,400,000,000	–
<b>At 31 December 2016</b>	<b>0.01</b>	<b>30,000,000,000</b>	<b>300,000</b>
	Par value of each share HK\$	Number of share	Nominal value HK\$'000
Issued and fully paid			
At 30 June 2016, 1 July 2016	0.1	796,246,784	79,625
Placing of share (Note (b))		159,249,356	15,925
Share consolidated (Note (a))		(764,396,912)	–
Capital reduction (Note (a))		–	(93,639)
Issue of subscription share (Note (c))		75,000,000	750
Placing of shares (Note (d))		31,849,871	318
<b>At 31 December 2016</b>	<b>0.01</b>	<b>297,949,099</b>	<b>2,979</b>

## 18. SHARE CAPITAL (Continued)

Notes:

- (a) Pursuant to a special resolution passed by the Shareholders at the special general meeting held on 17 October 2016, the Company proceed with capital reorganisation involving, among others, the following:
- (i) share consolidation whereby every five issued and unissued shares of HK\$0.1 each were consolidated into one consolidated share of HK\$0.50 each;
  - (ii) capital reduction whereby the nominal value of all the issued consolidated shares was reduced from HK\$0.50 each to HK\$0.01 each by cancelling paid-up capital to the extent of HK\$0.49 on each issued consolidated share so as to form the adjusted Share of HK\$0.01 each; and
  - (iii) the sub-division was made of each of the authorized but unissued consolidated shares of HK\$0.5 each into 50 adjusted shares of HK\$0.01 each.

The capital reorganisation was taken place and completed on 4 November 2016.

- (b) On 12 August 2016, the Company entered into the placing agreement with placing agent to placing to not less than six independent placees for up to 159,249,356 shares at a price of HK\$0.10 per placing share. The net proceed received from the placing was HK\$12.22 million. The placing was completed on 24 October 2016.
- (c) On 12 August 2016, the Company entered into supplemental deed to the First Deed of Amendment to amend the terms on the allotment of 75,000,000 subscription shares at a price of HK\$0.01 per subscription share. The net proceed received from the subscription was HK\$750,000. The placing was completed on 7 November 2016.
- (d) On 18 November 2016, the Company entered into the placing agreement with placing agent to placing to not less than six independent placees for up to 31,849,871 shares at a price of HK\$0.35 per placing share. The net proceed received from the placing was HK\$10.60 million. The placing was completed on 30 November 2016.



## 19. COMMITMENTS

### (i) Operating lease commitments

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

	<b>Unaudited As at 31 December 2016 HK\$'000</b>	Audited As at 30 June 2016 HK\$'000
Within 1 year	492	520
Over 1 year but within 5 years	232	464
	<b>724</b>	<b>984</b>

The Company leases a number of properties under operating leases. The leases typically run for an initial period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

## 20. COMPARATIVE FIGURES

The comparative statement of profit or loss has been re-presented as if the operation discontinued during the current period had been discontinued at the beginning of the comparative period.



## DIVIDEND

The Directors did not recommend the payment of a dividend for the six months ended 31 December 2016 (2015: Nil).

## BUSINESS REVIEW

For the six months ended 31 December 2016, the Group's unaudited consolidated revenue amounted to approximately HK\$26,224,000 (2015: HK\$22,879,000).

The Group recorded a loss for the period attributable to the owners of the Company of approximately HK\$90,606,000 for the six months ended 31 December 2016 (2015: loss of approximately HK\$10,103,000), in which for continuing operations, the Group recorded a loss for the period of approximately HK\$90,599,000 for the six months ended 31 December 2016 (2015: loss of approximately HK\$10,094,000) representing an increase of approximately 7.9 times as compared to that of the corresponding period in 2015. The substantial increase in such loss for the six months ended 31 December 2016 was mainly due to the (i) increase in administrative expenses; (ii) loss on repayment of promissory notes; and (iii) loss on repayment of borrowings.

Basic loss per share from continuing and discontinued operations for the six months ended 31 December 2016 was approximately HK\$0.52 (2015: basic loss per share HK\$0.09).

### Buses and bus stations advertising business in PRC

The Group continues to focus on the business operations of having outdoor advertising on buses and bus stations. It now pursues the development in the following possible ways:

- Expands the advertising network;
- Expands the customer base;
- Increases the utilization of the Group's media resources;
- Enhances pricing strategy; and
- Focuses on sales and marketing.

During the six months ended 31 December 2016, as a result of the additional efforts made, the Group's bus advertising business in PRC reported a 10.56% increase in revenue to HK\$25,295,000 from HK\$22,879,000 in the corresponding period in 2015.



## Television advertisement business in PRC

Due to challenging and competitive operating environment in the PRC, the Group has scaled down the investment in this sector in order to allocate more resources on other major sectors and explore new business opportunities. There is no revenue reported during the six months ended 31 December 2016 (2015: HK\$Nil).

## Event management and marketing services in Hong Kong

The Group commenced event management and marketing services business in Hong Kong in October 2016. During the six months ended 31 December 2016, the Group's event management and marketing services business in Hong Kong reported revenue amounting to HK\$929,000.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2016, the Group's cash and bank balance were approximately HK\$21,336,000 (30 June 2016: HK\$5,438,000), which are mainly denominated in Hong Kong dollars and Renminbi ("RMB").

The Group recorded total current assets of approximately HK\$45,003,000 (30 June 2016: approximately HK\$30,085,000) and total current liabilities of approximately HK\$35,947,000 (30 June 2016: approximately HK\$155,321,000). The increase of total current assets was mainly due to the increase in cash and bank balance in the reporting period. The current ratio of the Group, calculated by dividing the total current assets by the total current liabilities, was approximately 1.25 times as at 31 December 2016 (30 June 2016: approximately 0.19 times). The debt ratio of Group, calculated by dividing the total liabilities by the total assets, was approximately 3.28 times (30 June 2016: approximately 5.12 times).

The Group did not have any stand-by banking facilities at 31 December 2016 and 30 June 2016.

Save as disclosed in this report, the Group has no material capital expenditure commitments as at 31 December 2016.



## CAPITAL STRUCTURE AND FUND RAISING ACTIVITIES

### (a) Capital structure

As at 31 December 2016, the Company's issued share capital was HK\$2,979,490.99 and the number of its issued ordinary shares was 297,949,099 shares of HK\$0.01 each ("Shares").

#### *Capital reorganisation*

At the special general meeting of the Company held on 17 October 2016, approval was given by the shareholders of the Company to proceed with the capital reorganisation of the Company involving, among others, (i) consolidating every five (5) issued and unissued shares into one (1) consolidated share; (ii) reducing the nominal value of the issued consolidated shares from HK\$0.5 to HK\$0.01 and (iii) subdividing the unissued consolidated shares into fifty (50) new shares of HK\$0.01 each (the "Capital Reorganisation"). Immediately following the effective of the Capital Reorganisation on 4 November 2016, the authorised share capital of the company was changed from HK\$300,000,000 divided into 3,000,000,000 shares of HK\$0.10 par value each into HK\$300,000,000 divided into 30,000,000,000 shares of HK\$0.01 par value each.

### (b) Fund raising activities and use of proceeds

#### *Placing of new shares under specific mandate*

On 12 August 2016, the Company entered into a placing agreement with Win Wind Securities Limited (as placing agent) pursuant to which the placing agent agreed to place the placing shares comprising up to an aggregate of 159,249,356 new shares of the Company at the placing price of HK\$0.10 per placing share on behalf of the Company to not less than six placees. Completion of the placing took place on 24 October 2016. The net proceeds amount to approximately HK\$12.22 million will be used for general working capital of the Group.



### ***Allotment of subscription shares***

On 7 November 2016, the Company allot 75,000,000 subscription shares to Profit Eagle according to the First Deed of Amendment dated 12 August 2016 and Supplemental Deed of Amendment dated 19 September 2016. The net proceeds amount to approximately HK\$750,000 will be used for general working capital of the Group.

### ***Placing of convertible bonds under specific mandate***

On 12 August 2016, the Company entered into a convertible bonds placing agreement (the “CB Placing Agreement”) with the placing agent, pursuant to which the placing agent agreed amongst other things to procure not less than six placees, or failing which, itself as principal on a fully underwritten basis, to subscribe for HK\$25 million of convertible bonds by one or more tranches of not less than HK\$0.5 million (the “CB Placing”). On 19 September 2016, supplemental agreement was entered into for the CB Placing Agreement where the term and all references to “Free Shares” as stipulated under the CB Placing Agreement shall be replaced by the term of “Subscription Shares”. The CB Placing was completed on 7 November 2016. The net proceeds amount to approximately HK\$23.74 million will be used for general working capital of the Group.

### ***Placing of new shares under general mandate***

On 18 November 2016, the Company entered into a placing agreement with Enhanced Securities Limited (“Placing Agent”) pursuant to which the Placing Agent agreed to place the placing shares of 31,849,871 new shares of the Company at the placing price of HK\$0.35 per placing share on behalf of the Company to not less than six placees. Completion of the placing took place on 30 November 2016. The net proceeds amount to approximately HK\$10.60 million will be used for repayment of an outstanding loan of the Group.



## ***Proposed and actual use of proceeds***

The total net proceeds of the placing of new shares under specific mandate, allotment of subscription shares and placing of convertible bonds under specific mandate amount to approximately HK\$36.71 million will be used for general working capital of the Group. During the period ended 31 December 2016, HK\$22.41 million had been utilised for general working capital of the Group and the remaining balance not yet utilised.

During the period ended 31 December 2016, all the net proceeds from the placing of new shares under general mandate had been utilised for repayment of repayment of an outstanding loan of the Group.

## **CONVERTIBLE BONDS**

1. On 7 November 2016, the Company issued convertible bonds with principal amount of HK\$60.50 million (the “CB1”) due in 2018 with conversion price of HK\$0.10 per share to Profit Eagle Limited. The CB1 do not bear any interest. The maturity date is the date falling on the 24 months of the date of issue of the CB1.
2. On 7 November 2016, the Company issued convertible bonds with principal amount of HK\$50 million (the “CB2”) due in 2018 with conversion price of HK\$0.10 per share to Ms. Kuo Yi-Hui. The CB2 with 3% interest per annum. The maturity date is the date falling on the 18 months of the date of issue of the CB2.
3. On 7 November 2016, the Company issued convertible bonds with principal amount of HK\$25 million (the “CB3”) due in 2018 with conversion price of HK\$0.10 per share to not less than 6 placees. The CB3 with 3% interest per annum. The maturity date is the date falling on the 24 months of the date of issue of the CB3.





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

The Group did not make any material acquisition during the six months ended 31 December 2016.

In addition, the Group is constantly looking for any other business opportunities for new possible potential investment to improve the standard performance of the Group and improve Company's shareholders' return.

## **CHARGES OF ASSETS**

The Company has charged all its equity interests in four companies wholly-owned by the Company to secure the borrowings of the Group on 23 March 2015 and 5 June 2015 respectively. The charges have been fully released and discharged on 7 November 2016.

## **CONTINGENT LIABILITIES**

The Group did not have any significant contingent liabilities as at 31 December 2016.

## **FOREIGN CURRENCY EXCHANGE 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 RMB.

As at 31 December 2016, 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 31 December 2016, 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.

As at 31 December 2016, the Group had no investment in any financial derivatives, foreign exchange contracts, interest or currency swaps, hedgings or other financial arrangements for hedging purposes to reduce any currency risk nor made any over-the-counter contingent forward transactions.



## EMPLOYEES

The number of employees (including Directors) was 62 as at 31 December 2016 (2015: 43), and the total staff costs (including Directors' remuneration) for the six months ended 31 December 2016 was approximately HK\$2,717,000 (2015: HK\$2,642,000). Other benefits provided by the Group to the employees include mandatory provident fund, insurance and medical coverage, training programs and share option scheme.

## RESUMPTION PROGRESS

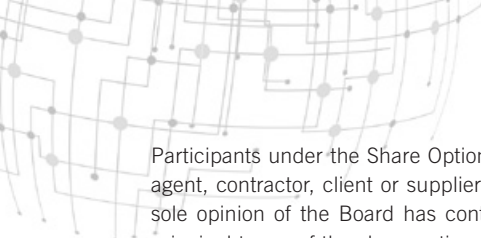
Trading in the shares of the Company on the GEM of the Stock Exchange has been suspended from 26 January 2015. On 23 April 2015, the Stock Exchange has imposed conditions (the "Resumption Conditions") on top of the general compliance with the GEM Listing Rules and all applicable laws and regulations in Hong Kong and its place of incorporation before resumption. On 12 August 2016, the Company announced that all the Resumption Conditions have been fulfilled. The trading in the shares of the Company was resumed on 15 August 2016. For details, please refer to the announcements of the Company dated 15 May 2015 and 12 August 2016 respectively.

## SHARE OPTION SCHEMES

The Company's share option scheme which was adopted on 5 July 2002 ("Old Scheme") has expired and a new share option scheme ("New Scheme", together with Old Scheme, the "Share Option Schemes") was adopted by an ordinary resolution passed by the shareholders at the annual general meeting of the Company held on 23 November 2012 ("Adoption Date"). The New Scheme constitutes a share option scheme governed by Chapter 23 of the GEM Listing Rules and will remain in force for 10 years from the Adoption Date. Apart from the Share Option Schemes, the Company has no other share option scheme as at 31 December 2016.

Upon the expiry of the Old Scheme, no further option can be offered thereunder but any options granted prior to such expiry but not yet exercised shall continue to be valid and exercisable.

The purpose of the Share Option Schemes are to enable the Company to grant options to the Participants (as defined below) as incentives and rewards for their contribution to the Company or its subsidiaries.



Participants under the Share Option Schemes include any employee or consultant, advisor, agent, contractor, client or supplier of the Company or any of its subsidiaries who is in the sole opinion of the Board has contributed or is expected to contribute to the Group. The principal terms of the share option schemes are summarized as follow:

The subscription price shall be determined by the Board in its absolute discretion but in any event shall be at least the higher of:

- (i) the nominal value of the shares;
- (ii) the closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant which must be a business day; and
- (iii) the average closing price of the shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant.

Upon acceptance of the options, the grantee shall pay HK\$1.00 to the Company as consideration for the grant. The acceptance of an offer of the grant of the option must be made within 28 days from the date of grant. An option must be exercised within 10 years from the date on which it is granted or such shorter period as the Board may specify at the time of grant.

The maximum number of shares which may be issued upon exercise of all options to be granted under the New Scheme and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue as at the date of approval of the New Scheme. The Company may seek approval by the shareholders at general meeting to refresh the 10% limit (the "Option Scheme Limit"). However, the total number of shares available for issue under exercise of options which may be granted under the New Scheme in these circumstances must not exceed 10% of the number of the issued share of the Company as at the date of approval of the refreshment of the Option Scheme Limit.

The Option Scheme Limit has been refreshed on 30 December 2014 at the general meeting. Based on 796,246,784 shares of the Company in issue as at 30 December 2014, the maximum number of shares of the Company which may be issued upon the exercise of all the options granted or to be granted under the New Scheme or any other share option schemes of the Company must not, in aggregate, exceed 79,624,678 Shares, being 10% of the shares in issue as at 30 December 2014. The Company has not granted any options under the New Scheme since its adoption.

As at 31 December 2016, (i) there were 7,590 options granted and outstanding under the Old Scheme representing approximately 0.0025% of the total number of shares of the Company in issue as at 31 December 2016; and (ii) the Company was allowed to grant options up to 15,924,935 Shares under the New Scheme (after adjustment as a result of the Capital Reorganization effective on 4 November 2016).


The maximum number of shares which may be issued upon exercise of all options which then have been granted and have yet to be exercised under the Share Option Schemes and any other share option schemes must not in aggregate exceed 30% of the shares of the Company in issue from time to time.

The total number of shares issued and to be issued upon exercise of options (whether exercised or outstanding) granted in any 12-month period to:

- (i) each eligible Participant must not exceed 1.0% of the total number of shares of the Company in issue; and
- (ii) a substantial shareholder of the Company or an independent non-executive director must not exceed 0.1% of the total number of shares of the Company in issue and not exceed HK\$5.0 million in aggregate value.

Particulars of the movement of the outstanding options in aggregate granted under the Old Scheme during the six months ended 31 December 2016, were as follows:

Date of grant	Number of share options					Adjusted during the period upon Completion of Share Reorganization	Outstanding as at 31 December 2016	Option period	Exercise price per share
	Outstanding as at 1 July 2016	Granted during the period	Exercised during the period	Lapsed during the period					
Former directors, senior management, other employees and consultants	23 August 2007	11,252	-	-	-	(9,002)	2,250	23 August 2007 to 22 August 2017	HK\$19,538.80
	9 September 2008	4,975	-	-	-	(3,980)	995	9 September 2008 to 8 September 2018	HK\$5,396.95
	11 September 2008	3,546	-	-	-	(2,837)	709	11 September 2008 to 10 September 2018	HK\$6,047.30
	16 December 2008	3,546	-	-	-	(2,837)	709	16 December 2008 to 15 December 2018	HK\$2,363.50
	17 February 2009	1,932	-	-	-	(1,546)	386	17 February 2009 to 16 February 2019	HK\$3,070.90
	29 May 2009	1,932	-	-	-	(1,546)	386	29 May 2009 to 28 May 2019	HK\$2,728.60
	31 December 2009	1,104	-	-	-	(884)	220	31 December 2009 to 30 December 2019	HK\$1,395.30
	15 January 2010	9,675	-	-	-	(7,740)	1,935	15 January 2010 to 14 January 2020	HK\$2,264.05
<b>Total</b>		<b>37,962</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(30,372)</b>	<b>7,590</b>		



## **DIRECTORS' OR CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS**

As at 31 December 2016, none of the Directors or chief executives of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) ("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 recorded in the register required to be kept by the Company under Section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by directors as referred to in Rule 5.46 of the GEM Listing Rules.

## **SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES AND UNDERLYING SHARES**

As at 31 December 2016, 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:

## Long Positions in Shares and underlying Shares of the Company

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
Profit Eagle Limited (Note)	Beneficial owner	75,000,000	605,000,000	680,000,000	228.23%
Lee Kuo-Juy (Note)	Interest of a controlled corporation	75,000,000	605,000,000	680,000,000	228.23%
Alexia Joulian	Beneficial owner	3,820,000	30,000,000	33,820,000	11.35%
Chow Kam Wah	Beneficial owner	3,830,000	30,000,000	33,830,000	11.35%
Ip Cheuk Ho	Beneficial owner	3,820,000	30,000,000	33,820,000	11.35%
Ip Po Ki	Beneficial owner	3,830,000	30,000,000	33,830,000	11.35%
Wong Ying Seung Asiong	Beneficial owner	3,829,871	30,000,000	33,829,871	11.35%
Au Yeung Kai Wah	Beneficial owner	3,180,000	25,000,000	28,180,000	9.46%
Osman Bin Kitchell	Beneficial owner	3,180,000	25,000,000	28,180,000	9.46%
Shimazaki Koji	Beneficial owner	3,180,000	25,000,000	28,180,000	9.46%
To Yuet Sing	Beneficial owner	3,180,000	25,000,000	28,180,000	9.46%
Kuo Yi-Hui	Beneficial owner	-	500,000,000	500,000,000	167.81%

Note: Profit Eagle Limited is wholly-owned by Mr. Lee Kuo-Juy and, therefore, Mr. Lee Kuo-Juy is deemed to be interested in the 680,000,000 Shares/underlying Shares held by Profit Eagle Limited.

Save as disclosed above, as at 31 December 2016, 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.



## **DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Other than as disclosed under the sections "SHARE OPTION SCHEMES" and "DIRECTORS' OR CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS" above, at no time during the six months ended 31 December 2016 was the Company or any of its subsidiaries, or any of its fellow subsidiaries, a party to any arrangement to enable the Directors or chief executives of the Company or their respective associates (as defined in the GEM Listing Rules) to have any right to subscribe for securities of the Company or any of its associated corporations as defined in the SFO or to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's listed securities during the six months ended 31 December 2016.

## **DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE**

No other contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the period or at any time during six months ended 31 December 2016.

## **COMPETING INTERESTS**

During the six months ended 31 December 2016, as far as the Directors are aware of, none of the Directors, the controlling shareholders or substantial shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) has any interest in any business which competes or may compete, directly or indirectly, with the business of the Group, or have any other conflict of interests with the Group.



## CODE OF 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 of the GEM Listing Rules (“Securities Code”). During the six months ended 31 December 2016, 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

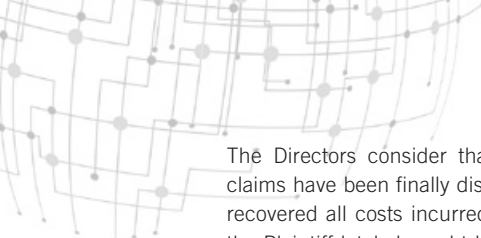
- (a) On 31 August 2010, a writ of summons was issued by Mr. Lim Yi Shenn as the plaintiff (“Plaintiff”) against Ms. Wong Yuen Yee, an ex-director of the Company, Mr. Wong Yao Wing, Robert, an ex-director of the Company and the Company (collectively “Defendants”). The Plaintiff claimed against each of the Defendants for damages for various misrepresentations allegedly made by the Defendants 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 for misrepresentation in the amount of approximately HK\$15,838,000 and/or, alternatively, the return of a sum of HK\$10,000,000 by the Defendants based upon an alleged admission of liability made by the Defendants. The Defendants denied the Plaintiff’s claims and vigorously contested such claims.

The Plaintiff’s claims came before the Honourable Deputy High Court Judge Wilson Chan for trial on 3 to 7, 10 to 13, 18 and 19 November 2014 and Judgment was handed down by the Honourable Deputy High Court Judge Wilson Chan on 29 January 2015 (“the Judgment”). By the Judgment, the Honourable Deputy High Court Judge Wilson Chan dismissed all the Plaintiff’s claims with costs to the Defendants.

The Plaintiff served a Notice of Appeal against the Judgment on 4 March 2015, and his appeal was heard on 12 July 2016 with Judgment reserved. On 7th September 2016 the Court of Appeal handed down its Judgment dismissing the Plaintiff’s Appeal with costs.

The prescribed time for the Plaintiff to seek leave to appeal to the Court of Final Appeal has expired and the Plaintiff made no application for leave to appeal to the Court of Final Appeal. The Defendants have recovered all their costs incurred at the Court of First Instance level and the Court of Appeal level from the Plaintiff.





The Directors consider that the matters have been concluded as the Plaintiff's claims have been finally dismissed by the Court of Appeal and the Defendants have recovered all costs incurred in the above action and Appeal. On 25 January 2017 the Plaintiff lately brought his claim for costs of certain interlocutory applications in the above action in the aggregate sum of HK\$737,117.95 and commenced taxation proceedings. The Defendants considered that the claim for costs was grossly inflated and would seek the taxing master's determination on the quantum of costs as claimed.

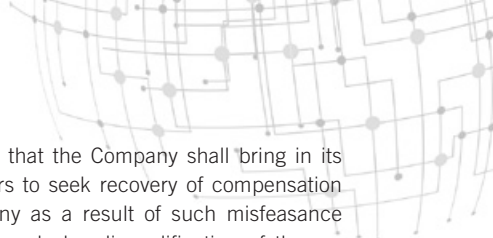
- (b) On 14 January 2011, a Writ of Summons was issued by Smart Step Holdings Limited ("SSHL") as the plaintiff against the Company, Inno-Gold Mining Limited ("IGML") and Dragon Emperor International Limited ("DEIL"). DEIL and IGML were the subsidiaries of the Company until 9 May 2011 when the Company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

In the said case 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 these consolidated financial statements.

The Directors, based on legal advice, 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 consolidated financial statements.

- (c) On 30 January 2015, the Securities and Futures Commission ("the Petitioner") presented a Petition to the High Court under section 214 of the Securities and Futures Ordinance, Cap. 571 ("the Petition") against the Company and 4 ex-directors of the Company, namely, Wong Yuen Yee, Wong Yao Wing, Robert, Wong Kwok Sing and Lam Shiu San (collectively "the Ex-Directors"). It is the Petitioner's complaint that the Ex-Directors had conducted the business or affairs of the Company in a manner involving misfeasance or misconduct toward the Company, its members or any part of its members and/or unfairly prejudicial to its members or any part of its members.



By the Petition the Petitioner sought an order that the Company shall bring in its name civil proceedings against the Ex-Directors to seek recovery of compensation or loss and damages suffered by the Company as a result of such misfeasance or misconduct or unfairly prejudicial conduct and also disqualification of the ex-directors to be director, liquidator, or receiver or manager of any listed or unlisted company in Hong Kong or from taking part in the management of any listed or unlisted company in Hong Kong on such terms and for such periods as the Court shall think fit and/or other reliefs.

Recently, the Petitioner has sought for an order to file expert evidence. The hearing was heard on 1st September 2016 where the court has dismissed the petitioner's application and granted costs to the defendants, including the Company. On 30th December 2016, the court has ordered the Petitioner to file a list of documents by 27th January 2017.

The Directors, based on legal advice, 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 consolidated financial statements.

Save as discussed above, during the six months ended 31 December 2016, 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 of the Board ("AC") 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 AC are to review and supervise the financial reporting process and internal control system of the Group. As at the date of this interim report, the AC comprises of three members, namely Mr. Lee Ho Yiu, Thomas, Mr. Tse Yuen Ming and Ms. Liu Jianyi, all are independent non-executive Directors. The AC is chaired by Mr. Lee Ho Yiu, Thomas. The unaudited consolidated financial statements for the six months ended 31 December 2016 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.



## REMUNERATION COMMITTEE

A remuneration committee of the Board (“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 at the date of this interim report, the RC comprised three members, namely Mr. Lau King Hang, being an executive Director, Mr. Lee Ho Yiu, Thomas and Ms. Liu Jianyi, all being independent non-executive Directors. The RC is chaired by Ms. Liu Jianyi. 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.

## NOMINATION COMMITTEE

The nomination committee of the Board (“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 interim report, the NC comprised of five members, namely Mr. Lau King Hang and Dr. Chan Yiu Wing, all being an executive Director, Mr. Lee Ho Yiu, Thomas, Mr. Tse Yuen Ming and Ms. Liu Jianyi, all being independent non-executive Directors. The NC is chaired by Ms. Liu Jianyi. 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 chief executive.

## CORPORATE GOVERNANCE PRACTICES

The Company’s corporate governance practices are based on the principles and code provisions (the “Code Provision(s)”) set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 15 of the GEM Listing Rules.

During the six months ended 31 December 2016, the Company has complied with most of the Code Provisions of the CG Code, except for the deviation described below.



## **CODE PROVISION A.2.1**

Under code provision A.2.1 of the CG code, the roles of the chairman and chief executive officer (“CEO”) should be separate and should not be performed by the same individual. The Company has not appointed chairman since 23 January 2015, and the roles and functions of the chairman have been performed by all the executive directors collectively. The Company also has not appointed CEO since 9 April 2015, and the roles and functions of the CEO have been performed by all the executive directors collectively. The Board will keep reviewing the current structure of the Board from time to time and in the process of recruiting candidates with suitable knowledge, skill and experience to fill the posts of the chairman and the CEO as appropriate and will make further announcement in due course.

## **CODE PROVISION E.1.2**

Under the code provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting and he should also invite the chairman of each of the AC, RC and NC together with any other committees (as appropriate) to attend. During the period ended 31 December 2016, Mr. Tse Yuen Ming did not attend the Company’s annual general meeting held on 14 October 2016 and special general meeting held on 17 October 2016 to answer questions of the shareholders of the Company due to other prior business engagements.

## **INTERNAL CONTROL**

The Board is committed to implement an effective and sound internal control system to safeguard the interest of Shareholders and the Group’s assets.

To further monitor and assess the effectiveness of the internal control system, the Company has appointed Elite Partners Risk Advisory Services Limited (“Elite Partners”) as the internal control advisor of the Group to perform quarterly review on the risk management function and the audit on the internal control system.

During the period ended 31 December 2016, Elite Partners performed review and comment on the written policies, procedures and the internal control systems regarding risk management, sales and receipts, capital expenditure, subcontractor and contract management, fixed assets managements and human resources and payroll.

## CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 17.50A(1) of the GEM Listing rules, changes in Directors' information since the date of the Annual Report are set out below:

<b>Directors</b>	<b>Details of Changes</b>
Mazher Hussain	Appointed as an executive Director with effect from 19 October 2016
Tse Yuen Ming	Appointed as independent non-executive director of Runway Global Holdings Company Limited (stock code: 1520), the shares of which are listed on the main board of the Stock Exchange, in November 2016  Appointed as the Executive Vice President of Hong Kong Guangxi Chamber of Commerce Limited in 2015  Appointed as Vice President of the Hong Kong General Chamber of Small & Medium Business and ceased to be the Chairman of Professional Services Committee of the Hong Kong Chamber of Small & Medium Business in January 2017  Appointed as Legal Adviser of Life Underwriters & Sales Executive Board (HK) Limited in 2016

## PUBLICATION OF INFORMATION ON WEBSITES

This interim report is available for viewing on the website of Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.it-holdings.com.hk](http://www.it-holdings.com.hk).

By order of the Board

**Ha Chuen Yeung**

*Executive Director*

Hong Kong, 10 February 2017

As at the date of this report, the Directors are:–

*Executive Directors:*

Mr. Ha Chuen Yeung

Mr. Lau King Hang

Dr. Chan Yiu Wing

Mr. Mazher Hussain

*Independent Non-Executive Directors:*

Mr. Lee Ho Yiu, Thomas

Mr. Tse Yuen Ming

Ms. Liu Jianyi