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INNO-TECH HOLDINGS LIMITED

匯 創 控 股 有 限 公 司*

(incorporated in Bermuda with limited liability)

(Stock Code: 8202)

**MAJOR AND CONNECTED TRANSACTION
IN RELATION TO ACQUISITION OF AN INTEREST IN A COMPANY,
APPLICATION FOR WHITEWASH WAIVER,
PLACING OF NEW SHARES UNDER SPECIFIC MANDATE,
CHANGE OF COMPANY SECRETARY
AND QUALIFIED ACCOUNTANT
AND
RESUMPTION OF TRADING**

The Sale and Purchase Agreement

On 5 March 2007, the Company entered into the Sale and Purchase Agreement with the Vendors in connection with the Company's Proposed Acquisition of the Sale Shares, representing an aggregate interest of 56% in the issued share capital of Autoscale for a consideration of HK\$58,968,000.

The total consideration of HK\$58,968,000 for the Proposed Acquisition shall be settled by the Company by allotting and issuing 351,000,000 Consideration Shares to the Vendors credited as fully paid, at the Issue Price of HK\$0.168 each Consideration Share.

The Consideration Shares represent (i) approximately 81.61% of the existing issued share capital of the Company; (ii) approximately 44.94% of the issued share capital of the Company as enlarged by the Consideration Shares; and (iii) approximately 39.84% of the issued share capital of the Company as enlarged by the Consideration Shares and the Placing Shares.

The Proposed Acquisition constitutes a connected and major transaction on the part of the Company under the GEM Listing Rules and is subject to the approval of the Independent Shareholders by way of a poll at the SGM.

* for identification purposes only

The Whitewash Waiver

As at the date of this announcement, the Vendors and parties acting in concert with them are deemed to be interested in approximately 23.31% of the issued share capital of the Company. Upon completion of the Proposed Acquisition (without taking into account the Placing Shares), the Vendors together with parties acting in concert with them will hold approximately 57.77% of the issued share capital of the Company as enlarged by the Consideration Shares. Upon completion of the Proposed Acquisition and the Placing, the Vendors together with parties acting in concert with them will hold approximately 51.22% of the issued share capital of the Company as enlarged by the Consideration Shares and the Placing Shares. In the absence of the Whitewash Waiver, the Vendors and parties acting in concert with them will be required under Rule 26 of the Takeovers Code to make a general offer for all the issued Shares not owned or agreed to be acquired by the Vendors and parties acting in concert with them. The grant of the Whitewash Waiver, if successfully applied for, will be subject to passing of a resolution by the Independent Shareholders other than the Vendors and their respective concert parties and their respective associates, by way of a poll at the SGM and is a condition precedent to completion of the Proposed Acquisition.

The Placing Agreement

On 5 March 2007, the Company entered into Placing Agreement with the Placing Agent in relation to the placing of an aggregate of 100,000,000 Shares on a best effort basis at the Placing Price of HK\$0.168 per Placing Share.

The Placing Shares represent (i) approximately 23.25% of the existing issued share capital of the Company as at the date of the Placing Agreement; (ii) approximately 18.87% of the issued share capital of the Company as enlarged by the Placing Shares; and (iii) approximately 11.35% of the issued share capital of the Company as enlarged by the Placing Shares and the Consideration Shares. As the Placing Shares exceeds the 15,000 Shares that may be granted under the General Mandate as at the date of this announcement, the issue of the Placing Shares will have to be made under specific mandate subject to the approval of the Shareholders under Rule 17.39(1)(a) of the GEM Listing Rules.

General

The SGM will be convened at which ordinary resolutions will be proposed to seek the approval of the Independent Shareholders by way of poll in relation to the Sale and Purchase Agreement, the issue and allotment of the Consideration Shares, the Whitewash Waiver and the issue and allotment of the Placing Shares. The Vendors and parties acting in concert with it and their respective associates will abstain from voting on all resolutions to be proposed at the SGM.

An independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wong Tak Leung, Charles, Ms. Ho Chui Yin, Liwina and Mr. Lai Ying Sum, will be established to advise the Independent Shareholders in respect of the Proposed Acquisition, the Whitewash Waiver and the Placing. An independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in this regard.

A circular setting out, among other things, details of the Proposed Acquisition, the Whitewash Waiver and the Placing and the advices and recommendations from the independent committee of the Board and the independent financial adviser together with the notice of the SGM will be dispatched to the Shareholders as soon as practicable.

Change of company secretary and qualified accountant

Ms. Wu Wai Yee, Annis has resigned as company secretary and qualified accountant of the Company effective 28 February 2007 and Mr. Li Kar Fai, Peter has been appointed as company secretary and qualified accountant of the Company to replace Ms. Wu with effect from 1 March 2007.

Unusual price movement and resumption of trading

The Board noted the recent increase in the price of the Shares and wish to state that other than the matters disclosed in this announcement, the Board is not aware of any reasons for such price increase.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on Tuesday, 6 March 2007 pending release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on Wednesday, 7 March 2007.

A. MAJOR AND CONNECTED TRANSACTION

Reference is made to the Company's announcements dated 23 May 2006 and 31 August 2006, respectively, the Company entered into a memorandum of understanding on 23 May 2006 and the supplemental memorandum of understanding on 31 August 2006 with Ms. Y.Y. Wong and Mr. Robert Wong (each an executive Director) in relation to the proposed acquisition of an aggregate of 66% of the issued share capital of Autoscale from them (as to 33 shares representing 33% interest in Autoscale from each of Ms. Y.Y. Wong and Mr. Robert Wong). Subsequently, the parties have agreed that the Company shall acquire 56% of the issued share capital of Autoscale from them (as to 28 shares, representing 28% interest in Autoscale from each of Ms. Y.Y. Wong and Mr. Robert Wong).

1. SALE AND PURCHASE AGREEMENT

Date: 5 March 2007

Parties: Purchaser: The Company
Vendors: Ms. Y.Y. Wong and Mr. Robert Wong

As at the date of this announcement, both Ms. Y.Y. Wong and Mr. Robert Wong are executive Directors and are deemed to be interested in approximately 23.31% of the issued share capital of the Company. The Vendors are, therefore connected persons of the Company under the GEM Listing Rules.

Assets to be acquired:

The Company shall acquire the Sale Shares held by each of Ms. Y.Y. Wong and Mr. Robert Wong (as to 28 shares of US\$1.00 each in the capital of Autoscale from each of Ms. Y.Y. Wong and Mr. Robert Wong), representing an aggregate of 56% shareholding interest in Autoscale.

Autoscale is a company incorporated in the British Virgin Islands on 30 August 2000 and is a holding company. The sole asset of Autoscale is 6,000 Ordinary Shares, representing approximately 37.71% of the Ordinary Shares of UPMG, a company incorporated in the Cayman Islands with limited liability. Information on the UPMG Group is set out in the paragraph headed "Information on the UPMG Group" below. The present directors of Autoscale are Ms. Y.Y. Wong and Mr. Robert Wong, both of whom are also directors of UPMG. Upon completion of the Proposed Acquisition, there will not be any change to the board of Autoscale.

The Company does not have any current or future intention to purchase the remaining 44% interest in the shareholding of Autoscale. It has been the Company's intention that the consideration in the purchase of the 56% interest in Autoscale would be satisfied by the issue and allotment of the Consideration Shares. Should the Company purchase more than 56% interest in Autoscale, the number of Consideration Shares will increase and resulting in a higher percentage of dilution in the percentage of the shareholding interest of other shareholders in the Company as well as decrease in the percentage of public float. The Company wishes to maintain a sufficiently wide public shareholding and to avoid excessive dilution of the shareholding interest of existing shareholders. After balancing the above factors, the Company decided to purchase 56% of the issued share capital of Autoscale instead of the full interest of the Vendors in Autoscale.

The interests of Autoscale and the associates of Ms. Y.Y. Wong and Mr. Robert Wong and other holders of Ordinary Shares and holders of Preference Shares in the issued share capital of UPMG are as follows:

Name of holder	Number of Ordinary Shares held	Approximate percentage of interest in the issued Ordinary Shares	Number of Preference Shares held	Approximate percentage of interest in issued Preference Shares	Approximate percentage in issued share capital of 20,477 Ordinary Shares (assuming full conversion of Preference Shares and none of the share options referred to notes 9 and 10 below are exercised)	Number of Ordinary Shares held assuming full exercise of share options referred to in notes 9 and 10 below	Approximate percentage in issued share capital of 24,027 Ordinary Shares (assuming full conversion of Preference Shares and if all the share options referred to notes 9 and 10 below are exercised)
Autoscale (Note 1)	6,000	37.71%	—	—	29.30%	6,000	24.97%
Ms. Y.Y. Wong (Notes 2, 6 & 7)	38	0.24%	—	—	0.19%	638	2.66%
Mr. Robert Wong (Notes 2, 6 & 7)	27	0.17%	—	—	0.13%	627	2.61%
Ms Wong Yuen Man, Alice (Note 3)	166	1.04%	—	—	0.81%	686	2.86%
Mr. Wong Kwok Sing (Note 4)	166	1.04%	—	—	0.81%	166	0.69%
Mr. Wong Yao Sing, Herbert (deceased) (Note 5)	100	0.63%	—	—	0.49%	400	1.66%
Other holders of options referred to in notes 9 and 10 below	—	—	—	—	—	1,530	6.37%
Other holders of Ordinary Shares	9,415	59.17%	—	—	45.98%	9,415	39.19%
Holders of Preference Shares (Note 8)	—	—	4,565	100%	22.29%	4,565	19.00%
Total	15,912	100%	4,565	100%	100%	24,027	100%

Notes:

- Autoscale is held as to 33% by Ms. Y.Y. Wong, as to 33% by Mr. Robert Wong and as to 34% by Mr. Wong Yao Sing, Herbert, the brother of Mr. Robert Wong, who has deceased.
- These represent personal interest of Ms. Y.Y. Wong and Mr. Robert Wong.
- Ms Wong Yuen Man, Alice is the sister of Ms. Y.Y. Wong.
- Mr. Wong Kwok Sing is the brother of Ms. Y.Y. Wong.

5. The interest represents personal interest of Mr. Wong Yao Sing, Herbert, who is the brother of Mr. Robert Wong and has deceased.
6. Each of Ms. Y.Y. Wong and Mr. Robert Wong has options to subscribe for 300 Ordinary Shares at US\$1,428 each Ordinary Share.
7. Each of Ms. Y.Y. Wong, Mr. Robert Wong, Mr. Wong Yao Sing, Herbert, and Ms. Wong Yuen Man, Alice has options to subscribe for 300 Ordinary Shares, 300 Ordinary Shares, 300 Ordinary Shares and 520 Ordinary Shares at US\$1.00 each Ordinary Share under the share option scheme of UPMG adopted on 9 August 2004.
8. None of Ms. Y.Y. Wong, Mr. Robert Wong or any of their concert parties or their respective associates is interested in the Preference Shares.
9. Including the options (mentioned in note 6 above) held by each of Ms. Y.Y. Wong and Mr. Robert Wong to subscribe for 300 Ordinary Shares at US\$1,428 each Ordinary Share, UPMG has granted options to subscribe for a total of 1,900 Ordinary Shares at US\$1,428 each Ordinary Share.
10. Including the options (mentioned in note 7 above) held by each of Ms. Y.Y. Wong, Mr. Robert Wong, Mr. Wong Yao Sing, Herbert, and Ms. Wong Yuen Man, Alice to subscribe for Ordinary Shares at US\$1.00 each Ordinary Share under the share option scheme of UPMG adopted on 9 August 2004, UPMG has granted options to subscribe for a total of 1,650 Ordinary Shares at US\$1.00 each Ordinary Share.

Under the Hong Kong accounting standard, the audited net liabilities of Autoscale as of 30 September 2005 and 30 September 2006 are approximately HK\$138,500 and HK\$158,500, respectively. The audited loss of Autoscale before and after tax for the two financial years ended 30 September 2006 is HK\$6,693,685 and HK\$20,000 respectively.

The Company was advised by the auditors of UPMG that under paragraph 29 of the Hong Kong Accounting Standard 28 “Investments in Associates” in relation to accounting for an investor’s share of loss of an associate which exceeds its interests therein, it is not necessary for Autoscale to account for the loss of its associate, UPMG, in its financial statement for the year ended 30 September 2006. This is because UPMG is an associate and the amount of investment in UPMG by Autoscale has been fully impaired in the year ended 30 September 2005. Furthermore, there is no written obligation on Autoscale to contribute further capital to UPMG, rendering it not necessary for Autoscale to share further loss of UPMG.

Consideration:

The total consideration payable for the Sale Shares is HK\$58,968,000 to be satisfied by the allotment and issue of 175,500,000 Consideration Shares to each of the Vendors, credited as fully paid at the Issue Price.

The consideration for the Proposed Acquisition, including the Issue Price, was agreed between the Company and the Vendors after arm’s length negotiations:

- (a) Taking into account the following value of the underlying assets of Autoscale, i.e. the value of the 6,000 Ordinary Shares held by Autoscale:
 - UPMG has undertaken to the holders of the Preference Shares that no Ordinary Shares will be issued at an issue price below US\$1,428 each Ordinary Share.
 - The price at which each Preference Share can be converted into Ordinary Share is US\$2,500.

- (b) Upon completion of the Proposed Acquisition, the Company will be interested in more than 50% of the issued share capital of Autoscale and effectively controls the 6,000 Ordinary Shares held by Autoscale. Accordingly, on the basis that the consideration payable for the Sale Shares is HK\$58,968,000 (equivalent to approximately US\$7,560,000, the Company effectively obtains control over the 6,000 Ordinary Shares of Autoscale at the price of US\$1,260 each Ordinary Share.
- (c) If calculated in terms of effective interest in 3,360 Ordinary Shares to be acquired (56% of the 6,000 Ordinary Shares held by Autoscale), the price per Ordinary Share will be US\$2,250, representing a 10% discount to the current conversion price of the Preference Share at US\$2,500 each. The 10% is agreed by the parties taking into account that the Preference Shares carry fixed dividend at the rate of 8% per annum, which the Ordinary Shares are not entitled to.
- (d) the recent performance of the share price of the Shares, the comparables of which are set out in the paragraph headed “The Consideration Shares”.
- (e) The business of the Group and the synergy of the businesses of the Group and the UPMG Group as elaborated in the paragraphs headed “Information on the UPMG Group” and “Reasons for the Proposed Acquisition and the Placing” below.

Having considered the above factors, the Directors (including the independent non-executive Directors) considered the total consideration for the Sale Shares to be fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

There will not be any changes to the composition of the Board as a result of completion of the Proposed Acquisition.

Conditions precedent:

Completion of the Proposed Acquisition is subject to the following conditions being fulfilled:

- (a) the Company having completed its due diligence review on the UPMG Group including but not limited to the financial, legal and business conditions of the UPMG Group, and being satisfied (in the Company’s discretion) with the results of the due diligence review;
- (b) the passing by the Independent Shareholders at the SGM, ordinary resolutions to approve (i) the Sale and Purchase Agreement and the transactions contemplated thereunder (including the allotment and issue of the Consideration Shares); and (ii) the Whitewash Waiver;
- (c) the Listing Committee granting listing of, and permission to deal, in the Consideration Shares on the Stock Exchange;
- (d) the granting by the Executive to the Vendors and their concert parties of the Whitewash Waiver (either conditionally or subject to such conditions as the Executive may impose);

- (e) the obtaining of all necessary consents and approval in connection with the entering into and performance by the parties to this Agreement, including but not limited to consents, authorisations or approvals of the Stock Exchange, the SFC, any regulatory or other government authorities as may be required under the GEM Listing Rules or the applicable laws and required approvals of the parties hereto;
- (f) the obtaining of a legal opinion from a firm of lawyers in the PRC to the satisfaction of the Company opining on (i) the due and valid establishment and continue existence of those members of the UPMG Group which are established in the PRC; and (ii) the validity and enforcement of the business contracts of the UPMG Group in relation to the operation of its business in the PRC;
- (g) the obtaining of a certificate of good standing in respect of Autoscale; and
- (h) each of the representations and warranties from the Vendors in favour of the Company as contained in the Sale and Purchase Agreement remains true and correct in all material respects.

If the above conditions are not fulfilled or waived by the Company (except that conditions (b), (c), (d), (e), (f) and (g) cannot be waived) on or before 30 June 2007 (or such later date as the Company and each of the Vendors may agree), the Sale and Purchase Agreement and all rights, obligations and liabilities of the parties thereunder will cease and terminate and no party shall have any claim against the other in respect thereof except for any antecedent breach.

Completion of the Placing is not a condition precedent to completion of the Proposed Acquisition.

The Proposed Acquisition may or may not proceed. Shareholders and investing public should exercise caution in dealing in the Shares.

Completion:

Completion of the Proposed Acquisition shall take place within five Business Days following fulfillment of the conditions set out above.

Listing Application for the Consideration Shares:

Application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Consideration Shares.

2. THE CONSIDERATION SHARES

The 351,000,000 new Shares will be issued at an Issue Price of HK\$0.168 per Consideration Share, credited as fully paid. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of the Consideration Shares including the right to all dividends, distributions and other payments made or to be made, on the record date which falls on or after the date of such allotment and issue. The Issue Price is determined with reference to the Placing Price for the Placing Shares. The Directors (including the independent non-executive Directors) considered the Issue Price for the Consideration Shares to be fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

The Issue Price represents:

- (a) a discount of approximately 18.45% to the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on 5 March 2007, being the last trading day immediately prior to the entering into of the Sale and Purchase Agreement;
- (b) a discount of approximately 12.50% to the average of the closing prices of HK\$0.192 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 5 March 2007, being the last trading day immediately prior to the entering into of the Sale and Purchase Agreement;
- (c) a discount of approximately 9.19% to the average of the closing prices of HK\$0.185 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including 5 March 2007, being the last trading day immediately prior to the entering into of the Sale and Purchase Agreement; and
- (d) a premium of approximately 15.07% over the net asset value per Share of approximately HK\$0.146 based on the unaudited consolidated financial statements of the Group as at 30 September 2006.

The Consideration Shares will be allotted and issued pursuant to the specific mandate to be sought at the SGM and will be allotted and issued on the date of completion of the Proposed Acquisition.

The Consideration Shares represent:

- (a) approximately 81.61% of the existing issued share capital of the Company;
- (b) approximately 44.94% of the issued share capital of the Company as enlarged by the Consideration Shares; and
- (c) approximately 39.84% of the issued share capital of the Company as enlarged by the Consideration Shares and the Placing Shares.

There is no restriction on subsequent disposal of the Consideration Shares.

3. INFORMATION ON THE UPMG GROUP

The UPMG Group is principally engaged in the business of infrastructure investment in boutique units in hospitals or medical centres of its business partners and providing hospital management and medical consultation services through co-operation with hospitals and medical institutions in the PRC and Macau on one hand and strategic alliances with medical institutions in the United States of America and experienced healthcare experts and medical consultants on the other hand.

The UPMG Group and its partners in the PRC and Macau will co-operate in the establishment of premium/international standard boutique units in the hospitals or medical centres of its partners in the PRC and Macau to provide specialty healthcare services mainly in obstetrics, gynaecology and paediatrics (“VIP Centres”). The UPMG Group established its first maternity VIP Centre in Shanghai in October 2002. Currently, the UPMG Group has signed co-operation contracts with eleven hospitals/medical institutions for establishing VIP Centres in Shanghai, Wuxi, Guangzhou, Foshan, Xiamen, Changsha, Hangzhou, Jinan, Beijing and Nanjing, the PRC and one co-operation contract with a medical centre in Macau for establishing a VIP centre in Macau. As at the date of this announcement, the UPMG Group has established VIP Centres in Shanghai, Wuxi, Guangzhou, Foshan, Xiamen, Changsha and Hangzhou, the PRC. Since November 2006, the VIP Centre in Macau has commenced operation.

Under the terms of cooperation agreements between members of the UPMG Group and the hospitals, medical institutions in the PRC and Macau, the relevant member of the UPMG Group is responsible for renovating and providing necessary equipment for the VIP Centre located at the hospital or clinic of its partner. The UPMG Group is also responsible for providing medical consultants and experts to evaluate the operation of the VIP Centre and to identify and recommend areas for improvement so that the management and quality of services provided at such VIP Centre are of world-class standard. Members of the UPMG Group, along with guest healthcare experts and medical consultants, provide training and seminars on latest medical development to medical staff of the VIP Centres and assist in the recruitment of medical staff or arrange for secondment of staff to such VIP Centres. In return, the UPMG Group charges a consultancy fee including a fixed fee and a percentage of the profit generated from the VIP Centres.

To facilitate the UPMG Group to carry out its obligations under the co-operation agreements, the UPMG Group has entered into clinical consultation agreements with a renowned medical institution in the United States of America and a consultation agreement with an experienced medical consultant to provide clinical consultation services to the VIP centres in the PRC and Macau. In addition, the UPMG Group has from time to time arranged for medical consultants from other renowned medical institutions to visit the medical centres in the PRC.

As at the date of this announcement, the issued share capital of UPMG comprises 15,912 Ordinary Shares and 4,565 Preference Shares. The Preference Shares entitled the holders to a fixed dividend of 8% per annum on the subscription price of the Preference Shares. Holders of the Preference Shares may convert the Preference Shares into Ordinary Shares at the price of US\$2,500 per Ordinary Share during the period of 14 Business Days before the initial public offer of the shares of UPMG on a stock exchange. All outstanding Preference Shares shall be

redeemed by UPMG on the third anniversary of the issue of the same (i.e. 26 July 2008) (unless the holders agree to an extension of 12 months) at the price of US\$2,500 per Preference Share plus 2% premium thereon together with all accrued and outstanding fixed dividend as at the date of redemption. The holders of Preference Shares have the right to receive notices of general meetings but do not have the right to vote upon any resolution, other than a resolution for winding up UPMG or reducing its share capital or any share premium account or a resolution varying or abrogating any of the special rights attached to the Preference Shares.

The present directors of UPMG are Ms. Y.Y. Wong, Mr. Robert Wong and Mr. Burt Ahrens. Upon completion of the Proposed Acquisition, there will not be any changes to the board of UPMG and the Company. As UPMG will only be an associated company upon completion of the Proposed Acquisition, the Company does not have any intention to require the board of directors of UPMG to implement any management plans. Furthermore, the Company is of the view that the management of UPMG is sufficiently knowledgeable and equipped in the management of the UPMG Group, thus the Company does not view it necessary to implement changes to the management of the UPMG Group as a result of the Proposed Acquisition.

Under the Hong Kong accounting standard, the audited consolidated net asset values of the UPMG Group as at 30 September 2005 and 30 September 2006 are HK\$45,317,741 and HK\$42,199,060, respectively.

Under the Hong Kong accounting standard, the audited consolidated profit/(loss) before and after tax of the UPMG Group for the two financial years ended 30 September 2006 are as follows:

	For the year ended 30 September 2005	For the year ended 30 September 2006
	<i>HK\$</i>	<i>HK\$</i>
Consolidated profit/(loss) before tax	(30,796,330)	(29,126,935)
Consolidated profit/(loss) after tax	(31,434,328)	(29,521,974)

The audited consolidated loss of the UPMG Group for the two financial years ended 30 September 2006 was mainly attributable to the following reasons:

- (a) finance costs in relation to (i) the convertible notes issued in 2003 which were matured and redeemed with payment in full in 2005; (ii) the various funds raising exercises via private placement of Ordinary Shares and Preference Shares undertaken by UPMG in the past two years in the amounts of HK\$9,778,290 and HK\$225,835, respectively;
- (b) depreciation expenses in the amounts of HK\$9,596,434 and HK\$15,080,074 for the two financial years ended 30 September 2006, respectively, in relation to initial capital investment in the eight VIP Centres in PRC and Macau which have commenced operations and such expenses has no cashflow impact on the UPMG Group; and
- (c) expenses in the amounts of HK\$8,909,920 and HK\$1,893,358 for the two financial years ended 30 September 2006, respectively, in relation to the grant of share options under the share option scheme of UPMG adopted on 9 August 2004.

4. GEM LISTING RULES IMPLICATIONS

The Proposed Acquisition constitutes a major and connected transaction on the part of the Company under the GEM Listing Rules. The Sale and Purchase Agreement and the issue and allotment of the Consideration Shares will be subject to the approval of the Independent Shareholders by way of a poll at the SGM.

5. TAKEOVERS CODE IMPLICATIONS

Upon completion of the Proposed Acquisition and Placing, the Vendors, together with parties acting in concert with them will hold approximately 51.22% of the issued share capital of the Company as enlarged by the Consideration Shares and the Placing Shares. In the absence of the Whitewash Waiver, the Vendors and parties acting in concert with them will be required under Rule 26 of the Takeovers Code to make a general offer for all the issued Shares not owned or agreed to be acquired by the Vendors and parties acting in concert with them. The grant of the Whitewash Waiver, if successfully applied for, will be subject to passing of a resolution by the Independent Shareholders other than the Vendors and their respective concert parties or associates, by way of a poll at the SGM and is a condition precedent to completion of the Proposed Acquisition.

An application will be made by the Vendors to the Executive pursuant to Note 1 on dispensations from Rule 26 of the Takeovers Code for the Whitewash Waiver. If the Whitewash Waiver is granted and approved by the Independent Shareholders, the obligation of the Vendors and parties acting in concert with it to make a mandatory general offer under Rule 26 of the Takeovers Code will be waived. If the Whitewash Waiver is granted and approved by the Independent Shareholders by way of poll, the Vendors will not be required to make a general offer to the Shareholders under Rule 26 of the Takeovers Code as a result of the allotment and issue of the Consideration Shares.

Upon Completion, it is expected that the Vendors and parties acting in concert with them will hold more than 50% of the enlarged issued share capital of the Company. Accordingly, the Vendors and parties acting in concert with them may increase their holding in the Company without incurring any further obligation under Rule 26 of the Takeovers Code to make a general offer.

Other than pursuant to the Sale and Purchase Agreement, neither the Vendors nor any parties acting in concert with them had dealt for value in the securities of the Company during the period beginning six months prior to the date of this announcement, nor will they do so prior to the completion of the Proposed Acquisition.

B. PLACING OF NEW SHARES

The Placing Agreement dated 5 March 2007

Parties

The Company

and

The Placing Agent, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

The Placing

The Placing Agent has conditionally agreed to place not more than 100,000,000 Placing Shares on a best effort basis during the period from the date of the Placing Agreement up to the fifth business day from the date of the Placing Agreement, i.e. 12 March 2007. The Placing Agent will receive a placing fee of 2% on the gross proceeds of the Placing.

The Placees

The Placing Agent will place the Placing Shares to not fewer than six Placees, each of whom (i) is an Independent Third Party; (ii) is independent of the other Placees and their respective connected persons; and (iii) is independent of the Vendors and any parties acting in concert with the Vendors. A Placee is any institutional, corporate or individual investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent's obligation under the Placing Agreement.

Upon completion of the Placing, it is not expected that any of the Placees will become a substantial shareholder of the Company.

Placing Shares

The Placing Shares represent

- (i) approximately 23.25% of the existing issued share capital of the Company of 430,075,000 Shares;
- (ii) approximately 18.87% of the Company's issued share capital of 530,075,000 Shares as enlarged by the Placing Shares; and
- (iii) approximately 11.35% of the Company's issued share capital of 881,075,000 Shares as enlarged by the Placing Shares and the Consideration Shares.

The Placing Shares will rank, upon issue, pari passu in all respects with the Shares in issue on the date of allotment and issue of the Placing Shares.

There is no restriction on subsequent disposal of the Placing Shares.

Conditions of the Placing

The Placing is conditional on the fulfillment of the following conditions on or before 30 June 2007 (or such later date as may be agreed by the Company and the Placing Agent):

- (a) the Listing Committee granting approval for the listing of, and permission to deal in, the Placing Shares;
- (b) the approval of the Placing Agreement and the grant of a specific mandate for the issue and allotment of the Placing Shares under a specific mandate by the Independent Shareholders at the SGM; and
- (c) the obligation of the Placing Agent becoming unconditional and not being terminated in accordance with the terms of the Placing Agreement, including provisions regarding force majeure event.

None of the above conditions may be waived.

Completion of the Placing is not conditional on completion of the Proposed Acquisition.

Termination and Force Majeure

The Placing Agreement may be terminated by the Placing Agent if at any time between the date of the Placing Agreement and at or before 10:00 a.m. on the date for completion of the Placing Agreement, there occurs:

- (a) the introduction of any new law or regulation or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company; or
- (b) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date of the Placing Agreement) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which may, in the reasonable opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Company or adversely prejudices the success of the Placing of the Placing Shares to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (c) any change in market conditions or combination of circumstances in Hong Kong (including without limitation to suspension or material restriction on trading in securities) occurs which affect the success of the Placing (such success being the completion of the placing of the Placing Shares to potential investor(s)) or otherwise in the sole and absolute opinion of the Placing Agent make it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing; or
- (d) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (e) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate in any respect or would in any respect be untrue or inaccurate, or if repeated the Placing Agent shall determine in its absolute opinion that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Company or will otherwise likely to have a material prejudicial effect on the Placing.

The Directors are not aware of the occurrence of any of such events as at the date of this announcement.

Completion of the Placing

Under the Placing Agreement, the conditions have to be fulfilled on or before 30 June 2007 (“**Long-stop Date**”), or such other date as may be agreed by the Company and the Placing Agent. Completion of the Placing is expected to take place within three Business Days after the date on which all the conditions of the Placing Agreement have been fulfilled. In the event, there is any extension in the Long-stop Date, further announcement will be made by the Company.

The Placing Price

The Placing Price of HK\$0.168 per Placing Share represents

- (i) a discount of about 18.45% to the closing price of HK\$0.206 per Share as quoted on the Stock Exchange on 5 March 2007, being the last trading day before the date of the Placing Agreement; and
- (ii) a discount of about 12.50% to the average closing price of HK\$0.192 in the 5 consecutive trading days ended 5 March 2007, being the last trading day immediately prior to the date of the Placing Agreement.

The net placing price after deducting relevant expenses for the Placing is approximately HK\$0.153 per Placing Share.

The Placing Price was negotiated on an arm’s length basis between the Company and the Placing Agent.

The Directors considered that the terms of the Placing, including the placing fee of 2% of the aggregate Placing Price payable to the Placing Agent in respect of the Placing, are fair and reasonable based on the current favourable capital markets environment and in the interests of the Company and its Shareholders as a whole.

Mandate to issue Placing Shares

As at the date of this announcement, the Directors may issue and allot a further 15,000 new Shares under the General Mandate. As the Placing Shares exceed the remaining part of the General Mandate, the allotment and issue of the Placing Shares will be subject to approval by the Independent Shareholders at the SGM.

Listing application for the Placing Shares

Application will be made by the Company to the Stock Exchange for the grant of the listing of, and permission to deal in, the Placing Shares.

C. REASONS FOR THE PROPOSED ACQUISITION AND THE PLACING

The Group is a software applications solutions provider which mainly engaged in the provision of internet design for residential communities and e-property management software application consulting services based on the application of the i-Panel and its integrated hardware and software in the PRC. As stated in the third quarterly report of the Company for the nine months ended 31 December 2006, the Group has adopted a dual strategy for business development, to widen its income base and to strengthen its original business while at the same time seek opportunities to expand into woman and child medical services and to the medical industry for provision of electronic medical software application and support services.

In the past year, the Group had actively expanded the scope of its existing business to apply electronic software application solutions into medical services in the PRC, and laid a well-rounded foundation for the Group's expansion into medical market and high consumption healthcare market with the establishment of Pro-Innovative Holding Ltd. and Parentech China Limited. The Group also intends to expand into areas such as hospital management services, medical healthcare products market and medical project investment.

In respect of the second limb of the Group's dual strategy, the Group has been exploring opportunities to expand into woman and child medical services and its ancillary services.

As set out in the announcement made by the Company dated 18 December 2003, the Company and UPMG have formed a joint venture engaging in the provision of consultancy, training and management services for the operation of speciality/boutique hospitals and medical centres and VIP units in hospitals in the PRC, through utilization of communication technology, tailor-made software application and customer relationship. The establishment of this joint venture with UPMG is the first step towards implementing the dual strategy of the Group.

The Directors considered the acquisition of an interest in Autoscale as a move to further the Group's relationship with the UPMG Group and also a step towards implementing the Group's dual business strategy of continued strengthening its current business and expansion into healthcare and medical services. In this regard, the business plan for the Group's current business in the long run involves continued expansion of the Group's core business, which is the application of information technology in real estate/households in the PRC. Moreover, the Company will take advantage of its existing products, technology and experience to expand the market in applying information technology to hospitals and hotels in the PRC. The Directors believed that the UPMG Group has over the years built up a network of business contacts with authorities as well as medical institutions in the PRC and the United States of America, which will assist the Group in furtherance of its existing business as well as expansion into healthcare and medical services.

In considering the acquisition of the Sale Shares from the Vendors, the Directors have taken into account the experience of the UPMG Group in the healthcare business in the PRC, particularly, in the management of hospitals which caters specifically for women and children. Furthermore, the Directors believed that experience of the UPMG Group will also provide the Group with valuable guidance in identifying suitable business opportunities in the area of healthcare and medical service industry in the PRC in line with the second limb of its dual strategy.

The Directors noted that the loss of the UPMG Group for the two financial years were mainly due to the finance expenses associated with the fund raising exercises undertaken by UPMG and depreciation cost of the capital investment of the UPMG Group in the VIP Centres. Since its establishment in 2002, UPMG has relied on private placements of convertible notes (which have been redeemed in full in 2005), Ordinary Shares and Preference Shares to raise the necessary funds to finance its business development. UPMG has raised a total amount of over US\$23 million since its commencement of business in April 2002. As detailed in the paragraph headed "Information on the UPMG Group", under the co-operation contracts, the UPMG Group is responsible for renovating and providing the necessary equipment for the VIP Centres which involved heavy capital expenditure. Furthermore, the VIP Centres usually have a startup period of nine to fifteen months during which the operation costs of the VIP Centres were financed by funds raised through the various fund raising exercise. The first VIP Centre commenced operation in October 2002 in Shanghai and now that there are eight VIP Centres in operation, most of which were established in 2005. Based on the aforementioned operation cycle of the VIP Centres, the Directors believe that most of the current VIP Centres of the UPMG Group has passed the set-up period and will start to generate positive cashflow this year.

With the current favourable market, the Directors consider that it is a good time to raise additional capital for further expansion of the Group, when the Group identifies appropriate business opportunities in the future.

In the premises, the Directors (including the independent non-executive Directors) considered the Proposed Acquisition and the Placing to be fair and reasonable and in the interest of the Shareholders and the Group as a whole.

D. USE OF NET PROCEEDS

The gross proceeds of the Placing will amount to approximately HK\$16.80 million (assuming all of the 100,000,000 Placing Shares have been placed at the end of the placing period). After deducting relevant expenses, the net proceeds of about HK\$15.3 million from the Placing will be used to finance future business opportunities in information technology, such as smart hospital solution and smart hotel solution, healthcare and medical services and ancillary services and for working capital purposes.

E. FUNDRAISING ACTIVITIES OF THE GROUP IN THE PAST 12 MONTHS

The following table summarizes the capital raising activities of the Group for the 12 months immediately preceding the date of this announcement:

Date of announcement	Event	Amount of net proceeds	Intended use of net proceeds as stated in the announcement	Actual use of net proceeds as at the date of this announcement
23 May 2006	Placing of 28,000,000 Shares	HK\$4.23 million	Partial repayment of the Company's bank borrowings and general working capital of the Company.	– HK\$2 million was used as partial repayment of the Company's bank borrowings; and – HK\$2.23 million was used as general working capital of the Company.
16 November 2006	Subscription and Placing of an aggregate of 67,000,000 Shares	HK\$10.43 million	(i) as to HK\$2 million for repayment of the Company's bank borrowings; (ii) as to HK\$4 million for the research and development of a new product, a new generation touch-screen control panel; and (iii) as to HK\$4.43 million for general working capital of the Group.	– HK\$1.214 million was used for repayment of the Company's bank borrowings; – HK\$4 million was used for research and development of a new product – a new generation touch screen control panel; and – HK\$4.43 million was used as general working capital of the Group

F. EFFECT ON SHAREHOLDING STRUCTURE

The existing shareholding structure of the Company and the shareholding structure of the Company upon issue of the Consideration Shares and the Placing Shares are set out as below:

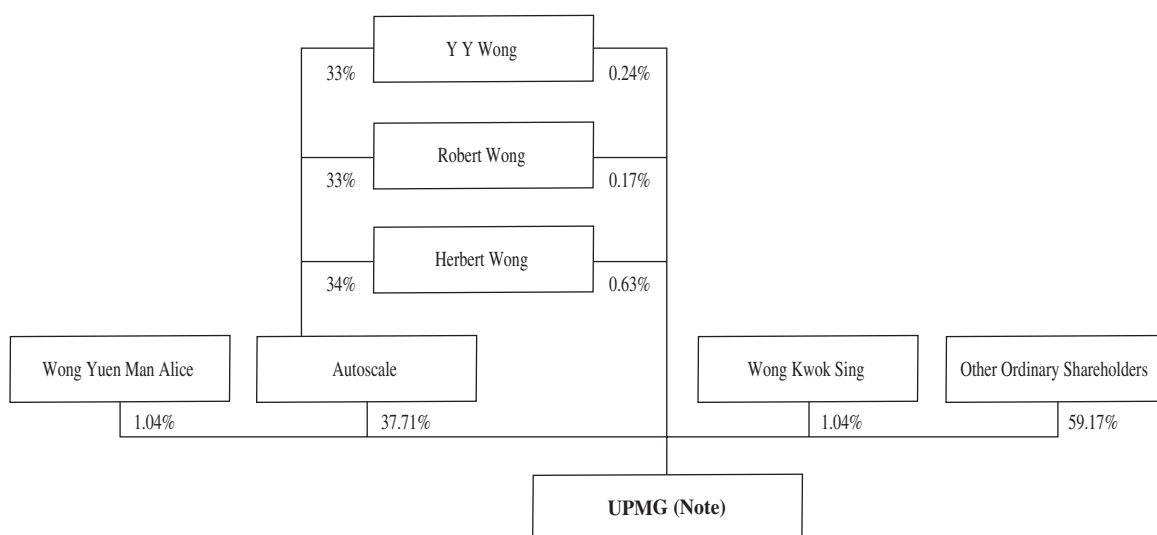
Name of Shareholders	As at the date of this announcement		Upon Completion of the Placing (without taking into account the issue of the Consideration Shares and assuming no exercise of the options under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and conversion of the 2008 Convertible Notes)		Immediately after completion of the Acquisition (taking into account of the Consideration Shares but without taking into account the Placing Shares and assuming no exercise of the options under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and conversion of the 2008 Convertible Notes)		Immediately after completion of the Acquisition (taking into account of the Consideration Shares and the Placing Shares and assuming no exercise of the options under the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and conversion of the 2008 Convertible Notes)	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Multiturn Trading Limited (Note 1)	97,362,000	22.64%	97,362,000	18.37%	97,362,000	12.47%	97,362,000	11.05%
Ms. Y.Y. Wong (Notes 1, 2, 4 & 5)	—	—	—	—	175,500,000	22.47%	175,500,000	19.92%
Mr. Robert Wong (Notes 1, 2, 4 & 5)	—	—	—	—	175,500,000	22.47%	175,500,000	19.92%
Ms. Wong Yuen Man Alice (Note 2),	2,900,000	0.67%	2,900,000	0.55%	2,900,000	0.37%	2,900,000	0.33%
Aggregate interest of the Vendors and parties acting in concert with them	100,262,000	23.31%	100,262,000	18.92%	451,262,000	57.77%	451,262,000	51.22%
Significant Shareholder: Rexy Investment Limited (Note 3)	28,800,000	6.70%	28,800,000	5.43%	28,800,000	3.69%	28,800,000	3.27%
Places:	—	—	100,000,000	18.87%	—	—	100,000,000	11.35%
Other public Shareholders:	301,013,000	69.99%	301,013,000	56.78%	301,013,000	38.54%	301,013,000	34.16%
Total	430,075,000	100%	530,075,000	100%	781,075,000	100%	881,075,000	100%

Notes:

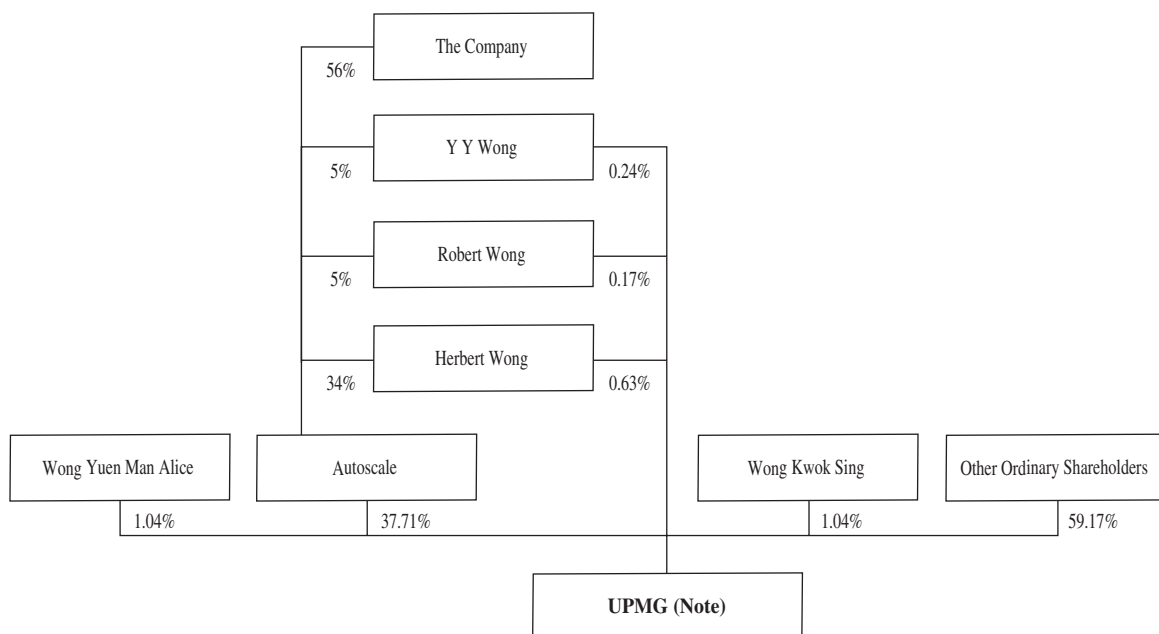
1. Multiturn Trading Limited is owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Y.Y. Wong, Mr. Wong Kwok Sing, Mr. Robert Wong and Mr. Lam Shiu San, respectively, all of whom are executive Directors.
2. Ms. Wong Yuen Man, Alice is the sister of Ms. Y.Y. Wong and a party acting in concert with the Vendors.
3. Remy Investment Limited is wholly owned by Plotio Limited, which is wholly owned by HyComm Wireless Limited, a company listed on the Main Board of the Stock Exchange.
4. Upon completion of the Proposed Acquisition and the allotment and issue of the Consideration Shares to Ms. Y.Y. Wong and Mr. Robert Wong as the Vendors, Ms. Y.Y. Wong and Mr. Robert Wong and parties acting in concert with them will be deemed to be interested in an aggregate of 451,262,000 Shares representing approximately 51.22% of the share capital of the Company as enlarged by the Consideration Shares and the Placing Shares.
5. As at the date of this announcement, each of Ms. Y.Y. Wong, Mr. Robert Wong, Mr. Wong Kwok Sing and Mr. Lam Shiu San has outstanding options to subscribe for 7,678,500 Shares, 7,678,500 Shares, 7,678,500 Shares and 7,678,500 Shares, respectively, under the Pre-IPO Share Option Scheme and the Post-IPO Share Option Scheme, exercisable (i) during the period of 5 July 2002 to 4 July 2012 as for options to subscribe for 2,400,000 Shares each at the exercise price of HK\$0.28 per Share; (ii) during the period of 6 January 2004 to 5 January 2014 as for options to subscribe for 2,378,500 Shares each at the exercise price of HK\$0.22 per Share; and (iii) during the period of 20 September 2005 to 19 September 2015 as for options to subscribe for 2,900,000 Shares each at the exercise price of HK\$0.114 per Share.
6. Other than the Pre-IPO Share Option Scheme, the Post-IPO Share Option Scheme and the 2008 Convertible Notes, there are no derivatives, conversion rights, warrants or options affecting the Shares.

The following are group charts of Autoscale representing the shareholding structure (a) before and (b) after completion of the Proposed Acquisition:

(a)



(b)



Note:

As at the date of this announcement, UPMG had in issue 4,565 Preference Shares which are convertible into 4,565 Ordinary Shares. All percentages set out herein represent percentage interest in the total issued Ordinary Shares.

Upon completion of the Proposed Acquisition, the Company shall account for Autoscale and UPMG in its books as a subsidiary and an associated company respectively.

G. SPECIAL GENERAL MEETING

The Proposed Acquisition constitutes a major transaction which is subject to approval by the Shareholders under Rule 19.40 of the GEM Listing Rules. Since the Vendors, together with their associates are Shareholders and are materially interested in the Proposed Acquisition, and the Vendors are connected persons of the Company, the Proposed Acquisition also constitutes a connected transaction which will require the approval of the Independent Shareholders by way of a poll in accordance with Rules 19.46 and 20.18 of the GEM Listing Rules. Accordingly, the Proposed Acquisition has been made conditional on, among other things, the approval of the Independent Shareholders by way of a poll at the SGM.

As the Placing Shares exceed the 15,000 Shares that may be issued under the General Mandate. Consequently, the issue of the Placing Shares will have to be made under specific mandate that is subject to the approval of the Independent Shareholders as required under Rule 17.39(1)(a) of the GEM Listing Rules.

The SGM will be convened at which ordinary resolutions will be proposed to seek the approval of the Independent Shareholders by way of poll in relation to the Sale and Purchase Agreement, the issue and allotment of the Consideration Shares, the Whitewash Waiver and the issue and allotment of the Placing Shares. The Vendors and parties acting in concert with them and all persons interested in or involved in the Proposed Acquisition, the Whitewash Waiver and/or the Placing and all shareholders of Autoscale or UPMG and their respective associates will abstain from voting on all the relevant resolutions to be proposed at the SGM.

An independent committee of the Board, comprising all the independent non-executive Directors, namely Mr. Wong Tak Leung, Charles, Ms. Ho Chui Yin, Liwina and Mr. Lai Ying Sum, will be established to advise the Independent Shareholders in respect of the Proposed Acquisition, the Whitewash Waiver and the Placing. An independent financial adviser will be appointed to advise the independent committee of the Board and the Independent Shareholders in this regard. Further announcement will be made upon the appointment of the independent financial adviser.

A circular setting out, among other things, details of the Proposed Acquisition, the Whitewash Waiver and the Placing and the advices and recommendations from the independent committee of the Board and the independent financial adviser together with the notice of the SGM will be dispatched to the Shareholders as soon as practicable and in accordance with the Takeovers Code.

H. CHANGE IN COMPANY SECRETARY AND QUALIFIED ACCOUNT

Ms. Wu Wai Yee, Annis (“**Ms. Wu**”) resigned as company secretary and qualified accountant of the Company with effect from 28 February 2007 due to personal reasons. Ms. Wu has confirmed that she has no disagreement with the Board and she is not aware of any matter regarding her resignation that needs to be brought to the attention of the Shareholders.

Mr. Li Kar Fai, Peter (“**Mr. Li**”) has been appointed as qualified accountant and company secretary of the Company with effect from 1 March 2007. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of Association of Chartered Certified Accountants and has over 19 years of experience in accounting and auditing. Mr. Li had formerly been the qualified accountant and company secretary of the Company during the period from February 2002 until February 2006.

I. UNUSUAL PRICE MOVEMENT AND RESUMPTION OF TRADING

The Board noted the recent increase in the price of the Shares and wish to state that other than the matters disclosed in this announcement, the Board is not aware of any reasons for such price increase.

At the request of the Company, trading in the Shares was suspended with effect from 9:30 a.m. on Tuesday, 6, March 2007 pending release of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading of the Shares with effect from 9:30 a.m. on Wednesday, 7 March 2007.

J. DEFINITIONS

In the announcement, unless the context requires otherwise, terms used herein shall have the following meaning:

- | | |
|---------------------|---|
| “acting in concert” | has the meaning ascribed to it under the Takeovers Code; |
| “associates” | has the meaning ascribed to it under the GEM Listing Rules; |

“Autoscale”	Autoscale Resources Limited, a company incorporated in the British Virgin Islands, which is held as to 33%, 33% and 34% by Ms. Y.Y. Wong, Mr. Robert Wong and the estate of Mr. Wong Yao Sing, Herbert respectively;
“Board”	the board of Directors;
“Business Day”	any day (excluding Saturdays, Sundays, public holidays and days on which a tropical cyclone warning No. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m.) on which licensed banks are open for general banking business in Hong Kong;
“Company”	Inno-Tech Holdings Limited, an exempted company incorporated in Bermuda whose shares are listed on the GEM;
“connected person(s)”	has the meaning ascribed to it under the GEM Listing Rules;
“Consideration Shares”	351,000,000 new Shares to be issued under the Sale and Purchase Agreement to the Vendors (as to 175,500,000 new Shares to Ms. Y.Y. Wong and as to 175,500,000 new Shares to Mr. Robert Wong) as consideration for the Proposed Acquisition;
“Director(s)”	the director(s) of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	The Rules Governing the Listing of Securities on the GEM;
“General Mandate”	the general mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the annual general meeting of the Company held on 26 July 2006 subject to the limit up to 20% of the then issued share capital of the Company as at the date of passing the resolution at the annual general meeting (i.e. 335,075,000 Shares);
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;

“Independent Shareholders”	Shareholders other than (i) the Vendors and parties acting in concert with each of them respectively; (ii) those involved or interested in the Proposed Acquisition, Whitewash Waiver and/or the Placing; and (iii) all shareholders of Autoscale and UPMG and their respective associates;
“Independent Third Party”	to the best of the Directors’ knowledge, information and belief, having made all reasonable enquiry, a third party and its ultimate beneficial owner (as applicable) being independent of the Company and its connected persons;
“Issue Price”	HK\$0.168 per Consideration Share;
“Listing Committee”	the listing committee appointed by the Stock Exchange for considering applications for listing and the granting of listing of securities on the GEM;
“Mr. Robert Wong”	Mr. Wong Yao Wing, Robert, an executive Director;
“Ms. Y.Y. Wong”	Ms. Wong Yuen Yee, an executive Director and the Chairman of the Company;
“Ordinary Share(s)”	ordinary shares of HK\$0.01 each in the capital of UPMG;
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Placees”	any institutional, corporate or individual investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligation under the Placing Agreement;
“Placing”	the placing of up to 100,000,000 new Shares pursuant to the terms of the Placing Agreement;
“Placing Agent”	President Securities (Hong Kong) Limited, a licensed corporation licensed to carry on business in types 1, 4 and 9 regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and who and whose ultimate beneficial owner(s) is/are Independent Third Parties;
“Placing Agreement”	the Placing Agreement dated 5 March 2007 between the Company and the Placing Agent in respect of the Placing;

“Placing Price”	HK\$0.168 per Placing Share;
“Placing Share(s)”	not more than 100,000,000 new Shares to be allotted and issued pursuant to the terms and conditions of the Placing Agreement and which shall rank pari passu in all respects with the existing Shares in issue at the date of allotment of the Placing Shares;
“Post-IPO Share Option Scheme”	the post-IPO share option scheme of the Company adopted on 5 July 2002;
“Pre-IPO Share Option Scheme”	the pre-IPO share option scheme of the Company adopted on 5 July 2002;
“Preference Share(s)”	Class A Preference Shares of HK\$0.01 each in the capital of UPMG convertible into Ordinary Shares at US\$2,500 per Ordinary Share;
“Proposed Acquisition”	the proposed acquisition contemplated under the Sale and Purchase Agreement for the acquisition by the Company of the aggregate of 56% interest in the share capital of Autoscale from the Vendors;
“SFC”	the Securities and Futures Commission of Hong Kong;
“SGM”	a special general meeting of the Company to be convened and held for the Independent Shareholders to consider and, if thought fit, (i) the Sale and Purchase Agreement and the allotment and issue of the Consideration Shares; (ii) the Whitewash Waiver; and (iii) the allotment and issue of the Placing Shares;
“Sale Share(s)”	an aggregate of 56 shares of par value of US\$1.00 each in the share capital of Autoscale (as to 28 shares by each of Ms. Y.Y. Wong and Mr. Robert Wong), representing an aggregate of approximately 56% in the share capital of Autoscale, held by the Vendors;
“Share(s)”	share(s) of HK\$0.02 each in the capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sale and Purchase Agreement”	the sale and purchase agreement entered into on 5 March 2007 between the Company and the Vendors in relation to the acquisition of the Sale Shares;

“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers;
“UPMG”	United Premier Medical Group Limited, a company incorporated in the Cayman Islands;
“UPMG Group”	UPMG and its subsidiaries;
“Vendors”	Ms. Y.Y. Wong (an executive Director and chairman of the Board) and Mr. Robert Wong (an executive Director);
“Whitewash Waiver”	the waiver from the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code;
“2008 Convertible Notes”	convertible loan notes due in 2008 in an aggregate principal amount of HK\$6,300,000 issued by the Company on 12 August 2005 at a conversion price of HK\$0.05 per unit of the conversion right of the Notes, subject to adjustments as set out in the conditions of the 2008 Convertible Notes, of which none of the Vendors and their concert parties are holders;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“US\$”	United States dollars, the lawful currency of United States of America; and
“%”	per cent.

As at the date of this announcement, the Board comprises:

Executive Directors:

Ms. Wong Yuen Yee (*Chairman*)

Mr. Wong Yao Wing, Robert (*Deputy Chairman*)

Mr. Wong Kwok Sing

Mr. Lam Shiu San

Independent non-executive Directors:

Mr. Wong Tak Leung, Charles

Ms. Ho Chui Yin, Liwina

Mr. Lai Ying Sum

By order of the Board
Inno-Tech Holdings Limited
Wong Yuen Yee
Chairman

Hong Kong, 6 March 2007

This announcement, for which the directors of Inno-Tech Holdings Limited (the “Company”) (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement, and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts, not contained in this announcement, the omission of which would make any statement in this announcement misleading.

This announcement will remain on the “Latest Company Announcements” page on the GEM website at www.hkgem.com and on the website of the Company at www.it-holdings.com for 7 days from the date of this posting.