



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

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

Third 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, *CPA*

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' Road East

Wanchai, Hong Kong

COMPANY WEBSITE

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

GEM STOCK CODE

8202

HIGHLIGHTS

- Turnover for the nine months ended 31 December 2007 amounted to approximately HK\$84,528,000, representing an increase of approximately 337% as compared to amount reported in the corresponding period in 2006.
- Profit from ordinary activities attributable to equity holders amounted to approximately HK\$4,939,000 for the nine months ended 31 December 2007.
- Earnings per share amounted to HK0.46 cent for the nine months ended 31 December 2007.
- The Board did not recommend the payment of a dividend for the nine months ended 31 December 2007.

CONDENSED CONSOLIDATED INCOME STATEMENT

For the nine months ended 31 December 2007

The board of directors (the “Board”) of Inno-Tech Holdings Limited (the “Company”) are pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and nine months ended 31 December 2007, together with comparative figures for the three months and nine months ended 31 December 2006 are as follow:–

	Notes	Unaudited Three months ended 31 December 2007		Unaudited Nine months ended 31 December 2007	
		HK\$'000	2006 HK\$'000	HK\$'000	2006 HK\$'000
Turnover	2	23,631	1,616	84,528	19,339
Cost of sales		<u>(14,762)</u>	<u>(1,197)</u>	<u>(63,921)</u>	<u>(6,377)</u>
Gross profit		8,869	419	20,607	12,962
Other revenue		1,089	221	7,093	677
Marketing and promotion expenses		(1,516)	(513)	(3,194)	(1,119)
Administrative expenses		(7,236)	(3,137)	(17,633)	(16,122)
Finance costs		(415)	(1,224)	(1,199)	(3,809)
Share of losses of associates and jointly controlled entities		<u>–</u>	<u>–</u>	<u>–</u>	<u>(1)</u>
Profit/(loss) before income tax		791	(4,234)	5,674	(7,412)
Income tax	3	<u>–</u>	<u>–</u>	<u>(37)</u>	<u>(35)</u>
Profit/(loss) for the period		<u>791</u>	<u>(4,234)</u>	<u>5,637</u>	<u>(7,447)</u>
Attributable to:					
Equity holders of the Company		93	(4,234)	4,939	(7,447)
Minority Interests		<u>698</u>	<u>–</u>	<u>698</u>	<u>–</u>
		<u>791</u>	<u>(4,234)</u>	<u>5,637</u>	<u>(7,447)</u>
Earnings/(loss) per share					
– Basic	4(a)	<u>0.01 cent</u>	<u>(1.13 cents)</u>	<u>0.46 cent</u>	<u>(2.13 cents)</u>
– Diluted	4(b)	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Notes:

1. Basis of preparation of the accounts

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 includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the 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”).

The Group has applied the same principal accounting policies and methods of computation in the unaudited condensed consolidated financial statements as are applied in its annual financial statements for the year ended 31 March 2007. The principal accounting policies adopted are disclosed in the Group’s 2007 Annual Report dated 26 June 2007.

These unaudited condensed consolidated financial statements should be read in conjunction with the Group’s 2007 Annual Report.

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 and income from hotel management operation.

3. Taxation

Provision for Hong Kong profits tax is calculated at the rate of 17.5% (2006: 17.5%) of the estimated assessable profits arising in Hong Kong for the period.

4. Earnings/(loss) per share

(a) Basic earnings/(loss) per share

The calculation of basic earnings per share is based on the unaudited consolidated profit attributable to equity holders for the three months and nine months ended 31 December 2007 of approximately HK\$93,000 and HK\$4,939,000 (2006: loss of HK\$4,234,000 and HK\$7,447,000 respectively) and on the weighted average of 1,185,194,617 and 1,082,570,080 respectively (2006: 375,455,435 and 349,500,455 respectively) ordinary shares in issue during the period.

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share is not shown as it is not materially different from the basic earnings/(loss) per share.

5. Movements of reserves

	Share Capital HK\$'000	Share Premium HK\$'000	Employee Compensation Reserve HK\$'000	Convertible Notes Reserve HK\$'000	Contributed Surplus HK\$'000	Capital Redemption Reserve HK\$'000	Exchange Reserve HK\$'000	Retained Profits HK\$'000	Total HK\$'000
At 1 April 2006	6,702	24,445	1,462	442	5,625	43	-	13,854	45,871
Loss for the period	-	-	-	-	-	-	-	(7,447)	(7,447)
Issuance of shares	560	13,300	-	-	-	-	-	-	13,300
Share issuance cost	-	(458)	-	-	-	-	-	-	(458)
At 31 December 2006	<u>7,262</u>	<u>37,287</u>	<u>1,462</u>	<u>442</u>	<u>5,625</u>	<u>43</u>	<u>-</u>	<u>6,407</u>	<u>51,266</u>
At 1 April 2007	8,602	37,273	1,462	160	5,625	43	(34)	11,020	64,151
Profit for the period	-	-	-	-	-	-	-	4,939	4,939
Issuance of shares	15,185	288,437	(1,376)	(160)	-	-	-	-	302,086
Share issuance cost	-	(15,599)	-	-	-	-	-	-	(15,599)
At 31 December 2007	<u>23,787</u>	<u>310,111</u>	<u>86</u>	<u>-</u>	<u>5,625</u>	<u>43</u>	<u>(34)</u>	<u>15,959</u>	<u>355,577</u>

DIVIDEND

The Directors did not recommend the payment of a dividend for the nine months ended 31 December 2007 (2006: Nil).

BUSINESS REVIEW

For the nine months ended 31 December 2007, the Group's unaudited consolidated turnover amounted to approximately HK\$84,528,000 (2006: HK\$19,339,000).

The Group recorded a net profit of approximately HK\$4,939,000 for the nine months ended 31 December 2007 (2006: net loss HK\$7,447,000). Basic earnings per share for the nine months ended 31 December 2007 was HK 0.46 cent (2006: basic loss per share: HK 2.13 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 PRC. It is the dual corporate strategy of the Company to strengthen its existing business, and at the time seeking opportunities to expand into the medical industry and hotel industry utilizing its electronic software solutions as a platform.

The expansion strategy of the Group into the hotel industry comprises: (i) provision of hotel management services; and (ii) investment in hotel assets. It was announced on 11 October 2007, that the Group has entered into a joint venture agreement to form a joint venture with Swiss-Belhotel International Limited ("SBI") which will principally engaged in the management and operation of hotels in the PRC. It was further announced on 29 October 2007 that the Group has entered into nine management contracts with Independent Third Parties in relation to the management of nine hotels located at Kaiping City, Dongguan City, Shaoguan and Zhaoqing, Guangdong Province, the PRC.

On 6 November 2007, the Group announced the acquisition of Sunny Team Corporation Limited and China Earn Limited and accordingly investment in two hotel property assets, the Xindu Hotel Property and the Changlin Hotel Property were made.

On 21 January 2008, United Premier Medical Group Limited ("UPMG"), which is owned as to approximately 35.57% by Autoscale Resources Limited ("Autoscale"), a subsidiary which is owned as to approximately 56% by the Group entered into the Share Exchange Agreement with The Cavalier Group ("Cavalier"). The Cavalier is a company incorporated in the States of Wyoming the United States of America ("United States") whose shares are traded on the Over-The-Counter Bulletin Board of the United States, the Share Exchange Agreement contemplated the transfer of the entire issued share capital of UPMG to Cavalier in exchange for 42,658,000 Cavalier Shares (the "Exchange"). Taking into account the fact that shares of Cavalier are quoted on the Over-The-Counter Bulletin Board of the United States and accordingly UPMG has the ability to raise future capital, the Directors are of the view that the Exchange would benefit the Group's investment in UPMG and justify the dilution of Autoscale's interest in UPMG from approximately 28.13% to approximately 23.93%. Upon completion of the Exchange, Cavalier and UPMG will be accounted for as associated companies of the Group.

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

There were no material acquisitions and disposals of investments by the Group during the nine months ended 31 December 2007. The Group will continue to look for possibilities of forming alliances or any investment opportunities with strategic partners.

OUTLOOK

In this financial year, the Group will develop its business by adopting a dual strategy in lieu of the previous single strategy. That is, the Group will continue to strengthen its original business and at the same time expand into woman and child medical services, and expand to the medical industry for provision of electronic medical software application and support services.

The Group will continue to enhance the application of its core product, i-Panel, and to broaden its customers base. Further, the Group will also enhance its sales team to expand its sales networks. In the previous year, the Group was awarded “中國十大家居智能產品優秀品牌” (the Top 10 recommended brand for Intelligent Home Products) by YST (H.K.) Information International Intelligent Building Magazine and “中國智能家居行業聯盟” (China Intelligent Home Industry Alliance), demonstrating that the growing popularity of Group’s products are well received by the market. With the growing popularity of Intelligent and environmental-friendly design style in the PRC, the Board optimistically expects that the demand for the Group’s intelligent products in the domestic construction industry will continue to grow.

As it is the dual corporate strategy of the Group to strengthen its existing business, and at the time seeking opportunities to expand into the medical industry and hotel industry utilizing its electronic software solutions as a platform, the Group will continue actively seeking appropriate business partners for expansion into the hotel industry in the PRC. The expansion strategy of the Group into the hotel industry comprises: (i) provision of hotel management services; and (ii) investment in hotel assets.

The directors are of the view that the Beijing Olympic Games, the Shanghai World Expo and Guangzhou Asian Games will be held soon. These worldwide significant events have promised a bright future for Chinese hotel industry. One of the newest business segments to take root in China’s growing economy in recent years is economy hotel. Economy hotels survive the fierce competition as the guest rooms provide a comfortable and pleasant environment which are not offered by local guest houses, but on the other hand more competitive price than the up-market hotels. To be in a position to effectively capture the growth, the directors are of the view that the establishment of a hotel management business is crucial in Group’s growth strategy and the management will continue signing quality hotel management contracts.

Some existing small residential buildings and dormitories can be refurbished to economy hotels in order to harvest a profit with low costs and a high occupancy rate. In fact, hotels located in an integrated commercial complex can take advantage of facilities in the surrounding shopping centres and tourist destinations to provide comprehensive services and improve the overall competitiveness. The directors believe that leveraging on the surrounding environment to improve supporting facilities of the Group’s hotels will be the expansion strategy. By acquiring or making joint ventures with small-mid brands, the Group can quickly enter the hotel industry in the PRC.

In addition, the hotel management team in the PRC are now localized. The directors are of the view that with the establishment of the Joint Venture with SBI and some potential business partners, it is anticipated that the Group can quickly establish presence in the PRC in the next few years. In order to meet the challenges, the Group will emphasize in building up a profession and competent management team and recruiting well-trained hotel personnel, developing its own brand in the hotel industry.

EMPLOYEES

The number of employees (including Directors) was 19 as at 31 December 2007 (2006: 17), and the total staff costs (including Directors' remuneration) for the nine months ended 31 December 2007 was approximately HK\$7,353,000 (2006: HK\$2,813,000). 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") 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"), there were 24,000,000 share options granted. Up to 31 December 2007, there were 17,520,000 share option under the Pre-IPO Share Option Scheme have been exercised. The remaining 4,800,000 share options under the Pre-IPO Share Option Scheme will lapse on 4 July 2012. Details of which were as follow:-

	Date of grant	Number of share options				Outstanding as at 31 December 2007	Option period	Exercise price per share
		Outstanding as at 1 April 2007	Granted during the period	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	12,720,000	-	7,920,000	-	4,800,000	5 July 2002 to 4 July 2012	HK\$0.28
Total		<u>22,320,000</u>	<u>-</u>	<u>17,520,000</u>	<u>-</u>	<u>4,800,000</u>		

(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 “Share Option Schemes” on Appendix IV of the Prospectus (“Post-IPO Share Option Scheme”). Up to 31 December 2007, there were 170,222,940 share options granted and there were 27,925,000 share options under the Post-IPO Share Option Scheme have been exercised and no options has been cancelled. The remaining 10,500 share options (exercise price HK\$0.22), 1,000,000 share options (exercise price HK\$0.114), 98,860,000 share options (exercise price HK\$0.63) and 8,777,940 share options (exercise price HK\$0.466) under the Post-IPO Share Option Scheme will lapse on 5 January 2014, 19 September 2015, 22 August 2017 and 25 October 2017 respectively. Details of which were as follow:–

	Date of grant	Number of share options				Outstanding as at 31 December 2007	Option period	Exercise price per share
		Outstanding as at 1 April 2007	Granted during the period	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
	23 August 2007	-	34,720,000	-	-	34,720,000	23 August 2007 to 22 August 2017	HK\$0.63
Employees	6 January 2004	7,146,000	-	7,135,500	-	10,500	6 January 2004 to 5 January 2014	HK\$0.22
	20 September 2005	5,400,000	-	4,400,000	-	1,000,000	20 September 2005 to 19 September 2015	HK\$0.114
	23 August 2007	-	74,340,000	10,200,000	-	64,140,000	23 August 2007 to 22 August 2017	HK\$0.63
	26 October 2007	-	8,777,940	-	-	8,777,940	26 October 2007 to 25 October 2017	HK\$0.466
Total		<u>33,660,000</u>	<u>117,837,940</u>	<u>42,849,500</u>	<u>-</u>	<u>108,648,440</u>		

DIRECTORS' AND CHIEF EXECUTIVES INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2007, the interests or short positions of the Directors and Chief Executive of the Company 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 5.46 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 follow:–

(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</i>)	183,178,500	–	97,362,000	–	280,540,500	23.59%
Mr. Wong Kwok Sing (<i>note</i>)	–	–	97,362,000	–	97,362,000	8.19%
Mr. Wong Yao Wing, Robert (<i>note</i>)	183,178,500	–	97,362,000	–	280,540,500	23.59%
Mr. Lam Shiu San (<i>note</i>)	–	–	97,362,000	–	97,362,000	8.19%
Mr. Cheng King Hung	<u>700,000</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>700,000</u>	<u>0.06%</u>

Note: 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.

Save as disclosed above, as at 31 December 2007, none of Directors or chief executives of the Company has any interests or short positions 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 5.46 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 share options granted to certain Directors pursuant to the Pre-IPO Share Option Scheme as at 31 December 2007 are as follow:–

	Date of grant	Number of share options				Outstanding as at 31 December 2007	Option period	Exercise price per share
		Outstanding as at 1 April 2007	Granted during the period	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		<u>9,600,000</u>	<u>–</u>	<u>9,600,000</u>	<u>–</u>	<u>–</u>		

Up to 31 December 2007, there were 17,520,000 share options under the Pre-IPO Share Option Scheme have been exercised and 1,680,000 share options have been lapsed. The remaining 4,800,000 share options under the Pre-IPO Share Option Scheme will lapse on 4 July 2012.

(c) Post-IPO Share Option Scheme

Details of the share options granted to certain Directors pursuant to the Post-IPO Share Option Scheme as at 31 December 2007 are as follow:–

	Date of grant	Number of share options				Outstanding as at 31 December 2007	Option period	Exercise price per share
		Outstanding as at 1 April 2007	Granted during the period	Exercised during the period	Lapsed during the period			
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
	23 August 2007	–	7,930,000	–	–	7,930,000	23 August 2007 to 22 August 2017	HK\$0.63
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
	23 August 2007	–	7,930,000	–	–	7,930,000	23 August 2007 to 22 August 2017	HK\$0.63
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
	23 August 2007	–	7,930,000	–	–	7,930,000	23 August 2007 to 22 August 2017	HK\$0.63
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
	23 August 2007	–	7,930,000	–	–	7,930,000	23 August 2007 to 22 August 2017	HK\$0.63

		Number of share options						
		Outstanding as at 1 April 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 December 2007	Option period	Exercise price per share
Mr. Wong Tak Leung, Charles	23 August 2007	-	1,000,000	-	-	1,000,000	23 August 2007 to 22 August 2017	HK\$0.63
Mr. Lai Ying Sum	23 August 2007	-	1,000,000	-	-	1,000,000	23 August 2007 to 22 August 2017	HK\$0.63
Mr. Cheng King Hung	23 August 2007	-	1,000,000	-	-	1,000,000	23 August 2007 to 22 August 2017	HK\$0.63
Total		<u>21,114,000</u>	<u>34,720,000</u>	<u>21,114,000</u>	<u>-</u>	<u>34,720,000</u>		

Up to 31 December 2007, there were 21,114,000 share options under the Post-IPO Share Option Scheme have been exercised by the directors and no share options have been cancelled or lapsed.

Save as disclosed above, as at 31 December 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 5.46 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 executive's rights to acquire Shares or debt securities

Save as disclosed above, as at 31 December 2007, neither the Company nor any of its subsidiaries was a party to any arrangements to enable the Directors or chief executive 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 executive 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 positions 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:–

Name	Number of shares	Percentage of shareholdings
Ms. Wong Yuen Yee	183,178,500	15.40%
Mr. Wong Yao Wing, Robert	183,178,500	15.40%
Multiturn Trading Limited (<i>Note 1</i>)	97,362,000	8.19%

Notes:

1. Multiturn Trading Limited 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, 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 31 December 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.

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.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

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

DIRECTORS' 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 Rules 5.48 to 5.67 of the GEM Listing Rules throughout the period.

CONTINGENT LIABILITIES

The Company and a subsidiary of the Group are defendants in a legal action involving the alleged default payment for one of the instalment payments to the plaintiff. The said subsidiary of the Group had acquired certain intellectual property in 2004 with consideration payable by quarterly instalments 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 instalment payment as well as the subsequent instalments which were due for repayment from time to time. The remaining balance of the consideration payable of HK\$1,050,000 to the plaintiff as at 31 December 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.

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

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 compiled 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. Reasonable 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 extent practicable. (Code Provisions A.1.1 and 1.1.3);
- (2) As at the date of this report, we have 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 its 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).

AUDIT COMMITTEE

The Company established an audit committee on 5 July 2002 with terms of reference in compliance with Rule 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 nine months ended 31 December 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.

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

Hong Kong, 13 February 2008

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