



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

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

Fourth 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.**

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**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 newspapers. 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.**

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*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 for the purpose of giving information with regard to Inno-Tech Holdings Limited. 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

Industrial and Commercial Bank of China  
(Asia) 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 twelve months ended 31 March 2008 amounted to approximately HK\$124,193,000, representing an increase of approximately 187% as compared to amount reported in the corresponding period in 2007.
- Loss from ordinary activities attributable to equity holders amounted to approximately HK\$872,000 for the twelve months ended 31 March 2008.
- Basic loss per share amounted to HK0.08 cent for the twelve months ended 31 March 2008.
- The Board did not recommend the payment of a dividend for the twelve months ended 31 March 2008.

## CONDENSED CONSOLIDATED INCOME STATEMENT

For the twelve months ended 31 March 2008

The board of directors (the “Board”) of Inno-Tech Holdings Limited (the “Company”) announce the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the three months and twelve months ended 31 March 2008, together with the comparative figures for the three months and twelve months ended 31 March 2007 are as follow:–

	Notes	Three months ended 31 March		Twelve months ended 31 March	
		unaudited 2008 HK\$'000	unaudited 2007 HK\$'000	unaudited 2008 HK\$'000	audited 2007 HK\$'000
<b>Turnover</b>	3	<b>39,665</b>	23,897	<b>124,193</b>	43,236
Cost of sales		<u>(28,560)</u>	<u>(14,202)</u>	<u>(92,481)</u>	<u>(26,287)</u>
Gross profit		<b>11,105</b>	9,695	<b>31,712</b>	16,949
Other revenue		<b>8,772</b>	335	<b>15,865</b>	1,012
Marketing and promotion expenses		<b>(1,902)</b>	(1,047)	<b>(5,096)</b>	(2,295)
Administrative expenses		<b>(15,705)</b>	(1,986)	<b>(33,338)</b>	(12,271)
Finance costs		<b>(449)</b>	(1,001)	<b>(1,648)</b>	(4,810)
Share of losses of associates and jointly controlled entities		<u><b>(7,632)</b></u>	<u>(829)</u>	<u><b>(7,632)</b></u>	<u>(830)</u>
<b>(Loss)/profit before income tax</b>		<b>(5,811)</b>	5,167	<b>(137)</b>	(2,245)
Income tax	4	<u>–</u>	<u>(836)</u>	<u>(37)</u>	<u>(871)</u>
<b>(Loss)/profit for the period</b>		<u><b>(5,811)</b></u>	<u>4,331</u>	<u><b>(174)</b></u>	<u>(3,116)</u>
Attributable to:					
Equity holders of the Company		<b>(6,509)</b>	4,331	<b>(872)</b>	(3,116)
Minority Interests		<u><b>698</b></u>	<u>–</u>	<u><b>698</b></u>	<u>–</u>
		<u><b>(5,811)</b></u>	<u>4,331</u>	<u><b>(174)</b></u>	<u>(3,116)</u>
(Loss)/earnings per share					
– Basic	5(a)	<u><b>(0.54 cent)</b></u>	<u>1.00 cent</u>	<u><b>(0.08 cent)</b></u>	<u>(0.84 cent)</u>
– Diluted	5(b)	<u><b>N/A</b></u>	<u>N/A</u>	<u><b>N/A</b></u>	<u>N/A</u>

*Notes:*

**1. Change of Year End Date**

Pursuant to a board resolution dated 28 March 2008, the financial year end date of the Company was changed from 31 March to 30 June. The final audited results and the audited financial statements of the Group for the current year cover a period of 15 months from 1 April 2007 to 30 June 2008 which will be announced and issued on or before 30 September 2008 in accordance with the requirement under 18.03 of the GEM Listing Rules.

**2. 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.

**3. 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 in Hong Kong and income from hotel management operations in the PRC.

**4. Taxation**

Provision for Hong Kong profits tax is calculated at the rate of 17.5% (2007: 17.5%) of the estimated assessable profits arising in Hong Kong for the period.

## 5. (Loss)/earnings per share

### (a) Basic (loss)/earnings per share

The calculation of loss per share is based on the unaudited consolidated loss attributable to equity holders for the three months and twelve months ended 31 March 2008 of approximately HK\$6,509,000 and HK\$872,000 (2007: profit of HK\$4,331,000 and loss of HK\$3,116,000 respectively) and on the weighted average of 1,206,336,704 and 1,113,342,656 respectively (2007: 430,075,000 and 369,107,877 respectively) ordinary shares in issue during the period.

### (b) Diluted (loss)/earnings per share

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

## 6. Reserves

	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	24,445	1,462	442	5,625	43	-	13,854	45,871
Loss for the period	-	-	-	-	-	-	(3,116)	(3,116)
Issuance of shares	13,300	-	-	-	-	-	-	13,300
Share issuance cost	(472)	-	-	-	-	-	-	(472)
Exchange difference on consolidation	-	-	-	-	-	(34)	-	(34)
De-recognition of equity component of convertible notes, net of transaction cost	-	-	(282)	-	-	-	282	-
At 31 March 2007	<u>37,273</u>	<u>1,462</u>	<u>160</u>	<u>5,625</u>	<u>43</u>	<u>(34)</u>	<u>11,020</u>	<u>55,549</u>
At 1 April 2007	37,273	1,462	160	5,625	43	(34)	11,020	55,549
Loss for the period	-	-	-	-	-	-	(872)	(872)
Issuance of shares	302,905	(1,376)	(160)	-	-	-	-	301,369
Share issuance cost	(15,603)	-	-	-	-	-	-	(15,603)
Exchange difference on consolidation	-	-	-	-	-	(63)	-	(63)
At 31 March 2008	<u>324,575</u>	<u>86</u>	<u>-</u>	<u>5,625</u>	<u>43</u>	<u>(97)</u>	<u>10,148</u>	<u>340,380</u>

## **DIVIDEND**

The Directors did not recommend the payment of a dividend for the twelve months ended 31 March 2008 (2007: Nil).

## **BUSINESS REVIEW**

For the twelve months ended 31 March 2008, the Group's unaudited consolidated turnover amounted to approximately HK\$124,193,000 (2007: HK\$43,236,000).

The Group recorded a loss of approximately HK\$872,000 for the twelve months ended 31 March 2008 (2007: loss of HK\$3,116,000). Basic loss per share for the twelve months ended 31 March 2008 was HK0.08 cent (2007: basic loss per share: HK0.84 cent).

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. The expansion strategy of the Group into the hotel industry comprises: (i) provision of hotel management services; and (ii) own and management of hotel properties.

In pursuit of the first limb of this expansion strategy, the Group announced on 11 October 2007, that it has entered into a joint venture agreement with Swiss-Belhotel International Limited ("SBI") to form a joint venture which will principally engaged in the management and operation of economy 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 8 April 2008, the Group entered into a memorandum of understanding ("MOU") with Zhe Jiang Harmony Group ("ZJHG") for the formation of Joint Venture Company which will be principally engaged in the management and operation of economy hotels in the PRC. ZJHG shall be responsible for the provision of 40 to 200 real estates and their respective ancillary facilities rent free for a minimum period of 15 years to the Joint Venture Company. The Directors are of the view that the MOU provides the Group with a valuable opportunity to further expand its business in the hotel industry.

In pursuit of the second limb of the expansion strategy. On 6 November 2007, the Group announced the acquisition of Sunny Team Corporation Limited and China Earn Limited which owned the Xindu Hotel Property and the Changlin Hotel Property respectively. On 5 February 2008, the Group further announced the acquisition of Homesmart Properties Limited which owned Kaiping Hotel Property.



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”). Taking into account the fact that shares of Cavalier are quoted on the Over-The-Counter Bulletin Board of the United States and this would enable UPMG to raise future capital when such need arises. The Directors are of the view that this would provide an opportunity to enhance the value 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**

Save as mentioned above there were no material acquisitions and disposals of investments by the Group during the twelve months ended 31 March 2008.

## **OUTLOOK**

The Group will develop its business by adopting a dual strategy and will continue to strengthen its original business and at the same time expand into medical services business for provision of electronic medical software application and support services and hotel management business.

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.

The directors are of the view that as major international events namely the Beijing Olympic Games, the Shanghai World Expo and the Guangzhou Asian Games which will be held in the PRC, the demand for hotel management services would increase. Economy hotels especially to young executives who travels frequently would become a niche in the PRC hotel management business as they provide better facilities and environment than guest houses but at much more affordable prices than the more up-market hotels. As the prices of hotel property would be expected to be an upward trend in future, the directors will actively identify opportunities in hotel properties acquisition.

With the localization of hotel management, the directors are of the view that the establishment of the Joint Venture with SBI, ZJHG and some potential business partners, facilitates the Group to gain its presence in the PRC at a much faster pace in addition this ensure a much stronger relationship with local hotel management professionals and accordingly consolidate the Group's ability to build up its own hotel brand which are essential for its continuous development. In order to meet the challenges, the Group will strengthen the management team. Most importantly, the Group will explore more in research and development of trained hotel personnel, as the quality of hotel staff in the PRC has eroded over the years as demand has outstripped supply.

## EMPLOYEES

The number of employees (including Directors) was 25 as at 31 March 2008 (2007: 14), and the total staff costs (including Directors' remuneration) for the twelve months ended 31 March 2008 was approximately HK\$12,716,000 (2007: HK\$7,015,000). 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 March 2008, there were 17,520,000 share option(s) 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. Details of which were as follow:–

	Date of grant	Number of share options				Outstanding as at 31 March 2008	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	-	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 March 2008, there were 170,222,940 share options granted and there were 87,652,440 share options under the Post-IPO Share Option Scheme have been exercised and no options has been cancelled or lapsed. The remaining 10,500 share options (exercise price HK\$0.22), 1,000,000 share options (exercise price HK\$0.114) and 81,560,000 share options (exercise price HK\$0.63) under the Post-IPO Share Option Scheme will lapse on 5 January 2014, 19 September 2015 and 22 August 2017 respectively. Details of which were as follow:–

	Date of grant	Number of share options				Outstanding as at 31 March 2008	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	27,500,000	-	46,840,000	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>68,927,440</u>	<u>-</u>	<u>82,570,500</u>		

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

As at 31 March 2008, 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	23.08%
Mr. Wong Kwok Sing ( <i>note</i> )	-	-	97,362,000	-	97,362,000	8.01%
Mr. Wong Yao Wing, Robert ( <i>note</i> )	183,178,500	-	97,362,000	-	280,540,500	23.08%
Mr. Lam Shiu San ( <i>note</i> )	-	-	97,362,000	-	97,362,000	8.01%
Mr. Cheng King Hung	700,000	-	-	-	700,000	0.06%

*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 March 2008, 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 March 2008 are as follow:–

	Date of grant	Number of share options					Option period	Exercise price per share
		Outstanding as at 1 April 2007	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 31 March 2008		
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 March 2008, 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 March 2008 are as follow:–

	Date of grant	Number of share options				Outstanding as at 31 March 2008	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 March 2008	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 March 2008, 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 March 2008, 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 March 2008, 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:–

<b>Name</b>	<b>Number of shares</b>	<b>Percentage of shareholdings</b>
Ms. Wong Yuen Yee	183,178,500	15.07%
Mr. Wong Yao Wing, Robert	183,178,500	15.07%
Multiturn Trading Limited ( <i>Note 1</i> )	97,362,000	8.01%

### *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 March 2008, 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 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\$800,000 to the plaintiff as at 31 March 2008 had already been included in the Group's unaudited 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 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. 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 extend 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 twelve months ended 31 March 2008 have been reviewed by the audit committee, which is of the opinion that the audited 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 May 2008