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

**ANNOUNCEMENT**  
**CO-OPERATION AGREEMENT WITH**  
**CHINA RAILWAY INVESTMENT HOLDINGS**

**Co-operation Agreement with China Railway Investment Holdings**

On 29 May 2007, Inno Investment, a wholly owned subsidiary of the Company, entered into a co-operation agreement with China Railway Investment Holdings in relation to the investment, acquisition and management of hostels and hotels in the PRC.

**Formation of Joint Venture Companies**

The Company has received notifications from the PRC Partner alleging that it could not obtain the required approvals from the PRC regulatory authorities. In spite of repeated requests from the Company, no reasons or evidence has been produced to the Company to substantiate the allegations. The Company has sought legal advice and will take appropriate course of actions to protect the interests of the Company and the shareholders.

**Shareholders and potential investors are reminded to exercise caution in dealing in the shares of the Company.**

\* for identification purpose only

## CO-OPERATION AGREEMENT WITH CHINA RAILWAY INVESTMENT HOLDINGS

### 1. The Co-operation Agreement

- Date : 29 May 2007
- Parties : 1. Inno Investment, a wholly owned subsidiary of the Company
2. China Railway Investment Holdings, particulars of which are set out in the sub-paragraph headed “China Railway Investment Holdings” below.
- Term of co-operation : 50 years
- Responsibilities of the parties : Pursuant to the Co-operation Agreement, the parties agree in principle to co-operate in the investment, acquisition and management of hostels and hotels in the PRC.

China Railway Investment shall be responsible for, among others, (i) procuring a first right in respect of the about 3,700 hostels and hotels owned and/or managed by 瀋陽鐵路局旅遊集團總公司 (Shenyang Railway Bureau Tourism Group Co.\*) located at the north west three provinces of the PRC; and (ii) co-ordinating and assisting with the obtaining of the relevant approvals.

The Co-operation Agreement is a master framework agreement for co-operation. Terms of co-operation will be subject to further discussions between the parties. There is no fixed amount of investment, which is subject to further discussions. In case where China Railway Investment decides not to invest or participate in the management of a particular hostel or hotel, a consultation fee equivalent to HK\$100,000 or 3% to 5% of the acquisition price shall be payable to China Railway Investment by Inno Investment. Further announcement will be made by the Company as and when appropriate.

### 2. China Railway Investment Holdings

China Railway Investment is a company incorporated in the British Virgin Islands and engaged in investment of restructuring of properties of the railway system in the PRC. The shareholders of China Railway Investment includes China New Technic (H.K.) Limited, 北京大華世紀國際投資管理有限公司 (Beijing Daiwa Century International Investment Management Co., Ltd.\*) and 鐵道部瀋陽鐵路局瀋陽鐵道國際旅行社集團有限責任公司 (Shenyang Railway Bureau International Tourism Group Co. Ltd.\*). The shareholders of China New Technic (H.K.) Limited includes 中國鐵道建設總公司 (China Railway Construction Company\*) and 中國鐵路工程總公司 (China Railway Engineering Company\*).

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To the best of the Directors' knowledge, information and belief having made all reasonable enquiries,

- China Railway Investment Holdings and its beneficial owners are third parties independent of the Company and are not connected persons of the Company.
- China Railway Investment Holdings and its beneficial owners are independent of and not related to the PRC Partner, a party to the JV Agreements as referred to in the Announcement.

### **3. Reasons for entering into the Co-operation Agreement**

As it is the dual corporate strategy of the Company to strengthen its existing business, while at the time seek opportunities to expand into the medical industry and hotel industries utilizing its electronic software solutions as a platform, the Company is actively seeking appropriate business partners for expansion into the hotel industry. The Co-operation Agreement presents the Company with an opportunity to expand its business into the hotel industry in line with its corporate strategy.

## **FORMATION OF JOINT VENTURE COMPANIES**

Reference is made to the Announcement.

The Company has received notifications from the PRC Partner alleging that it could not obtain the required approvals from the PRC regulatory authorities. Under the JV Agreements, it is the obligations of the PRC Partner to obtain the relevant approvals, consents and licences from the PRC regulatory authorities for the establishment of the PRC Joint Venture Company and the operation of the business of the PRC Joint Venture Company. The Company has sought clarification from the PRC Partner as to the actions it has taken in obtaining the relevant approvals, consents and licences and the grounds and documentary evidence for concluding that the approvals could not be obtained. In spite of repeated requests, as at the date of this announcement, the Company has not received any of the requested information or reasons or evidence to substantiate the allegations of the PRC Partner. The Company has sought legal advice and will take appropriate course of action to protect the interests of the Company and the shareholders.

As at the date of this announcement, the Company has not yet made any capital contribution in relation to the formation of the joint venture companies. Furthermore, the Company is still looking for other co-operation opportunities for expansion into the hotel industry in the PRC and will continue to discuss with potential business partners to further its business expansion into the hotel industry in the PRC. As such, the Directors are of the view that the allegations of the PRC Partner will not affect the business and expansion plan of the Company.

## **GENERAL**

**Shareholders and potential investors are reminded to exercise caution in dealing in the shares of the Company.**

This announcement was made by the Company pursuant to Rule 17.10 of the Rules Governing the Listing of Securities on The Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

## DEFINITIONS

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

“Announcement”	the announcement made by the Company dated 4 May 2007 in respect of the formation of joint venture companies to manage and operate hotels in the PRC
“Board”	the board of Directors
“China Railway Investment Holdings”	China Railway Development & Investment Limited (中鐵發展投資有限公司)
“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
“Co-operation Agreement”	the co-operation agreement dated 29 May 2007 entered into between Inno Investment and China Railway Investment Holdings
“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 Agreements”	the joint venture agreement dated 26 April 2007 and entered into between the PRC Partner and Inno Investment (as supplemented by the supplemental agreement dated 1 May 2007) with respect to the formation of the joint venture companies
“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 Agreements

“PRC Partner”	a company established in Hong Kong and principally engaged in investment holding
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 29 May 2007

*As at the date of this announcement, the Board comprises of 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, Mr. Lai Ying Sum and Mr. Cheng King Hung.*

*This announcement, for which the directors of Inno-Tech Holdings Limited (the “Company”) (the “Directors”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited 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.*

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