

INNOCOM TECHNOLOGY HOLDINGS, INC.

Form 10-K

April 16, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

**X . ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

**. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0- 50164

INNOCOM TECHNOLOGY HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Nevada

(State or other jurisdiction of

87-0618756

(IRS Employer Identification No.)

Incorporation or organization)

26th Floor, Top Glory Tower,

262 Gloucester Road, Causeway Bay, Hong Kong, PRC

(Address of principal executive offices)

(852) 3102 1602

(Issuer's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None.

Securities registered pursuant to Section 12(g) of the Act: Common Stock (\$0.001 par value)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes . No .

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes . No .

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes . No .

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes . No .

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements

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incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. .

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No .

As of June 30, 2011, the aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$591,632.84 based on the closing sale price as reported on the Over-the-Counter Bulletin Board.

As of April 16, 2012, there were 37,898,251 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None

Innocom Technology Holdings, Inc.

FORM 10-K

For the Year Ended December 31, 2011

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INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements. These statements relate to future events or our future financial performance. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance, or achievements expressed or implied by forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may," "will," "should," "expect," "plan," "anticipate," "believe," "estimate," "predict," "potential" or "continue," the negative of such terms or other comparable terminology. These statements are only predictions. Actual events or results may differ materially.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of the forward-looking statements. We undertake no duty to update any of the forward-looking statements after the date of this report to conform such statements to actual results or to changes in our expectations.

Readers are also urged to carefully review and consider the various disclosures made by us which attempt to advise interested parties of the factors which affect our business, including without limitation the disclosures made in *PART I. ITEM 1A: Risk Factors* and *PART II. ITEM 6 "Management's Discussion and Analysis or Plan of Operation"* included herein.

PART I.

Item 1. Business

History

Innocom Technology Holdings, Inc., (the "Company") was organized under the laws of the state of Nevada on June 26, 1998 under the name Dolphin Productions, Inc., The Company has provided musical and other performance services for concerts and public events. During the fiscal year ended September 30, 2003, the Company determined to shift its emphasis away from the presentation of concerts and toward the Internet marketing of recorded music. The Company has not presented live musical concerts during then past two fiscal years. The Company owns the rights to the domain name "dolphinproductions.net." The Company has encountered substantial competitive, legal, technological and financial obstacles to its entry into the business of marketing recorded music through the Internet. The Company has not generated substantial revenues from Internet marketing of musical properties.

On March 30, 2006, pursuant to an Agreement and Plan of Reorganization dated March 15, 2006 among the Company, Innocom Technology Holdings Limited, a British Virgin Islands corporation, (Innocom) and certain shareholders of Innocom, the Company acquired 100% of Innocom s issued and outstanding common stock making Innocom a wholly owned subsidiary of the Company. As a result, the Company, which previously had no material operations, has acquired the business of Innocom which have two principal business lines: design and solution provision for mobile phones, and trading of mobile phone handsets and related components.

In 2006, we changed the name of the Company from Dolphin Production, Inc. to Innocom Technology Holdings, Inc.

Due to keen competition, the Company ceased the business of design and solution provision for mobile phone segment in the last quarter of 2006 and disposed of entire segment in May 2007 with a profit of US\$599,544.

In February 2007, we established a wholly-foreign owned subsidiary company to acquire distressed land, factory building and equipments under receivership from municipal government. The factory will be used for assembling mobile phones under the trademark we purchased in May 2007 and components parts on OEM basis.

In May 2007, we acquired a trade mark, namely Tsinghua Unisplendour for a period of 10 years.

In 2007, we discontinued the registration of domain name dolphinproductions.net .

In February 2009, the Company temporarily ceased its principal operation in the manufacturing facility in Changzhou City, Zhejiang Province, the PRC. Starting from the fourth quarter 2008, global economic conditions deteriorated significantly across the countries and the demand for communication products and components was adversely slowed down. During such challenging economic times, the Company temporarily discontinued operation in the manufacture of mobile communication products and components in the PRC. The Company intends to continue to operate the manufacturing facility depending upon the market recovery condition and demands from the customers.

In February 2012, we established a new Hong Kong subsidiary company, named Lead Faith International Trading Limited, to explore possible trading business.

Our Business

We provide sourcing of mobile phone handsets and components for customers on a wholesale basis.

Customers

Our customers include major mobile handset brand owners in China, such as TCL, CECT, Cosun Communications, Panda Communications and Zhejiang Holley Communication Group Co., Ltd.

We generate our revenue from sale and trading of complete mobile handsets and component parts.

Facilities

Other than PRC land use right held by Changzhou Innocom Communication Technology, we do not own any land and building in Hong Kong. We currently rent a 100 square meters office with a lease period of two years in Hong Kong as our headquarter office.

Employees

As of December 31, 2011, we employed approximately 3 full-time employees. The Company does not have any collective bargaining agreements with its employees and we consider our employee relations to be good.

Website Access to our SEC Reports

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Our Internet website address is www.innocomtechnology.com. Through our Internet website, we will make available, free of charge, the following reports as soon as reasonably practicable after electronically filing them with, or furnishing them to, the SEC: our Annual Reports on Form 10-K; our Quarterly Reports on Form 10-Q; our Current Reports on Form 8-K; and amendments to those reports filed or furnished pursuant to Section 13(a) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Our Proxy Statements for our Annual Stockholder Meetings are also available through our Internet website. Our Internet website and the information contained therein or connected thereto are not intended to be incorporated into this Annual Report on Form 10-K.

You may also obtain copies of our reports without charge by writing to:

Attn: Investor Relations

26th Floor, Top Glory Tower

262 Gloucester Road

Causeway Bay, Hong Kong, PRC

The public may also read and copy any materials filed with the SEC at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549, or through the SEC website at www.sec.gov. The Public Reference Room may be contact at (800) SEC-0330. You may also access our other reports via that link to the SEC website.

Item 1A. Risk Factors

N/A

Item 1B. Unresolved Staff Comments

Not applicable to Smaller Reporting Companies.

Item 2. Properties

Our principal executive office is located at 26th Floor, Top Glory Tower, 262 Gloucester Road, Causeway Bay, Hong Kong, PRC. In February 2012, we began renting this office facilities consisting of approximately 100 square meters as our current headquarter for a period of two (2) years on a month-to-month basis at \$5,800 per month under an informal oral rental agreement with Chinarise Capital (Hong Kong) Limited, a company owned and controlled by William Hui, our Chief Executive Officer and majority shareholder. Our annual rental commitment under this new agreement is \$69,600.

During the year ended December 31, 2011, total payments for all property rent was \$67,392 (2010: \$67,392) was paid to Chinarise Capital (Hong Kong) Limited under informal oral rental agreement.

The Company currently does not have any formal written rent agreements.

We periodically evaluate our facilities requirements. Some of our facilities are sublet in whole or in part.

Item 3. Legal Proceedings

We are not involved in any material pending legal proceedings at this time, and management is not aware of any contemplated proceeding by any governmental authority.

Item 4. Mine Safety Disclosures. Not Applicable**PART II.****ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities**

Our common stock is traded on the Over-the-Counter Bulletin Board under the symbol INCM.OB . As of April 16, 2012, there were: (i) 248 shareholders of record, without giving effect to determining the number of shareholders who hold shares in "street name" or other nominee status; (ii) no outstanding options to purchase shares of our common stock; (iii) outstanding 37,898,251 shares of our common stock, and (v) no shares subject to registration rights.

The following table sets forth, for the fiscal quarters indicated, the high and low closing prices as reported by the Over-the-Counter Bulletin Board. These quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission, and may not represent actual transactions.

Sales Price

		High		Low
Fiscal 2011				
First Quarter	\$	0.09	\$	0.02
Second Quarter	\$	0.04	\$	0.03
Third Quarter	\$	0.03	\$	0.03
Fourth Quarter	\$	0.06	\$	0.04
Fiscal 2010				
First Quarter	\$	0.09	\$	0.03
Second Quarter	\$	0.09	\$	0.02
Third Quarter	\$	0.02	\$	0.01
Fourth Quarter	\$	0.01	\$	0.01

Dividend Policy

We have not paid, nor declared, any dividends since our inception and do not intend to declare any such dividends in the foreseeable future. Our ability to pay dividends is subject to limitations imposed by Nevada law. Under Nevada law, dividends may be paid to the extent that a corporation's assets exceed its liabilities and it is able to pay its debts as they become due in the usual course of business.

Recent Sales of Unregistered Securities

During the year ended December 31, 2011, we did not issue any securities that were not registered under the Securities Act of 1933, as amended (the Securities Act).

Item 6. Selected Financial Data

Not applicable to Smaller Reporting Companies.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The information in this discussion contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties, including statements regarding our capital needs, business strategy and expectations. Any statements contained herein that are not statements of historical facts may be deemed to be forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as "may", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential" or "continue", the negative of such terms or other comparable terminology. Actual events or results may differ materially. We disclaim any obligation to publicly update these statements, or disclose any difference between its actual results and those reflected in these statements. The information constitutes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

Overview and Future Plan of Operations

In February 2009, the Company determined to have a temporary closure in the manufacturing facility in Changzhou City, Zhejiang Province, the PRC. Starting from the fourth quarter 2008, global economic conditions have deteriorated significantly across the countries and the demand for communication products and components was adversely slowed down. During such challenging economic times, the Company has discontinued operation in the manufacture of mobile communication products and components in the PRC. However, the Company has no intention to dispose of the production facilities. We are seeking production contracts, both volume and operating contribution of which warrant us to start the production facilities again. We have expended several million establishing our manufacturing facilities. Despite the fact that we have written down the value of the manufacturing facility we have no intention to dispose of it. We continue to seek out production contracts for the facility. We will need to privately offer and sell shares in order to finance initial working capital should we resume production.

Results of Operations for the Years Ended December 31, 2011 and December 31, 2010

During the year ended December 31, 2011, we experienced a net loss of \$231,838 representing total general and administrative expenses for the year. The decrease of loss as compared with 2010 is due to decrease of overseas travelling expenses and there is no impairment loss of long-lived assets during the year.

During the year ended December 31, 2010, we experienced a net loss of \$1,056,503 representing aggregated amount of general and administrative expenses for the year, and impairment loss of long-lived assets..

Revenue

As a result of temporary discontinue of business and operation in the manufacture of mobile communication products and components in the PRC, no revenue was recorded during the year ended December 31, 2011 and year ended December 31, 2010.

Administrative Expenses

Below table sets out the analysis of administrative expenses:

	Year ended		Year ended	
	December 31		December 31,	
	2011		2010	
Total general and administrative expenses	\$	231,838	\$	316,865
<u>Less:</u> non-cash items		(2,563)		(3,023)
	\$	229,275	\$	313,842

The decrease in administrative expenses was primarily attributable to the management effort to reduce general expenses and administrative expenses, in particular of overseas traveling expenses...

Non-cash items

Below table set out the components of non-cash items:

	Year ended		Year ended	
	December 31,		December 31,	
	2011		2010	
Depreciation	\$	2,563	\$	3,023
Impairment loss of long-lived assets		-		739,638
	\$	2,563	\$	742,661

The depreciation policy adopted in 2011 was consistent with that adopted in 2010.

As we have already written down long-lived assets to nil value in 2010, there is no impairment loss for 2011.

Other Income (Expenses)

Total other income (expenses) for both periods presented was immaterial and consisted of the following:

	Year ended December 31, 2011	Year ended December 31, 2010
Interest income	\$ -	\$ -
Interest expense	\$ -	\$ -

Net Loss

Net loss for 2011 of \$231,838 represents total general and administrative expenses for the year. The decrease of loss as compared with 2010 is due to decrease of overseas travelling expenses and there is no impairment loss of long-lived assets during the year.

Net loss for 2010 of \$1,056,503 represents aggregated amount of general and administrative expenses for the year, and impairment loss of long-lived assets..

Trends, Events, and Uncertainties

N/A

Liquidity and Capital Resources for the Twelve Month Period Ended December 31, 2011 and 2010

Cash flows from operating activities

We experienced negative cash flows used in operations in the amount of \$152,065 for the year ended December 31, 2011.

We experienced negative cash flows used in operations in the amount of \$270,783 for the year ended December 31, 2010.

As the Company did not have any income during 2011 and 2010, the cash flows used in operations representing general and administrative expenses paid. The decrease of negative cash flows is due to the decrease of general and administrative experienced in 2011.

Cash flows from investing activities

During 2011, there were no investing activities.

During 2010, we purchased \$5,137 equipment.

Cash flows from financing activities

During 2011, we obtained a \$153,373 advance from a related party.

During 2010, we obtained a \$270,645 advance from a related party.

Liquidity

On a long-term basis, our liquidity will be dependent on establishing profitable operations, receipt of revenues, additional infusions of capital and additional financing. If necessary, we may raise capital through an equity or debt offering. The funds raised from this offering will be used to develop and execute our business plan. However, there can be no assurance that we will be able to obtain additional equity or debt financing in the future, if at all. If we are unable to raise additional capital, our growth potential will be adversely affected. Additionally, we will have to significantly modify our plans.

Critical Accounting Policies

The financial statements are prepared in accordance with accounting principles generally accepted in the U.S., which requires us to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying financial statements and related footnotes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates.

Details of critical accounting policies are set out in notes to the financial statements included in Item 8.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable to Smaller Reporting Companies.

Item 8. Financial Statements and Supplementary Data

INNOCOM TECHNOLOGY HOLDINGS, INC.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of

Innocom Technology Holdings, Inc.

We have audited the accompanying consolidated balance sheets of Innocom Technology Holdings, Inc. and its subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of operations and comprehensive loss, cash flows and stockholders' deficit for the years ended December 31, 2011 and 2010. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits include consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2011 and 2010, and the results of operations and cash flows for the years ended December 31, 2011 and 2010 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 2 to the consolidated financial statements, the Company has incurred continuous losses and capital deficits, all of which raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. These consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ HKCMCPA Company Limited

HKCMCPA Company Limited

Certified Public Accountants

Hong Kong, China

16 April, 2012

INNOCOM TECHNOLOGY HOLDINGS, INC.

CONSOLIDATED BALANCE SHEETS

AS OF DECEMBER 31, 2011 AND 2010

(Currency expressed in United States Dollars (US\$), except for number of shares)

		As of December 31,		2010
	2011			
ASSETS				
Current assets:				
Cash and cash equivalents	\$	3,725	\$	2,407
Prepayments and other receivables		19,927		19,891
Total current assets		23,652		22,298
Non-current assets:				
Property, plant and equipment, net		856		3,418
TOTAL ASSETS	\$	24,508	\$	25,716
LIABILITIES AND STOCKHOLDERS DEFICIT				
Current liabilities:				
Accounts payable	\$	86,598	\$	83,451
Amount due to a related party		5,030,088		4,785,785
Other payables and accrued liabilities		332,305		253,241
Total liabilities		5,448,991		5,122,477
Commitments and contingencies		-		-
Stockholders' deficit:				
Common stock, \$0.001 par value; 50,000,000 shares authorized; 37,898,251 shares issued and outstanding as of December 31, 2011 and 2010		37,898		37,898
Additional paid-in capital		6,901,232		6,901,232
Accumulated other comprehensive income		371,908		467,792
Accumulated deficit		(12,735,521)		(12,503,683)
Total stockholders' deficit		(5,424,483)		(5,096,761)
TOTAL LIABILITIES AND STOCKHOLDERS DEFICIT	\$	24,508	\$	25,716

See accompanying notes to consolidated financial statements.

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INNOCOM TECHNOLOGY HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Currency expressed in United States Dollars (US\$), except for number of shares)

	Years ended December 31,	
	2011	2010
Revenues, net	\$ -	\$ -
Cost of revenue	-	-
Gross profit	-	-
Operating expenses:		
Impairment loss on property, plant and equipment	-	739,638
General and administrative	231,838	316,865
Total operating expenses	231,838	1,056,503
LOSS FROM OPERATIONS	(231,838)	(1,056,503)
Other income:		
Interest expense	-	-
LOSS BEFORE INCOME TAX	(231,838)	(1,056,503)