



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

(Incorporated in Bermuda with limited liability)
(Stock Code: 8202)

First Quarterly Report **07/08**

* For identification purposes only

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

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make decision to invest only after due and careful consideration. The greater risk profile and other characteristic of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

The Stock Exchange takes no responsibility for the contents of this report, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.

This report, for which the directors of Inno-Tech Holdings Limited (the “Directors”) 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”) for the purpose of giving information with regard to Inno-Tech Holdings Limited (the “Company”). The Directors having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this report is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statement in this report misleading; and (iii) all opinions expressed in this report have been arrived at after due and careful consideration and are founded bases and assumption that are fair and reasonable.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Ms. Wong Yuen Yee (*Chairman*)

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

Mr. Wong Kwok Sing

Mr. Lam Shiu San

Mr. Wong Tak Leung, Charles*

Mr. Lai Ying Sum*

Mr. Cheng King Hung*

* *Independent non-executive Directors*

COMPLIANCE OFFICER

Mr. Wong Yao Wing, Robert

AUTHORISED REPRESENTATIVES

Mr. Wong Yao Wing, Robert

Ms. Wong Yuen Yee

COMPANY SECRETARY

Mr. Li Kar Fai, Peter, *CPA*.

QUALIFIED ACCOUNTANT

Mr. Li Kar Fai, Peter

AUDIT COMMITTEE MEMBERS

Mr. Wong Tak Leung, Charles

(*Chairman of audit committee*)

Mr. Lai Ying Sum

Mr. Cheng King Hung

AUDITORS

PCP CPA Limited

LEGAL ADVISERS TO THE COMPANY

Troutman Sanders (*as to Hong Kong Laws*)

PRINCIPAL BANKERS

BANCO DE ORO-EPCI, INC.

Wing Lung Bank Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Room 903

Tung Wai Commercial Building

109-111 Gloucester Road

Wanchai

Hong Kong

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE

The Bank of Bermuda Limited

6 Front Street

Hamilton HM 11

Bermuda

HONG KONG BRANCH SHARE REGISTRARS AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited

46th Floor, Hopewell Centre

183 Queen's Road East

Wanchai, Hong Kong

COMPANY WEBSITE

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

GEM STOCK CODE

8202

HIGHLIGHTS

- Turnover for the three months ended 30 June 2007 amounted to approximately HK\$23,443,000 representing an increase of approximately 151% compared to amount reported in the corresponding period in 2006.
- Net loss from ordinary activities attributable to equity holders amounted to approximately HK\$1,166,000 for the three months ended 30 June 2007.
- Loss per share was approximately HK\$(0.129) cents.
- The Board does not recommend the payment of a dividend for the three months ended 30 June 2007.

UNAUDITED CONSOLIDATED INCOME STATEMENT

The board of directors (the “Directors”) of Inno-Tech Holdings Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months ended 30 June 2007 together with the unaudited comparative figures for the three months ended 30 June 2006 are as follows:–

		Unaudited three months ended 30 June	
	<i>Notes</i>	2007 HK\$'000	2006 HK\$'000
Turnover	2	23,443	9,337
Cost of sales		(18,815)	(3,056)
Gross profit		4,628	6,281
Other revenue		2,501	228
Marketing and promotion expenses		(311)	(130)
Administrative expenses		(6,740)	(4,639)
Profit from operations		78	1,740
Finance costs		(545)	(1,297)
Share of losses of associates and jointly controlled entities		–	–
(Loss)/profit before income tax		(467)	443
Income tax	3	–	(236)
(Loss)/profit for the year		(467)	207
Attributable to:			
Equity holders		(1,166)	207
Minority interests		699	–
		(467)	207
(Loss)/earnings per share			
– Basic		(0.129) cents	0.062 cents
– Diluted		N/A	N/A

Notes:

1. Basis of consolidation

The unaudited consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments which are measured at fair values.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards HKFRSs which include all applicable individual HKFRSs, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Listing Rules of the Growth Enterprise Market (“GEM”) of The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

All significant inter-company transactions and balances between group enterprises are eliminated on consolidation.

2. Turnover

Turnover represents the amounts received and receivable for the provision of residential intranet, e-property management software application consulting services and sales of home-automation and other products.

The Group’s turnover and operating profit are derived from the design of residential intranet, provision of e-property management software application consulting services and trading of home-automation and other products in Hong Kong.

3. Income tax

No Hong Kong profits tax has been provided as there were no assessable profits for the period (2006: 17.5%).

4. (Loss)/earnings per share

Basic (loss)/earnings per share

The calculation of basic loss per share is based on the unaudited consolidated loss attributable to equity holders for the three months ended 30 June 2007 of HK\$1,166,000 (2006: profit of HK\$207,000) and on the weighted average of 900,360,575 (2006: 335,075,000) ordinary shares in issue during the period.

Diluted (loss)/earnings per share

No diluted loss per share had been presented for the three months ended 30 June 2007 as the Company’s share options and the convertible notes are anti-dilutive.

No diluted earnings per share had been presented for the three months ended 30 June 2006 as the exercise prices of the Company’s share options were higher than the average market price of the Company’s share during the period and the convertible notes are anti-dilutive.

5. Movements of reserves

	Employee		Convertible	Capital			Retained Profits	Total
	Share Premium	Compensation Reserve	Notes Reserve	Contributed Surplus	Redemption Reserve	Exchange Reserve		
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2006	24,445	1,462	442	5,625	43	-	13,854	45,871
Profit for the period	-	-	-	-	-	-	207	207
At 30 June 2006	24,445	1,462	442	5,625	43	-	14,061	46,078
At 1 April 2007	37,273	1,462	160	5,625	43	(34)	11,020	55,549
Loss for the period	-	-	-	-	-	-	(1,166)	(1,166)
Issuance of Shares	275,269	-	-	-	-	-	-	275,269
Share issuance cost	(15,347)	-	-	-	-	-	-	(15,347)
Transfer to share premium upon exercise of share options	998	(998)	-	-	-	-	-	-
At 30 June 2007	298,193	464	160	5,625	43	(34)	9,854	314,305

DIVIDEND

The Directors do not recommend the payment of an interim dividend for the three months ended 30 June 2007 (2006: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Review

For the three months ended 30 June 2007, the Group's unaudited consolidated turnover amounted to approximately HK\$23,443,000 (2006: HK\$9,337,000).

The Group recorded a net loss of approximately HK\$1,166,000 for the three months ended 30 June 2007 (2006: profit of HK\$207,000). Loss per share for the three months ended 30 June 2007 was HK0.129 cents (2006: earnings per share of HK0.062 cents).

The Group is a software application solutions provider engaged in the provision of internet design for residential communities and e-property management software application consulting services based on the application of i-Panel and its integrated hardware and software in the People's Republic of China.

The Group has been proactively seeking opportunities for expanding and enhancing its business by applying electronic software application solutions to different market segments such as hospitals and hotels etc, we are focusing on these industries to seek new business opportunities.

This April, The Group has already expanded the application of its electronic software application solutions to medical services in the PRC with the completion of the acquisition of 37.71% interest in United Premier Medical Group Limited.

In addition, the Group raised approximately HK\$220 million in aggregate by way of two new share placing exercises during the three months period ended 30 June 2007 to capitalise on the fund boom in the capital market in order to strengthen its financial position to meet future challenges.

Outlook

As previously announced by the Company, the Company has been actively seeking opportunities to expand its business into the hotel industry, one of the fast growing industries under the economic development and expansion in the PRC. Following the implementation of new business strategies and the preparation of ground works by our management during the period under review, the business activities have been smoothly initiated and it is expected that the hotel industry will be the main focus in the upcoming period. In addition, the Group has been consistently reviewing the investments in the medical related business and will carry on participating in various expansion into healthcare and medical services.

In view of an improvement in the financial position, the Group will continue to look for other new business opportunities so as to broaden the revenue stream and provide a reasonable return to the shareholders

EMPLOYEES

The number of employees (including Directors) was 15 as at 30 June 2007 (2006:17), and the total staff costs (including Directors' remuneration for the three months ended 30 June 2007 was approximately HK\$1,595,883 (2006: HK\$1,481,314). Other benefits provided by the Group to the employees include MPF, medical coverage and share-based payments.

SHARE OPTION SCHEME

(i) Pre-IPO Share Option Scheme

The Company's pre-IPO share option scheme ("Pre-IPO Share Option Scheme") was adopted on 5 July 2002, the principal terms of which were set out in the prospectus of the Company dated 30 July 2002 (the "Prospectus") and there were 24,000,000 share options granted. Up to 30 June 2007, there were 17,020,000 share options under the Pre-IPO Share Option Scheme which have been exercised and 1,680,000 share options have been lapsed. The remaining 5,300,000 share options under the Pre-IPO Share Option Scheme will lapse on 4 July 2012. Details of which were as follows:

	Date of grant	Number of share options			Outstanding as at 1 April 2007	Option period	Exercise price per share
		Outstanding as at 1 July 2007	Exercised during the period	Lapsed during the period			
Directors	5 July 2002	-	9,600,000	-	9,600,000	5 July 2002 to 4 July 2012	HK\$0.28
Employees	5 July 2002	5,300,000	7,420,000	-	12,720,000	5 July 2002 to 4 July 2012	HK\$0.28
Total		5,300,000	17,020,000	-	22,320,000		

(ii) Post-IPO Share Option Scheme

Pursuant to a written resolution passed by the sole shareholder of the Company on 5 July 2002, the Company conditionally adopted the share option scheme, the principal terms of which are set out in the section head “Share Option Schemes” on Appendix IV to the Prospectus (“Post-IPO Share Option Scheme”). Up to 30 June 2007, there were 52,385,000 share options granted and 46,974,500 share options under the Post-IPO Share Option Scheme have been exercised and no option has been cancelled. The remaining 10,500 share options and 5,400,000 share options under the Post-IPO Share Option Scheme will lapse on 5 January 2014 and 19 September 2015 respectively. Details of which were as follows:

	Date of grant	Number of share options			Outstanding as at 1 April 2007	Option period	Exercise price per share
		Outstanding as at 1 July 2007	Exercised during the period	Lapsed during the period			
Directors	6 January 2004	-	9,514,000	-	9,514,000	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	-	11,600,000	-	11,600,000	20 September 2005 to 19 September 2015	HK\$0.114
Employees	6 January 2004	10,500	7,135,500	-	7,146,000	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	5,400,000	-	-	5,400,000	20 September 2005 to 19 September 2015	HK\$0.114
Total		5,410,500	28,249,500	-	33,660,000		

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

As at 30 June 2007, the interests or short position of the Directors in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the Securities and Future Ordinance (“SFO”)) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and Section 347 of the SFO (including interests or short positions which is taken or deemed to have taken under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange are as follows:

(a) Interests in the Company

Name of Director	Number of ordinary shares held					Percentage of the Company's issued share capital
	Personal Interests	Family Interests	Corporate Interests	Other Interests	Aggregate Interests	
Ms. Wong Yuen Yee (<i>Note 1</i>)	183,178,500	-	97,362,000	-	280,540,500	25.24%
Ms. Wong Kwok Sing (<i>Note 1</i>)	-	-	97,362,000	-	97,362,000	8.76%
Mr. Wong Yao Wing, Robert (<i>Note 1</i>)	183,178,500	-	97,362,000	-	280,540,500	25.24%
Mr. Lam Shiu San (<i>Note 1</i>)	-	-	97,362,000	-	97,362,000	8.76%
Mr. Cheng King Hung	700,000	-	-	-	700,000	0.06%

Notes:

- The 97,362,000 Shares are held by Multiturn Trading Limited, which is beneficially owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San, respectively. Accordingly each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San is deemed to be interested in the 97,362,000 Shares held by Multiturn Trading Limited under the SFO.
- Ms. Wong Yuen Yee, Mr. Wong Yao Wing, Robert and Multiturn Trading Limited are parties acting in concert under the Takeovers Code.

Save as disclosed, as at 30 June 2007, none of Directors or chief executives of the Company has any interests or short position in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are 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 is taken or deemed to have under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or as required, pursuant to Rules 5.40 to 5.58 of the GEM Listing Rules relating to securities transactions by Directors to be notified to the Company and the Stock Exchange.

(b) Pre-IPO Share Option Scheme

Details of the Options granted to certain Directors pursuant to the Pre-IPO Share Option Scheme as at 30 June 2007 are as follows:

	Date of grant	Number of share options			Outstanding as at 1 April 2007	Option period	Exercise price per share
		Outstanding as at 1 July 2007	Exercised during the period	Lapsed during the period			
Ms. Wong Yuen Yee	5 July 2002	-	2,400,000	-	2,400,000	5 July 2002 to 4 July 2012	HK\$0.28
Mr. Wong Kwok Sing	5 July 2002	-	2,400,000	-	2,400,000	5 July 2002 to 4 July 2012	HK\$0.28
Mr. Wong Yao Wing, Robert	5 July 2002	-	2,400,000	-	2,400,000	5 July 2002 to 4 July 2012	HK\$0.28
Mr. Lam Shiu San	5 July 2002	-	2,400,000	-	2,400,000	5 July 2002 to 4 July 2012	HK\$0.28
Total		-	9,600,000	-	9,600,000		

Up to 30 June 2007, there were 17,020,000 share options under the Pre-IPO Share Option Scheme have been exercised and 1,680,000 share options have been lapsed. The remaining 5,300,000 share options under the pre-IPO Share Option Scheme will lapse on 4 July 2012.

(c) **Post-IPO share option scheme**

Details of the Options granted to certain Directors pursuant to the Post-IPO Share Option Scheme as at 30 June 2007 are as follows:

	Date of grant	Number of share options				Option period	Exercise price per share
		Outstanding as at 1 July 2007	Exercised during the period	Lapsed during the period	Outstanding as at 1 April 2007		
Ms. Wong Yuen Yee	6 January 2004	-	2,378,500	-	2,378,500	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	-	2,900,000	-	2,900,000	20 September 2005 to 19 September 2015	HK\$0.114
Mr. Wong Kwok Sing	6 January 2004	-	2,378,500	-	2,378,500	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	-	2,900,000	-	2,900,000	20 September 2005 to 19 September 2015	HK\$0.114
Mr. Wong Yao Wing, Robert	6 January 2004	-	2,378,500	-	2,378,500	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	-	2,900,000	-	2,900,000	20 September 2005 to 19 September 2015	HK\$0.114
Mr. Lam Shiu San	6 January 2004	-	2,378,500	-	2,378,500	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	-	2,900,000	-	2,900,000	20 September 2005 to 19 September 2015	HK\$0.114
Total		-	21,114,000	-	21,114,000		

Up to 30 June 2007, there were 46,974,500 share options under the Post-IPO Share Option Scheme have been exercised and no share options have been cancelled or lapsed.

Save as disclosed above, as at 30 June 2007, none of the Directors or their associates as well as the chief executives of the Group had any interests or short positions in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors as referred to in Rules 5.40 to 5.58 of the GEM Listing Rules. During the reporting period, there were no debt securities issued by the Group

(d) Directors' and chief executives' rights to acquire Shares or debt securities

Save as disclosed above, as at 30 June 2007, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of Shares in, or debt securities, including debentures, of the Company or any other corporation, and neither the Directors and chief executives of the Company, nor any of their spouse or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

INTERESTS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE ("SFO") AND SUBSTANTIAL SHAREHOLDERS

Save as disclosed hereunder, none of the Directors or chief executives of the Company is aware of any person who has any 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 are required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein; or are required, pursuant to Section 324 of the SFO, to notify the Company and the Stock Exchange; 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 as at 30 June 2007:

Name	Number of Shares held	Approximately percentage of shareholding (on the basis of 1,111,229,400 Shares in issue)
Multiturn Trading Limited (<i>Note 1</i>)	97,362,000	8.76%
ABN AMRO Asset management (Asia) Ltd. (in its capacity as manager of various accounts)	85,840,000	7.72%
Ms. Wong Yuen Yee	183,178,500	16.48%
Mr. Wong Yao Wing, Robert	183,178,500	16.48%

Notes:

1. Multiturn Trading Limited is owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San, respectively, all of whom are executive Directors.
2. Ms. Wong Yuen Yee, Mr. Wong Yao Wing, Robert and Multiturn Trading Limited are parties acting in concert under the Takeovers Code.

Save as disclosed above, as at 30 June 2007, the Directors are not aware of any other person who had interest or short position in the Shares or underlying Shares as recorded in the register required to be kept under Section 336 of the SFO.

PURCHASE, SALES OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

COMPETING INTERESTS

None of the directors or the management shareholders or any of their respective associates (as defined in the GEM Listing Rules) of the Company had an interest in a business which causes or may cause any significant competition with the business of the Group.

SPONSOR'S INTEREST

As at the Latest Practicable Date, the Company does not have any sponsor, the previous sponsor's agreement has expired on 31 March 2005.

LITIGATION

The Company and a subsidiary of the Group are defendants in a legal action involving the alleged default payment for one of the installment payments to the plaintiff. The said subsidiary of the Group had acquired certain intellectual property in 2004 with consideration payable by quarterly installments and the Company is a guarantor.

The plaintiff is claiming for the amount of HK\$2,550,000, being the full remaining balances of the consideration payable to the plaintiff in June 2006, together with interest thereon and cost. The Group settled the disputed installment payment as well as the subsequent installments which were due for repayment from time to time. The remaining balance of the consideration payable of HK\$1,550,000 to the plaintiff as at 30 June 2007 had already been included in the Group's consolidated balance sheet.

The directors of the Company, based on legal advice, consider that the action will remain pending for a while but it can be successfully defended and therefore no further provision will be required.

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

CORPORATE GOVERNANCE PRACTICES

The Company recognizes that establishment and implementation of good corporate governance standards helps the group to achieve its corporate objectives and fulfill the expectations of shareholders and stakeholders effectively. Therefore, the Board of Directors (the “Board”) of the Company, with effect from 1 April 2005 has fully applied the principles and complied with the requirements of the Code on Corporate Governance Practices (“CG Code”) contained in Appendix 15 to the GEM Listing Rules:

- (1) Due to practical reasons, 14 days advance notifications have not been given to all meetings of the board. Reason notifications have been given in respect of those meetings of the board where it is not practicable to give 14 days advance notification. The Board will use its best endeavours to give 14 days advance notifications of board meeting to the extend practicable. (Code Provisions A.1.1 and A.1.3);
- (2) As at the date of this report, there were no formal guidelines for employees dealings in securities (Code Provision A.5.4) although a formal guideline has been adopted for directors. Actions will be taken by the Board to formalize the circumstances under which employees can deal in the shares of the Company before end of the current financial year;
- (3) Actions have yet taken to review the internal control systems of the Group. The Board plans to engage an external auditor to undertake the review before the end of the current financial year and to take appropriate course of action in this regard based on the recommendation of the external auditor (Code Provision C.2.1); and
- (4) No formal schedule of matters reserved to the Board and those delegated to the management has been adopted by the Group although there are guidelines for the responsibilities and duties to members of the board and members of the managements taking up different position. The Board has delegated their Human Resources Department to prepare the formal schedule for the approval of the Board before the end of the current financial year (Code Provision D.1.2).

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors. All Directors confirmed that they complied with the required standards as set out in the Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period.

AUDIT COMMITTEE

The Company established an audit committee on 5 July 2002 with terms of reference in compliance with Rules 5.23, 5.24 and 5.25 of the GEM Listing Rules. The audit committee currently comprises Mr. Wong Tak Leung, Charles, Mr. Lai Ying Sum and Mr. Cheng King Hung who are the independent non-executive Directors. The primary duties of the audit committee are to review and supervise the financial reporting process and internal control systems of the Group. The Group's unaudited results for the three months ended 30 June 2007 have been reviewed by the audit committee, which is of the opinion that the unaudited consolidated financial statements comply with the applicable accounting standards, the GEM Listing Rules and legal requirements in Hong Kong and that adequate disclosures have been made.

BOARD PRACTICES AND PROCEDURES

The Company has complied with the board practices and procedures as set out in Rules 5.34 to 5.45 of the GEM Listing Rules throughout the three months ended 30 June 2007.

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

Hong Kong, 14 August 2007

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

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
Mr. Lai Ying Sum
Mr. Cheng King Hung