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INNO-TECH HOLDINGS LIMITED
匯 創 控 股 有 限 公 司*
(incorporated in the Bermuda with limited liability)
(Stock Code: 8202)

**FORMATION OF JOINT VENTURE COMPANIES
TO MANAGE AND OPERATE HOTELS
IN THE PEOPLE'S REPUBLIC OF CHINA
AND
PRICE AND TRADING VOLUME MOVEMENT**

Formation of joint venture companies

Inno Investment, a wholly-owned subsidiary of the Company, entered into the JV Agreements with the PRC Partner, for the formation of (i) the BVI Joint Venture Company which will be principally engaged in investment holding; and (ii) the PRC Joint Venture Company, a sino-foreign co-operative joint venture to be established in Beijing, the PRC which will be principally engaged in the management and operation of hotels in the PRC in form of leasing, subcontracting, acquisition of assets or equity interests and lease-and-sale.

The JV Agreements is a master agreement between the parties in relation to the formation of the joint venture companies. The JV Agreements does not constitute a price-sensitive information of the Company nor a notifiable transaction.

Price and trading volume movement

The Directors noted the increase in the price and trading volume of the shares of the Company today and wish to state that they are not aware of any reasons for such increases.

FORMATION OF JOINT VENTURE COMPANIES

The JV Agreements

Inno Investment, a wholly-owned subsidiary of the Company, entered into the JV Agreement on 26 April 2007 (as supplemented by the Supplemental JV Agreement dated 1 May 2007) with the PRC Partner, for the formation of (i) the BVI Joint Venture Company which will be principally engaged in investment holding; and (ii) the PRC Joint Venture Company, a sino-foreign co-operative joint venture to be established in Beijing, the PRC which will be principally engaged in the management and operation of over 200 hotels in the PRC in form of leasing, subcontracting, acquisition of assets or equity interests and lease-and-sale.

The PRC Partner and its ultimate beneficial owner, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons and are not connected persons of the Company.

The following are the principal terms of the JV Agreements:

Capital contribution

Pursuant to the terms of the JV Agreements, the registered capital of the PRC Joint Venture Company will be RMB5,000,000 (equivalent to about HK\$5,000,000) and will be contributed wholly by Inno Investment. As its contribution, the PRC Partner will procure the granting of the relevant approvals, consents and licences to the PRC Joint Venture Company and the other relevant authorities. The Directors consider that given the business connection of the PRC Partner in the PRC, this capital contribution arrangement is fair and reasonable as it will ensure that all necessary approvals in the PRC can be obtained for the PRC Joint Venture Company to become operative. The Group intends to finance the capital contribution of Inno Investment to the BVI Joint Venture Company and the PRC Joint Venture Company from its internal resources.

Interest in the joint venture companies

Upon completion of the formation of the BVI Joint Venture Company and the PRC Joint Venture Company: (i) the BVI Joint Venture Company will be owned beneficially as to 70% by Inno Investment and as to the balance of 30% by the PRC Partner; and (ii) the PRC Joint Venture Company will be owned beneficially as to a majority by the BVI Joint Venture Company and as to the balance by the PRC Partner or an affiliated company of the PRC Partner.

Term of co-operation

The co-operation period of the parties will be 50 years from the date of the JV Agreement, or such other period as approved by the governmental authorities.

Exclusive right

Inno Investment or its nominees shall have the exclusive right to acquire the equity interests of the hotels involved at a consideration equivalent to the market value of such hotels as assessed by a valuer within three years after the establishment of the PRC Joint Venture Company. Upon the expiry of such three-year period, the BVI Joint Venture Company shall have the first right of refusal to acquire the equity interests of the hotels involved on terms identical to the other offers. Pursuant to the JV Agreement, the PRC Partner agrees not to engage in any cooperation or joint venture with other parties in respect of the hotel business. The Company will comply with the GEM Listing Rules in the event such transactions materialise and further announcements will be made as and when appropriate.

Management right

The PRC Joint Venture Company may authorise Inno Investment or parties nominated by Inno Investment and acceptable to the PRC Joint Venture Company (the "Manager"), to take possession of and continue to operate and manage, the business of the hotels involved and to supervise and monitor the implementation and compliance of the rules and regulations set for the operation of such hotel business and the Manager shall pay to the PRC Joint Venture

Company a sum equivalent to certain percents of the turnover of such hotel business as the property rental and land tax of such hotels. The Manager shall be responsible for the expenses incurred for the maintenance and the addition of new facilities to the hotels involved. The PRC Joint Venture Company will pay a sum equivalent to the certain percents of the turnover of such hotel business as the property rental and land tax of such hotels to the property owner of such hotels. The Company will comply with the GEM Listing Rules in the event such transactions materialise and further announcements will be made as and when appropriate.

Reasons for the JV Agreements

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.

During last two years, Group has continued with the development of the application software and hardware of the ApBus product line and the brand ApBus was accredited as “中國十大家居智能產品優秀品牌” (the Top 10 recommended brand for Intelligent Home Products) in China.

The Directors have always been proactive in seeking opportunities for expanding and enhancing its business by apply electronic software application solutions and ApBus products into different market segment. The Group has already expanded the application of its electronic software application solutions into medical services in the PRC. In April 2007, the Group has acquired a 56% interest in Autoscale Resources Limited which owns a 37.71% interest in United Premier Medical Group Limited, which provides medical management consultation services to hospital and medical institutions in the PRC and Macau Special Administrative Region of the PRC. The acquisition provides the Group with the platform and business network to further its existing business as well as further expansion into the hotel industry in the PRC. By combining the ApBus products of the Group with tailor made electronic software application solutions, Group will be able to expand into the hotel management industry, a fast growing industry under the economic development and expansion of the PRC.

The Directors consider that the entering into of the JV Agreements offers the Group an excellent entry point to the hotel management industry in the PRC which in due course could generate a significant growth of electronic software application solutions and ApBus products sales income to the Group.

General

The JV Agreements is a master agreement between the parties in relation to the formation of the joint venture companies. The JV Agreements does not constitute a price-sensitive information of the Company nor a notifiable transaction.

PRICE AND TRADING VOLUME MOVEMENT

The Directors noted the increase in the price and trading volume of the shares of the Company today and wish to state that they are not aware of any reasons for such increases.

The Directors also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 and 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by Rule 17.10 of the GEM Listing Rules, which is or may be of a price-sensitive nature.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings when used herein:

“Board”	the board of Directors
“BVI Joint Venture Company”	Inno Hotel Management Limited (匯創酒店管理有限公司), a company to be incorporated in the British Virgin Islands pursuant to the JV Agreement and the entire equity interests of which will be beneficially owned as to 30% and 70% by the PRC Partner and Inno Investment respectively
“Company”	Inno-Tech Holdings Limited (匯創控股有限公司)*, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on GEM
“connected persons”	has the meaning ascribed to it under the GEM Listing Rules
“Directors”	directors (including the independent non-executive directors) of the Company from time to time
“GEM”	the Growth Enterprise Market of the Stock Exchange
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Inno Investment”	Inno Investment Holdings Limited, a limited liability company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company
“JV Agreement”	the joint venture agreement dated 26 April 2007 and entered into between the PRC Partner and Inno Investment with respect to the formation of the joint venture companies, and where the context requires, the “JV Agreements” referred to the JV Agreement as supplemented by the Supplemental JV Agreement

“Manager”	has the meaning ascribed thereto in the paragraph headed “The JV Agreement – Management right” of this announcement
“PRC”	the People’s Republic of China, which, for the purpose of this announcement, shall excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“PRC Joint Venture Company”	a sino-foreign co-operative joint venture to be established in the PRC pursuant to the JV Agreement
“PRC Partner”	a company established in Hong Kong and principally engaged in investment holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supplemental JV Agreement”	the joint venture agreement dated 1 May 2007 and entered into between the PRC Partner and Inno Investment in supplemental to the JV Agreement
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Reminbi, the lawful currency of the PRC
“%”	per cent.

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

Hong Kong, 4 May 2007

* *for identification purpose only*

As at the date of this announcement, the Board comprises four executive Directors, namely, Ms. Wong Yuen Yee (Chairman), Mr. Wong Yao Wing, Robert (Deputy Chairman), Mr. Wong Kwok Sing and Mr. Lam Shiu San; and three independent non-executive Directors, namely Mr. Wong Tak Leung, Charles, Ms. Ho Chui Yin, Liwina and Mr. Lai Ying Sum.

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: (1) the information contained in this announcement is accurate and complete in all material respects and not misleading; (2) there are no other matters the omission of which would make any statement in this announcement misleading; and (3) all opinions expressed in this announcement have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

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

For the purpose of this announcement, unless otherwise indicated, conversion of RMB into HK\$ is calculated at the approximate exchange rate of HK\$1.00 to RMB1.00. This exchange rate is for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at this or any other rate at all.