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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)

**CONNECTED TRANSACTION
FORMATION OF THE JOINT VENTURE COMPANY
WITH SWISS-BELHOTEL
TO MANAGE AND OPERATE ECONOMY HOTELS
IN THE PEOPLE'S REPUBLIC OF CHINA**

The Company and Swiss-Belhotel are pleased to announce that on 10 October 2007, they have entered into the Joint Venture Agreement pursuant to which, inter alia, the parties agreed to incorporate the Joint Venture (either by themselves or their respective wholly-owned subsidiaries) which will be principally engaged in the management and operation of economy hotels in the PRC. Upon completion of the subscription of shares in the Joint Venture, the issued share capital of the Joint Venture will be held as to 70% by the Company (or its wholly-owned subsidiary) and as to 30% by Swiss-Belhotel (or its wholly-owned subsidiary) and thus the Joint Venture will become a subsidiary of the Company.

Since Swiss-Belhotel, which will be interested in 30% in the Joint Venture, will become a controller as a result of the Investment, the Joint Venture Agreement and the Investment contemplated thereunder constitutes a connected transaction for the Company under Rule 20.13(1)(b)(i) of the GEM Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 2.5%; or each of the percentage ratios (other than the profits ratio) is equal to or more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Investment will only be subject to the reporting and announcement requirements and will be exempt from the independent shareholders' approval requirements pursuant to Rule 20.32 of the GEM Listing Rules.

Introduction

Reference is made to an announcement of the Company dated 11 September 2007 in relation to the entering into of the JV Term Sheet by the Company and Swiss-Belhotel pursuant to which, inter alia, the parties agree to enter into a formal agreement regarding the formation of the Joint Venture which will be principally engaged in the management of economy hotels in the PRC.

On 10 October 2007, the Company and Swiss-Belhotel entered into the Joint Venture Agreement.

* *for identification purpose only*

The Joint Venture Agreement

Date: 10 October 2007

Parties: (1) The Company; and

(2) Swiss-Belhotel, a company incorporated in the British Virgin Islands. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Swiss-Belhotel and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Capital contribution: The Joint Venture will be principally engaged in the management and operation of economy hotels in the PRC. The initial capital contribution in the Joint Venture will be HK\$3 million and the total investment in the Joint Venture will be HK\$10 million which shall be contributed by the parties pro rata to their respective shareholding interests in the Joint Venture. The basis for arriving at the investment amount of HK\$10 million is the initial project total infrastructure expenses and working capital needed for the first 2 years since its establishment according to the initial business plan. Upon completion of subscription of shares in the Joint Venture, the Joint Venture will be owned as to 70% by the Company (or its wholly-owned subsidiary) and as to 30% by Swiss-Belhotel (or its wholly-owned subsidiary) and thus the Joint Venture will become a subsidiary of the Company.

Board of directors: The board of directors of the Joint Venture will consist of 6 directors being 4 appointed by the Company (or its wholly-owned subsidiary) and 2 appointed by Swiss-Belhotel (or its wholly-owned subsidiary). The chairman of the board of directors of the Joint Venture will be nominated by the Company (or its wholly-owned subsidiary) who will have a casting vote when there is an equality of votes at any board meeting of the Joint Venture.

Transfer: The parties enjoy right of first refusal, drag-along right and tag-along right in the event of transfer of shares in the Joint Venture.

Hotel Portfolio: The Joint Venture will initially target to manage no less than 3 hotels within the first year of its formation and to increase this target in subsequent years with an aim to achieve a hotel portfolio of no less than 15 economy hotels within 5 years of its formation. The target Hotel Portfolio shall consist of economy hotels of 2 stars or below in the PRC.

Branding: The Joint Venture shall establish and promote its brand and the hotels within the Hotel Portfolio which shall reflect the respective names of the parties and shall be co-branded with both "Inno-Tech" and "Swiss-Belhotel" brand names. References may also be made in the branding of the Hotel Portfolio as being affiliated and/or in any other

way related to “Swiss-Belhotel”. The initial agreed brandname for the Joint Venture and its proposed subsidiaries and the hotels within the Hotel Portfolio is “Inno-Swiss”.

Hotel training school: Swiss-Belhotel agrees to conduct or cause to be conducted a hotel training school in the PRC with an aim to source staff with adequate training for hotels within the hotel portfolio of the Joint Venture. Contractual arrangement is to be established between the hotel training school and the Joint Venture on a commercial basis.

GEM Listing Rules Implications

Since Swiss-Belhotel, which will be interested in 30% in the Joint Venture, will become a “controller” as a result of the Investment, the Joint Venture Agreement and the Investment contemplated thereunder constitutes a connected transaction for the Company under Rule 20.13(1)(b)(i) of the GEM Listing Rules. As each of the percentage ratios (other than the profits ratio) is less than 2.5%; or each of the percentage ratios (other than the profits ratio) is equal to or more than 2.5% but less than 25% and the total consideration is less than HK\$10,000,000, the Investment will be subject to the reporting and announcement requirements and will be exempt from the independent shareholders’ approval requirements pursuant to Rule 20.32 of the GEM Listing Rules.

Information on Swiss-Belhotel

Swiss-Belhotel is a company incorporated in the British Virgin Islands in 1992 with its headquarters based in Hong Kong and operations in Asia Pacific region and the Middle East. It has established strategic partnership with Swiss International Hotels which is an established marketing association of upmarket hotels and resorts, charming hideaway and boutique hotels world-wide with a Swiss connection based in Europe, headquartered in Zurich, Switzerland.

Swiss-Belhotel is principally engaged in the provision of management and pre-opening technical assistance services in all aspects of hotel, serviced apartment, club and golf operations, including operational management, project management and co-ordination, marketing, sales and public relations activities, technical and financial services. It manages a total of 31 international 3-star to 5-star hotels and hotel projects with a total of over 5,300 hotel rooms, in places such as China, Vietnam, Philippines, Indonesia, Malaysia, United Arab Emirates, Qatar, Kingdom of Saudi Arabia and Kuwait. Hotels in operation includes, inter alia, Swiss-Belhotel Changchun, Swiss-Belhotel Lotus Lake, Wuhan, Swiss-Belhotel on the Park, Wuhan, Swiss-Belhotel Hualun, Hefei, Hanoi Horizon Hotel, The Linden Suites, Manila, Hotel Ciputra Jakarta, Swiss-Belhotel Bay View, Bali, Swiss-Belhotel Golden Sand, Hoi An, and Swiss-Belhotel Plaza, Kuwait.

Swiss-Belhotel is also involved in the education sector of the hotel industry. It has been appointed to represent Blue Mountains Hotel School, Australian International Hotel School, Suzhou Tourism School and China Tourism Management Institute and has been involved in recruiting students, advising on the schools education programmes, introducing agents and contacts in Asia, encouraging staff and management of Swiss-Belhotel operations to continue their education and development through these institutions. Students from these schools are involved in industry placement training in a number of Swiss-Belhotel operations.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Swiss-Belhotel and its ultimate beneficial owners are third parties independent of the Company and are not connected persons of the Company.

Reasons for entering into the Joint Venture Agreement

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.

As 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 Company is actively seeking appropriate business partners for expansion into the hotel industry and has established a Hotel Management Department and the staffs under this department have possessed extensive hotel management experience and expertise. As part of the expansion strategy of the Company in the hotel industry, the Directors are of the view that the hotel industry in the PRC currently is experiencing exciting and tremendous growth, in particular, the economy hotel segment. To be in a position to effectively capture this growth, the Directors are of the view that the establishment of a hotel management business is crucial in their growth strategy. In view of the experienced international background and the strong connection in the hotel industry of Swiss-Belhotel, the Directors (including the independent non-executive Directors) are of the view that the Joint Venture Agreement presents the Company with a valuable opportunity to expand its business into the hotel industry in line with its corporate strategy and that the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable to and in the interests of the Company and shareholders of the Company as a whole.

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;
“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;
“controller”	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;
“Hotel Portfolio”	the hotel portfolio to be managed by the Joint Venture which shall consist of economy hotels in the PRC including hotels of a non-rated, 1-star or 2 star status;
“Investment”	The transactions contemplated in the Joint Venture Agreement;
“Joint Venture”	the joint venture company to be incorporated in the British Virgin Islands pursuant to the Joint Venture Agreement;
“Joint Venture Agreement”	the joint venture agreement dated 10 October 2007 and entered into between the Company and Swiss-Belhotel with respect to the formation of the Joint Venture;
“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;
“Swiss-Belhotel”	Swiss-Belhotel International Limited (瑞雅國際酒店業有限公司), a company incorporated in the British Virgin Islands with limited liability;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited; and
“%”	per cent.

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

Hong Kong, 11 October 2007

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, Mr. Lai Ying Sum and Mr. Cheng King Hung.

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.