

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of Inno-Tech Holdings Limited.

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, 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 announcement.



INNO-TECH HOLDINGS LIMITED

匯 創 控 股 有 限 公 司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 8202)

SUBSCRIPTION OF CONVERTIBLE LOAN NOTES IN THE AGGREGATE PRINCIPAL AMOUNT OF HK\$6,300,000 CHANGE IN OFFICES AND RESUMPTION OF TRADING

Subscription of the Notes

On 4 July 2005, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company agreed to issue and the Subscriber has agreed to subscribe the Notes, on the terms and conditions set out in the Subscription Agreement.

The principal amount of the Notes can be converted into Conversion Shares in whole or in integral multiples of HK\$300,000 at the option of the Subscriber at any time during the Conversion Period at the price of HK\$0.05 per Conversion Share, representing a discount of approximately 11.35% of the average closing price per Share for a period of 5 consecutive Trading Days immediately preceding the date of the Subscription Agreement, subject to adjustments as described in the Note. The Conversion Price was negotiated between the Company and the Subscriber on an arm's length basis and acceptable to both the Company and the Subscriber.

Upon full conversion of the rights attaching to the Notes in full at the Conversion Price, the Company will issue and allot to the Subscriber an aggregate of 126,000,000 Shares, representing approximately 21.47% of the existing issued share capital of the Company and approximately 17.67% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares. The Directors will seek the Special Mandate from the Shareholders for the issue and allotment of the Conversion Shares at the upcoming SGM.

The terms and conditions of the Notes, including the Conversion Price, were negotiated between the Company and the Subscriber on an arm's length basis. The Directors consider such terms to be fair and reasonable and are in the best interests of the Shareholders as a whole.

A circular, containing amongst others, details of the Subscription Agreement, the issue of the Convertible Notes, the Special Mandate, the notice of SGM and other information as required by the GEM Listing Rules will be dispatched to the Shareholders as soon as practicable. Application will be made for the listing of, and permission to deal in the Conversion Shares on the Stock Exchange.

Change in Offices

Mr. Wong Yao Wing, Robert is redesignated from chief executive officer to deputy chairman and Mr. Wong Kwok Sing is redesignated from deputy chairman to chief executive officer with effect from 4 July 2005.

Resumption of Trading

Trading in Shares on the GEM was suspended at the request of the Company from 9:30 a.m. Tuesday, 5 July 2005, pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares on the GEM with effect from 9:30 a.m. on Wednesday, 6 July 2005.

SUBSCRIPTION AGREEMENT

On 4 July 2005, the Company and the Subscriber entered into the Subscription Agreement, pursuant to which the Company agreed to issue and the Subscriber agreed to subscribe for an aggregate principal amount of up to HK\$6,300,000 of convertible loan notes due in 2008, on the terms and conditions set out in the Subscription Agreement.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner, Mr. Lee Kit Wah, are independent third parties not connected and not acting in concert with any of the directors, chief executives, substantial shareholders and management shareholders of the Company or its subsidiaries and their respective associates. The Company became acquainted with Mr. Li Kit Wah through the introduction by the business acquaintance of the Directors.

Conditions of the Subscription

Pursuant to the Subscription Agreement, subject to the fulfillment of the following conditional events on or before 28 August 2005 (or such later date as the parties may agree), completion of the Subscription shall take place on 31 July 2005 or such later date as the parties may agree:

- (a) the Shareholders' approval of the Subscription Agreement and granting of the Special Mandate to allot and issue the Conversion Shares at the SGM as required by the GEM Listing Rules;
- (b) the Stock Exchange approves the issue of the Notes either unconditionally or subject to conditions to which neither the Company nor the Subscriber reasonably objects and such conditions (if any) have been satisfied, if required; and
- (c) the GEM Listing Committee of the Stock Exchange grants (either unconditionally or subject to conditions to which neither the Company nor the Subscriber objects) listing of and permission to deal in the Shares issued by the Company upon exercise of the conversion rights attaching to the Notes.

If any of the conditions are not fulfilled on or before 28 July 2005 or such later date as may be agreed between the Company and the Subscriber, the Subscription Agreement will lapse and become null and void and the parties will be released from all obligations under the Subscription Agreement, save for any liabilities arising out of any antecedent breaches thereof.

COMPLETION OF THE SUBSCRIPTION

The following table summarizes the shareholding structure of the Company as at date of this announcement and immediately upon full conversion of the Notes (assuming none of the subscription rights attaching to the outstanding options granted under the share option schemes of the Company is exercised and that the subscription rights attaching to the 2006 Notes are not exercised).

Shareholders	As at the date of this announcement		Immediately after full conversion of the Notes	
	Number of Shares	Approximate percentage	Number of Shares	Approximate percentage
Multiturn Trading Limited (<i>Note 1</i>)	185,724,000	31.64%	185,724,000	26.05%
Rexy Investment Limited (<i>Note 2</i>)	57,600,000	9.81%	57,600,000	8.08%
Winly Group Limited (<i>Note 3</i>)	3,600,000	0.61%	3,600,000	0.50%
The Subscriber	–	–	126,000,000	17.67%
Other public Shareholders	340,026,000	57.92%	340,026,000	47.70%
Total	<u>586,950,000</u>	<u>100%</u>	<u>712,950,000</u>	<u>100%</u>

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 Siu San, respectively, all of whom are executive Directors.
2. Rexy Investment Limited is wholly owned by Plotio Limited, which is wholly owned by HyComm Wireless Limited, a company listed on the Main Board of the Stock Exchange.
3. Winly Group Limited is owned by Ms. Wu Wai Yee, Annis, an independent non-executive Director and Ms. To Po Yim, an Independent Third Party.

PRINCIPAL TERMS OF THE NOTES

Company:	Inno-Tech Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the Shares of which are listed on the GEM.
Principal Amount:	The aggregate maximum principal amount of the Notes up to HK\$6,300,000.

Interest: Interest at a rate of 7.5% per annum from the date of issue up to the date falling nine months from the date of issue, which is expected to be on or about 31 July 2005 (both days inclusive), payable quarterly in arrears and at a rate equal to 7.5% per annum from the day next following the expiration of the first nine month period up to the Maturity Date which will be payable quarterly in arrears commencing nine months from the date of issue, which is expected to be on or about 31 July 2005, to the holder(s) of the Notes whose names appear on the register of the holders of the Notes as at the respective interest payment date. The interest rate of 7.5% per annum for the Notes is arrived at after arm's length negotiation between the Company and the Subscriber taking into account that (i) the 2006 Notes also bear interest at the rate of 7.5% per annum; and (ii) the Notes are unsecured loan.

Conversion Period: The period commencing from the business day next following the expiration of nine months from the Issue Date up to three Business Days before the Maturity Date.

Conversion Price: HK\$0.05 per Share, represents a discount of 11.35% of the average closing price of HK\$0.0564 per Share for a period of 5 consecutive Trading Days immediately preceding the date of the Subscription Agreement, subject to adjustments as described in the conditions to the Notes as set out in the Subscription Agreement. The adjustments to the Conversion Price will be set out in detail in the circular to be sent to Shareholders accompanying the notice of the SGM. The Conversion Price was negotiated between the Company and the Subscriber on an arm's length basis and acceptable to both the Company and the Subscriber taking into account the average closing price of the Shares for the five Trading Days immediately preceding the date of the Subscription Agreement; and that the conversion rights attaching to the Notes will not be exercisable nine months after the Issue Date.

Conversion Right: Noteholders have the right at any time on or during the period commencing nine months from the Issue Date up to three business day before the Maturity Date, to convert any outstanding principal amount of the Notes in whole or in part into Conversion Shares at the Conversion Price, subject to adjustments as described in the conditions to the Notes as set out in the Subscription Agreement. Payment will be made in respect of any interest accrued and unpaid on the principal amount of the Notes converted since the last interest payment date up to the date of conversion. Fraction of a Share will not be issued at conversion but (except in cases where any such cash payment would amount to less than HK\$1.00) cash equivalent in respect of such fraction will be paid by the Company at conversion of the relevant Note(s).

Conversion Shares:	<p>The 126,000,000 new Shares to be issued and allotted upon the exercise of the conversion rights attaching to the Notes in full, representing approximately 21.47% of the existing issued share capital of the Company and 17.67% of the issued share capital of the Company as enlarged by the Conversion Shares.</p> <p>The Conversion Shares to be issued pursuant to the Notes will be issued under the Special Mandate to be granted by the Shareholders to the Directors at the SGM.</p> <p>The Subscription Agreement does not provide for any right for the Subscriber to appoint director(s) to the Board upon the issue and allotment of the Conversion Shares.</p>
Maturity Date:	36 calendar months from the date of issue, i.e. 31 July 2008.
Status:	<p>The Notes will constitute direct, unconditional and unsecured obligations of the Company and shall at all times rank pari passu and without any preference (with the exception of obligations in respect of taxes and certain other statutory exceptions) equally with all other unsecured obligations except for Senior Liabilities of the Company.</p> <p>No application will be made for listing of the Note on any stock or securities exchange.</p>
Form of Convertible Notes:	The Notes will be issued in registered form only.
Ranking of Conversion:	The Conversion Shares allotted and issued on conversion Shares will be fully paid and will rank pari passu in all respects with, and within the same class as, the Shares in issue on the Registration Date, except that the Conversion Shares so allotted will not rank for any dividend or other distribution declared or paid or made by reference to a record date for the payment of a dividend or other distribution with respect to the Shares on or prior to the Registration Date in respect of the Notes converted into such Conversion Shares.
Registration Date:	The date on which the name of the Noteholders are entered into the register of members of the Company as its Shareholder(s).
Transferability:	The Notes shall be assigned or transferred at any time up to three Business Days before Maturity Date, in integral multiples of HK\$300,000, through a form of transfer to be executed by the transferor and transferee.

Application for Listing: The Company will apply to the GEM Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. No application will be made for listing of, or permission to deal in, the Notes on the Stock Exchange or any other Stock Exchange.

INFORMATION ON THE SUBSCRIBER

The Subscriber, Chest Pacific Group Limited, is a limited company incorporated under the laws of the British Virgin Islands. The Subscriber and its ultimate beneficial owner, Mr. Lee Kit Wah, are independent third parties not connected with any of the directors, chief executives, substantial shareholders and management shareholders of the Company or its subsidiaries and any of their respective associates. The Subscriber's principal business activity is investment holding and it has, in the past, invested in various business sectors including industrial and medical sectors.

REASONS FOR THE SUBSCRIPTION

The Group is a software applications solutions provider which mainly engaged in the provision of internet design for residential communities and e-property management software application consulting services based on the application of the i-Panel and its integrated hardware and software in the PRC.

On 9 November 2004, the Company announced the acquisition of, among others, certain patented technology ("Patented Technology") which includes i-Panel, a flat liquid crystal colour touch screen, which provides interactive functions which can integrate with compatible home security and home automation devices. To maximise the benefits from the Patented Technology, the Group has mobilized resources in research and development of home intelligent automation systems utilising the i-Panel. Furthermore, in line with the Group's expansion strategies, the Group has gradually established relationships in the PRC medical industry through its joint venture with United Premier Medical Group Limited in 2004. From such connections and through expansion of its businesses, the Group has made steady progress into the medical industry in the PRC. The Group plans to focus its business strategy in the continued development and expansion of its current business and to expand into the business of the provision of software application solutions for medical management communities and digital cities in the PRC. The use of the i-Panel and related Patented Technology in developing such software application solutions are in step with the Group's expansion of business. As such, the Group plans to inject further resources for research and development as well as marketing of the i-Panel and Patented Technology both in the application to home intelligent automation systems and medical software application solutions. As research and development continues, it has become apparent that further expenses will have to be applied to continue and fully capitalise on the Patented Technology and i-Panel.

In the circumstances, the Directors considered the Subscription offers the Company an opportunity to raise additional funds to finance such research and development. The Directors are of the view that the issue of the Notes offers the Group with relatively more flexibility in raising the additional funds compared to bank borrowings, as bank borrowings required securities including pledge of cash deposits. The Notes is a form of unsecured loan. Hence, the Directors believed that the Notes enable the Group to raise the additional funds without have to pledge any of the assets of the Group so that the Group can continue to apply those

assets, particularly cash deposit for its business operation and development. Furthermore, as the Notes bear fixed rate interest at 7.5%, it provides more certainty in providing for the Company's interest expenses in contrast to bank borrowings, particularly when bank loan interests are continuously rising. The current bank borrowings of the Group bear interest at prime rate plus 0.5%. The Directors believe that with the increasing interest trend, it will not be long when the bank borrowings of the Group will bear the same or even higher interest rate as the Notes. The Notes bear the same interest rate as the 2006 Notes. In addition, as the Note is not convertible until after nine months of issue, the dilutive effect on conversion will not be immediate. Other than the Subscription and bank borrowings, the Directors did not consider any other forms of equity fundraising prior to deciding on the Subscription. In light of the relative advantage of the Subscription over bank borrowings as explained above, the Directors considered that the Subscription would be in the interests of the Company and the Shareholders as a whole.

Having considered the above, the Directors are of the view that the terms of the Subscription to be fair and reasonable and are in the interests of the Company and Shareholders as a whole.

FUND RAISING EXERCISE UNDERTAKEN BY THE COMPANY IN THE PREVIOUS 12 MONTHS

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

Date of announcement	Event	Net proceeds	Intended use of net proceeds	Actual use of net proceeds as at the date of this announcement
18.11.2004	Placing of 55,000,000 new Shares at a price of HK\$0.073 per Share	HK\$4 million	Research and development of a new product series and general working capital of the Group	Approximately HK\$3 million was applied to finance the research and development of the product series of home intelligent automated system using the patented technology known as "Mixed Mode Transceiver Digital Control Network and Collision Free Communication Method and approximately HK\$1 million as general working capital of the Group.
30.3.2005	Placing of 42,000,000 new Shares at a price of HK\$0.05 per Share	HK\$2 million	General working capital of the Group	Approximately HK\$2 million has been fully utilized as general working capital of the Group

The 97,000,000 Shares placed pursuant to the two placings set out in the above table were issued and allotted pursuant to the general mandate granted by the Shareholders to the Directors at the annual general meeting of the Company held on 30 July 2004 for the issue and allotment of up to 97,990,000 Shares. As at the date of this announcement, the said general mandate has been utilised as to 99%. The Directors will seek a new general mandate at the Company's upcoming annual general meeting to be held on 22 July 2005 for the issue and allotment of up to 113,790,000 Shares, representing 20% of the current issued capital of the Company of 568,950,000 Shares assuming no issue of new shares or share repurchase from the date of this announcement to the date of the annual general meeting.

USE OF PROCEEDS

The net proceeds of the Subscription, after deducting related expenses are estimated to amount to approximately HK\$6 million. The Directors intend to apply the net proceeds to finance the research and development of the product series of home intelligent automated system using the Patented Technology and i-Panel.

Research and development of the Touchscreen Control Keypad Series to be used for, among other things, home automation control such as lighting control, scene control and thermostat control as well as the mini traditional switch control box to be used alongside the intelligent automation system is expected to conclude in the first quarter of 2006. Full commercialisation of the products is expected to commence early next year.

Expenses of the Subscription of approximately HK\$300,000 will be borne by the Company.

SPECIAL GENERAL MEETING

The issue of the Notes and the issue and allotment of the Conversion Shares requires the consent of the Shareholders. The Directors will seek the Special Mandate to issue the Conversion Shares upon full conversion of the rights attaching to the Notes from the Shareholders. A circular containing, among other things, details of the Subscription Agreement, the issue of the Convertible Notes, the Special Mandate, the notice of SGM and other information as required by the GEM Listing Rules will be dispatched to the Shareholders as soon as practicable.

CHANGE IN OFFICES

With effect from 4 July 2005, Mr. Wong Yao Wing, Robert ("Mr. Robert Wong") is redesignated from chief executive officer to deputy chairman and Mr. Wong Kwok Sing ("Mr. Wong") is redesignated from deputy chairman to chief executive officer. As one of the focuses of the Group's business expansion is home intelligent automation systems utilising the i-Panel and Mr. Wong has more experience in this area, it is considered appropriate for Mr. Wong to assume the position of chief executive officer to lead the Company's development in this area. On the other hand, Mr. Robert Wong, in his new capacity as deputy chairman will focus on strategic planning for the future growth and development of the Group.

Mr. Robert Wong, aged 47, is redesignated from chief executive officer to deputy chairman with effect from the date of this announcement. Mr. Robert Wong was appointed the chief executive officer since 5 July 2002 and is an executive Director. Mr. Robert Wong is also the compliance officer of the Company. Mr. Robert Wong is responsible for the Group's corporate management and strategic planning for the Group's overall business. He graduated from University of Hong Kong with a master degree in business administration in 1993. Mr. Robert Wong has over 20 years of experience in the field of information technology and eight years of experience in lecturing at the Polytechnic University, and has also been working in commercial sectors for over 10 years in senior management. He also has ample knowledge of software development and project management in various industries and has acquired substantial business and technical knowledge in telecommunication, Internet, e-commerce and networking. Prior to joining the Group, Mr. Robert Wong was the president of HealthAnswers Asia Pte Ltd., and the founder and managing director of Expert System Co., Ltd. And Expert System Solution Ltd. Mr. Robert Wong joined the Group in January 2001.

Mr. Robert Wong has not held any directorship in any other listed companies in the last three years. Mr. Robert Wong does not have any relationships with the other existing Directors, senior management or controlling or substantial shareholders of the Company. As at the date hereof, save for i) the deemed interest in 185,724,000 Shares held by Multiturn Trading Limited which is beneficially owned as to 30.9% by Mr. Robert Wong; ii) 4,800,000 outstanding share options granted under the Pre-IPO share option scheme of the Company adopted on 5 July 2002; and iii) 4,757,000 outstanding share options granted under the Post-IPO share option scheme of the Company adopted on 5 July 2002, Mr. Robert Wong has no other interests in Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

According to the service contract between Mr. Robert Wong and the Company, Mr. Robert Wong is entitled to an annual salary package of HK\$960,000.00. Mr. Robert Wong's remuneration is based on the Group's performance and the scope of Mr. Robert Wong's responsibilities undertaken within the Company. The service contract provides for a fixed term of two years with effect from 1 April 2002 and continues thereafter until terminated by either party giving to the other not less than three months' prior written notice expiring not earlier than the date of expiry of the said initial fixed term of two years. The emoluments of Mr. Wong are determined by the Board with reference to the Company's performance and profitability as well as remuneration benchmark in the industry and the prevailing market.

Mr. Wong, aged 41, is redesignated from deputy chairman to chief executive officer with effect from the date of this announcement. Mr. Wong is one of the founders of the Group. Mr. Wong was appointed the deputy chairman since 5 July 2002 and he is the chief operation officer and an executive Director. Mr. Wong is responsible for the Group's daily operation and customer services, and sale and marketing activities for promoting the Group's products and services. Mr. Wong graduated from Shue Yan College with a high diploma in business administration in 1986. Mr. Wong has about 16 years of experience in the IT industry and extensive experience in marketing, research and business development in the Asia Pacific Region. Prior to joining the Group, Mr. Wong was the executive officer of Bell Technology Ltd. with principal duties relating to system design, computer networking, internet services and computer products trading for the period from 1989 to 1998. He was the sales supervisor of Caripac Ltd. with main responsibility regarding system design and Smart Home solution. In

addition, he played a major role in business development, particularly in the PRC market, whilst working with Bell Technology Ltd. and Caripac Ltd. Mr. Wong was one of the founders of the portal “www.b66.com” in 1996.

Mr. Wong is the brother of Ms. Wong Yuen Yee, who is the chairman and an executive Director. Mr. Wong has not held any directorship in any other listed companies in the last three years. As at the date hereof, save for i) the deemed interest in 185,724,000 Shares held by Multiturn Trading Limited which is beneficially owned as to 30.9% by Mr. Wong; ii) 4,800,000 outstanding share options granted under the Pre-IPO share option scheme of the Company adopted on 5 July 2002; and iii) 4,757,000 outstanding share options granted under the Post-IPO share option scheme of the Company adopted on 5 July 2002, Mr. Wong has no other interests in Shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance.

According to the service contract between Mr. Wong and the Company, Mr. Wong is entitled to an annual salary package of HK\$960,000. Mr. Wong’s remuneration is based on the Group’s performance and the scope of Mr. Wong’s responsibilities undertaken within the Company. The service contract provides for a fixed term of two years with effect from 1 April 2002 and continues thereafter until terminated by either party giving to the other not less than three months’ prior written notice expiring not earlier than the date of expiry of the said initial fixed term of two years. The emoluments of Mr. Wong are determined by the Board with reference to the Company’s performance and profitability as well as remuneration benchmark in the industry and the prevailing market.

RESUMPTION OF TRADING

Trading in Shares on the GEM was suspended at the request of the Company from 9:30 a.m. Tuesday, 5 July 2005, pending the release of this announcement. Application has been made to the Stock Exchange for resumption of trading in Shares on the GEM with effect from 9:30 a.m. on Wednesday, 6 July 2005.

DEFINITIONS

“2006 Notes”	a series of 7.5% redeemable convertible notes due in 2006 in the aggregate principal amount of HK\$8,000,000 issued by the Company on 24 September 2003 as mentioned in the announcements made by the Company dated 11 September 2003, 16 September 2003, 19 September 2003 and 25 September 2003, respectively;
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (other than a Saturday) on which banks in Hong Kong are generally opened for business;

“Company”	Inno-Tech Holdings Limited, an exempted company with limited liability incorporated in Bermuda whose shares are listed on GEM;
“Companies Act”	the Companies Act of Bermuda 1981;
“Completion Date”	the date of completion of the Subscription which is expected to be 31 July 2005 or such later date as the parties may agree;
“Conditions”	Conditions to the Notes;
“Conversion Price”	HK\$0.05 per unit of the conversion right of the Notes subject to adjustments as set out in the Conditions;
“Conversion Share(s)”	the 126,000,000 new Shares to be issued and allotted upon the exercise of the conversion rights attaching to the Notes in full, representing approximately 21.47% of the existing issued share capital of the Company and 17.67% of the issued share capital of the Company as enlarged by the Conversion Shares;
“Director(s)”	the director(s) of the Company;
“SGM”	the special general meeting of the Shareholders to be convened and held to consider, if thought fit, to approve the transactions contemplated under the Subscription Agreement and to grant the Special Mandate;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Committee”	the sub-committee of the board of directors of the Stock Exchange with responsibility for GEM;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“GEM website”	the Internet website www.hkgem.com operated by the Stock Exchange for the purpose of GEM;
“Group”	the Company and its subsidiaries;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Issue Date”	the date of issue of the Notes, which is expected to be on or before 31 July 2005;
“Maturity Date”	the date falling on the last day of 36 calendar months from the Issue Date;

“Notes”	Convertible Loan Notes due in 2008 in the aggregate principal amount of HK\$6,300,000;
“PRC”	the People’s Republic of China, and solely for the purpose of this announcement, excludes Hong Kong, The Macau Special Administrative Region of the PRC and Taiwan;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company;
“Shareholder(s)”	holder(s) of Shares;
“Special Mandate”	a special mandate to allot and issue Shares to be sought from the Shareholders at the SGM in relation to the Conversion Shares which will fall to be allotted and issued upon conversion of the Notes;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscriber”	Chest Pacific Group Ltd, a limited company incorporated under the laws of the British Virgin Islands;
“Subscription”	the conditional subscription by the Subscriber of Notes at the subscription price of HK\$300,000 per Note pursuant to the Subscription Agreement;
“Subscription Agreement”	the subscription agreement dated 4 July 2005 entered into between the Subscriber and the Company in relation to the subscription of the Notes by the Subscriber;
“Trading Days”	days on which the Stock Exchange is opened for dealings in securities;
“HK\$” and “cents”	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong; and
“%”	per cent.

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

Hong Kong, 5 July 2005

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

Executive Directors:

Ms. Wong Yuen Yee
Mr. Wong Kwok Sing
Mr. Wong Yao Wing, Robert
Mr. Lam Shin San

Independent non-executive Directors:

Mr. Wong Tak Leung, Charles
Ms. Wu Wai Yee, Annis
Ms. Ho Chui Yin, Liwina

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief: (i) the information contained in this announcement is accurate and complete in all material respects and not misleading; (ii) there are no other matters the omission of which would make any statements in this announcement misleading; and (iii) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable. This announcement will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication and on the website of the Company at www.it-holdings.com.

* for identification purposes only