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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)**

**DISCLOSEABLE TRANSACTION – ACQUISITION  
OF HOTEL ASSETS IN THE PEOPLE’S REPUBLIC OF CHINA  
AND  
RESUMPTION OF TRADING**

**Acquisition of hotel assets**

On 5 November 2007, Inno Hotel Investment, a wholly owned subsidiary of the Company entered into the Sale and Purchase Agreements with the Vendor in relation to the acquisition of the entire issued share capital of Sunny Team for a consideration of RMB13.5 million (equivalent to approximately HK\$14.07 million) and the entire issued share capital of China Earn for a consideration of RMB14 million (equivalent to approximately HK\$14.60 million).

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are Independent Third Parties.

Each of Sunny Team and China Earn will establish a wholly foreign enterprise in the PRC for the purpose of holding the Xindu Hotel Property and the Changlin Hotel Property. Completion of the Acquisitions will be conditional upon, among others, the establishment of the Sunny Team WFOE and the China Earn WFOE and the transfer of the title and delivery of vacant possession of the Xindu Hotel Property and the Changlin Hotel Property to each of the Sunny Team WFOE and the China Earn WFOE.

As the Acquisitions involved acquisition of the Sunny Team Share and the China Earn Share from the same vendor, the Acquisitions will be aggregated under Rule 19.23 of the GEM Listing Rules for the purpose of determining the relevant classification of the transactions. The acquisition of the Sale Shares in aggregate constitutes a discloseable transaction under 19.08 of the GEM Listing Rules. A circular containing details of the Sale and Purchase Agreements will be sent to the shareholders of the Company as soon as practicable.

\* *for identification purpose only*

### **First right of refusal**

The Vendor has granted to the Company a first right of refusal to acquire 20 hotel assets of the Vendor located at the Southern part, Northern part and Eastern part of China, within a period of 12 months from the date of the Undertaking.

### **Resumption of trading**

At the request of the Company, trading in the shares of the Company was suspended with effect 9:30 a.m. on Monday, 5 November 2007 and application has been made for resumption of trading of the shares of the Company with effect 9:30 a.m. on Wednesday, 7 November 2007.

## **A. ACQUISITION OF HOTEL ASSETS**

On 5 November 2007, Inno Hotel Investment, a wholly owned subsidiary of the Company and the Vendor entered into:

- (a) the Sunny Team S&P Agreement in relation to the acquisition of the entire issued share capital of Sunny Team for a consideration of RMB13.5 million (equivalent to approximately HK\$14.07 million); and
- (b) the China Earn S&P Agreement in relation to the acquisition of the entire issued share capital of China Earn for a consideration of RMB14 million (equivalent to approximately HK\$14.60 million).

The vendor is Smart Boom Development Limited 智盛發展有限公司, a company established in the British Virgin Islands. The principal business of the Vendor and its beneficial owners are engaged in the business of property investment in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Vendor and its ultimate beneficial owners are Independent Third Parties.

### **1. The Sunny Team S&P Agreement dated 5 November 2007**

#### *Parties*

The Vendor as the vendor and Inno Hotel Investment as the purchaser.

#### *Subject matter of the Sunny Team S&P Agreement*

One share of HK\$1.00 in the capital of Sunny Team, representing the entire issued share capital of the Sunny Team.

### *Consideration*

The consideration for Sunny Team Share is RMB13.5 million (equivalent to approximately HK\$14.07 million) and shall be satisfied by Inno Hotel Investment in the following manner:

- (a) as to RMB1,350,000 (equivalent to approximately HK\$1.4 million) upon the signing of the Sunny Team S&P Agreement;
- (b) as to RMB3,650,000 (equivalent to approximately HK\$3.80 million) upon: (i) establishment of the Sunny Team WFOE and obtaining all the licences and permits required for its operation (the condition precedent referred to in sub-paragraph 3(b) below); and (ii) completion and satisfaction of the results of the due diligence review of the affairs of Sunny Team and the Sunny Team WFOE (the condition precedent referred to in sub-paragraph 3(e) below); and
- (c) the remaining balance in the amount of RMB8,500,000 (equivalent to approximately HK\$8.87 million) will be paid in cash upon completion of the Sunny Team S&P Agreement.

The Sunny Team Consideration is arrived at after arm's length negotiation between the parties taking into account the cost of acquisition of the Xindu Hotel Property by the Vendor. The Directors consider the Sunny Team Consideration to be fair and reasonable having considered: (i) the present good condition of the state of the Xindu Hotel Property; (ii) that the Sunny Team Consideration represents a less than 10% premium over the acquisition costs of the Vendor; and (iii) the market value of properties of similar size and quality within the proximity of the Xindu Hotel Property based on the market knowledge of the Directors and the senior management of the Company. The Company intends to finance the payment of the Sunny Team Consideration with internal resources.

## **2. The China Earn S&P Agreement dated 5 November 2007**

### *Parties*

The Vendor as the vendor and Inno Hotel Investment as the purchaser.

### *Subject matter of the China Earn S&P Agreement*

One share of HK\$1.00 in the capital of China Earn, representing the entire issued share capital of the China Earn.

### *Consideration*

The consideration for China Earn Share is RMB14 million (equivalent to approximately HK\$14.60 million) and shall be satisfied by Inno Hotel Investment in the following manner:

- (a) as to RMB500,000 (equivalent to approximately HK\$0.52 million) upon the signing of the China Earn S&P Agreement;

- (b) as to RMB2,800,000 (equivalent to approximately HK\$2.92 million) upon: (i) establishment of the China Earn WFOE and obtaining all the licences and permits required for its operation (the condition precedent referred to in sub-paragraph 3(b) below); and (ii) completion and satisfaction of the results of the due diligence review of the affairs of China Earn and the China Earn WFOE (the condition precedent referred to in sub-paragraph 3(e) below); and
- (c) the remaining balance in the amount of RMB10,700,000 (equivalent to approximately HK\$11.16 million) will be paid in cash upon completion of the China Earn S&P Agreement.

The China Earn Consideration is arrived at after arm's length negotiation between the parties taking into account the cost of acquisition of the Changlin Hotel Property by the Vendor. The Directors consider the China Earn Consideration to be fair and reasonable having considered: (i) the present good condition of the state of the Changlin Hotel Property; (ii) that the China Earn Consideration represents a less than 10% premium over the acquisition costs of the Vendor; and (iii) the market value of properties of similar size and quality within the proximity of the Changlin Hotel Property based on the market knowledge of the Directors and the senior management of the Company. The Company intends to finance the payment of the China Earn Consideration with internal resources.

### **3. Conditions precedent of the Sale and Purchase Agreements**

The Sale and Purchase Agreements are conditional upon fulfilment of the following conditions on or before 31 March 2008:

- (a) the obtaining of an opinion from a firm of PRC lawyers to the satisfaction of Inno Hotel Investment on: (i) the valid establishment of the Sunny Team WFOE or the China Earn WFOE (as the case may be) and full contribution of the registered capital; (ii) the transfer of the title of the Xindu Hotel Property or Changlin Hotel Property to the Sunny Team WFOE or the China Earn WFOE (as the case may be); (iii) the release of the existing mortgages over the Xindu Hotel Property and the Changlin Hotel Property; and (iv) the Sunny Team WFOE or the China Earn WFOE having obtained all necessary approvals, licences and permits for the operation of its business;
- (b) due establishment of the Sunny Team WFOE and the China Earn WFOE and each of the Sunny Team WFOE and the China Earn WFOE have obtained all necessary approvals, licences and permits for the operation of its business;
- (c) full repayment of the outstanding loans secured by mortgages over the Xindu Hotel Property and the Changlin Hotel Property and the release of the existing mortgage over the Xindu Hotel Property and Changlin Hotel Property and registration of such release with the relevant authorities;
- (d) the transfer of the title of the Xindu Hotel Property and the Changlin Hotel Property to the Sunny Team WFOE and the China Earn WFOE (as the case may be) and each of the Sunny Team WFOE and the China Earn WFOE having taken possession of the Xindu Hotel Property and the Changlin Hotel Property and the ancillary facilities therein;

- (e) completion of the due diligence review of the affairs of Sunny Team and the Sunny Team WFOE or China Earn and the China Earn WFOE (as the case may be) to the satisfaction of Inno Hotel Investment on or before 31 January 2008;
- (f) approval of the Acquisitions by the board of directors of Inno Hotel Investment and the Company, respectively; and
- (g) the representations and warranties in respect of Sunny Team and the Xindu Hotel Property as contained in the Sunny Team S&P Agreement and China Earn and the Changlin Hotel Property as contained in the China Earn S&P Agreement, as the case may be, remaining true and accurate.

The Sunny Team S&P Agreement and the China Earn S&P Agreement is not conditional on each other. The abovementioned conditions can be waived at the discretion of Inno Hotel Investment. If any of the conditions cannot be fulfilled or waived by 31 March 2008, either of the Sale and Purchase Agreements will be terminated and the Vendor will have to refund such amount of the consideration which it has received (without interests) to Inno Hotel Investment.

#### **4. Completion**

Completion of the Sunny Team S&P Agreement and the China Earn S&P Agreement will take place on the seventh business day after fulfillment or waiver of the conditions precedent referred to in sub-paragraph 3 above.

### **B. INFORMATION ON SUNNY TEAM AND CHINA EARN**

#### **1. Sunny Team**

Sunny Team is a company incorporated in Hong Kong on 13 September 2007. Sunny Team was incorporated for the sole purpose of establishing the Sunny Team WFOE, a wholly foreign enterprise to be established in the PRC. The registered capital of the Sunny Team WFOE is expected to be RMB13 million and will be fully paid up by the Vendor. The title of the Xindu Hotel Property will be transferred to the Sunny Team WFOE upon the establishment of the Sunny Team WFOE. Since its incorporation, Sunny Team has not engaged in any business activities. Accordingly, as at the date of this announcement, Sunny Team does not have any asset or any profit or loss.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the current legal owner of the Xindu Hotel Property and its beneficial owners are Independent Third Parties. The Vendor has a contractual arrangement with the current legal owner of the Xindu Hotel Property to acquire the property. The transfer of the title of the Xindu Hotel Property to the Sunny Team WFOE is a condition precedent of the Sunny Team S&P Agreement. The Xindu Hotel Property comprises one nine-storey building and one five-storey building located at No. 106, Guangming Road, Kaiping, the PRC, with a floor area of 6,210.18 square metre and 635.98 square metre, respectively and car parking spaces with an area of 755.50 square metre located at No. 107 Guangming Road, Kaiping, the PRC. The buildings were completed in 1993 and 2001, respectively and are approved for office and hotel purposes. The Company does not intend to make further capital investment on the Xindu Hotel Property and will take possession of the property in its present condition.

The Xindu Hotel Property is currently occupied and operated as a hotel by an Independent Third Party who is not the current legal owner. The Company is in the course of seeking financial information about the existing business and information obtained will be disclosed in the circular. It is a term of the Sunny Team S&P Agreement that the current arrangement to operate the Xindu Hotel Property will be terminated prior to delivery of possession to the Sunny Team WFOE and vacant possession of the Xindu Hotel Property will be delivered at completion. Although the Group intends to operate hotel business at the Xindu Hotel Property, Inno Hotel Investment will not be acquiring the existing business of the Xindu Hotel Property.

## **2. China Earn**

China Earn is a company incorporated in Hong Kong on 13 September 2007. China Earn was incorporated for the sole purpose of establishing the China Earn WFOE, a wholly foreign enterprise to be established in the PRC. The registered capital of the China Earn WFOE is expected to be RMB13 million and will be fully paid up by the Vendor. The title of the Changlin Hotel Property will be held by the China Earn WFOE upon the establishment of the China Earn WFOE. Since its incorporation, China Earn has not engaged in any business activities. Accordingly, as at the date of this announcement, China Earn does not have any asset or any profit or loss.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the current legal owner of the Changlin Hotel Property and its beneficial owners are Independent Third Parties. The Vendor has a contractual arrangement with the current legal owner of the Changlin Hotel Property to acquire the property. The transfer of the title of the Changlin Hotel Property to the China Earn WFOE is a condition precedent of the China Earn S&P Agreement. The Changlin Hotel Property comprises one two-storey building and one seven-storey building located at Nos. 216 & 218, Tianjin Street, Jilin City, Jilin Province, the PRC with a floor area of 346.20 square metre and 3,597.00 square metre, respectively. The land is approved for food, beverages and hotel businesses and the buildings are approved for public utilities and commercial services purposes. The buildings were completed in 1998 and 1987, respectively. The Company does not intend to make further capital investment on the Changlin Hotel Property and will take possession of the property in its present condition.

The Changlin Hotel Property is currently occupied and operated as a hotel by the current legal owner. The Company is in the course of seeking financial information about the existing business and information obtained will be disclosed in the circular. It is a term of the China Earn S&P Agreement that the operation at the Changlin Hotel Property will be terminated prior to delivery of possession to the China Earn WFOE and vacant possession of the Changlin Hotel Property will be delivered at completion. Although the Group intends to operate hotel business at the Changlin Hotel Property, Inno Hotel Investment will not be acquiring the existing business of the Changlin Hotel Property.

## **C. FIRST RIGHT OF REFUSAL**

On 5 November 2007, the Vendor has given an unconditional and irrevocable undertaking to the Company to grant to the Company a first right of refusal to acquire 20 hotel assets of the Vendor located at the Southern part, Northern part and Eastern part of China, within a period of 12 months from the date of the Undertaking. The terms of the acquisition of such hotel assets are subject to further negotiation of the parties upon exercise of the first right of refusal by the Company.

#### **D. REASONS FOR ACQUISITION OF THE HOTEL ASSETS AND THE FIRST RIGHT OF REFUSAL**

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. 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. In April 2007, the Group acquired a 56% interest in Autoscale Resources Limited, which holds approximately 37.7% of the ordinary shares of United Premier Medical Group Limited, which together with its subsidiaries are engaged in the business of infrastructure investment in boutique units in hospitals or medical centres of its business partners and providing hospital management and medical consultation services through co-operation with hospitals and medical institutions and experience healthcare experts and medical consultants.

The expansion strategy of the Group into the hotel industry comprises: (i) provision of hotel management services; and (ii) own and management of hotel assets. In pursuit of the first limb of this expansion strategy, it was announced on 11 October 2007, that the Group has entered into a joint venture agreement 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 signed nine management contracts with Independent Third Parties in relation to the management of nine hotels located in the Guangdong Province, the PRC.

The acquisition of Sunny Team and China Earn and hence the Xindu Hotel Property and the Changlin Hotel Property is a first step for the Group to implement the second limb of the expansion strategy. As mentioned in the paragraph headed “Information on Sunny Team and China Earn” above, the Group intends to operate hotel business at the Xindu Hotel Property and Changlin Hotel Property after completion of the Acquisitions. The Directors and members of the senior management of the Group have substantive experience in real estate management and hospitality business. Leveraged on the experience of the Directors and the senior management of the Group, the Directors believe the Group is able to further expand and develop in the hotel industry. In addition, the Directors believe that the first right of refusal pursuant to the Undertaking would further enhance the Group’s development and expansion into the hotel industry as it gives the Group the right to further acquire a sizeable portfolio of hotel assets in China.

The Directors are of the view that the terms of the Sale and Purchase Agreements are fair and reasonable and in the interest of the Company and its shareholders as a whole.

#### **E. GENERAL**

As the Acquisitions involved acquisition of the Sunny Team Share and the China Earn Share from the same vendor, the Acquisitions will be aggregated under Rule 19.23 of the GEM Listing Rules for the purpose of determining the relevant classification of the transactions. The acquisition of the Sale Shares in aggregate constitutes a discloseable transaction under 19.08 of the GEM Listing Rules. A circular containing details of the Sale and Purchase Agreements will be sent to the shareholders of the Company as soon as practicable.

## **F. RESUMPTION OF TRADING**

At the request of the Company, trading in the shares of the Company was suspended with effect 9:30 a.m. on Monday, 5 November 2007 and application has been made for resumption of trading of the shares of the Company with effect 9:30 a.m. on Wednesday, 7 November 2007.

## **G. DEFINITIONS**

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

“Acquisitions”	the acquisition of the Sunny Team Share and the China Earn Share as contemplated under the Sunny Team S&P Agreement and the China Earn S&P Agreement, respectively;
“Board”	the board of Directors;
“Changlin Hotel Property”	the property comprises certain buildings located at Nos. 216 and 218, Tianjin Street, Jilin City, Jilin Province, the PRC with a floor area of 346.20 square metre and 3,597.00 square metre, respectively;
“China Earn”	China Earn Limited 中澤有限公司;
“China Earn Consideration”	the amount of RMB14 million (equivalent to approximately HK\$14.60 million);
“China Earn S&P Agreement”	the sale and purchase agreement dated 5 November 2007 entered into between the Vendor and Inno Hotel Investment in relation to the China Earn Share;
“China Earn Share”	the one share of HK\$1.00 in the capital of China Earn;
“China Earn WFOE”	the wholly foreign enterprise to be established in the PRC and wholly owned by China Earn;
“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;
“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;

\* *for identification purpose only*



“Group”	the Company and its subsidiaries;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Third Party(ies)”	third party(ies) independent of the Company and the connected persons of the Company (within the meaning of the GEM Listing Rules);
“Inno Hotel Investment”	Inno Hotel Investment & Management Holdings Limited, a company incorporated in the British Virgin Islands and a wholly owned subsidiary of the Company;
“PRC” or “China”	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;
“Sale and Purchase Agreements”	the Sunny Team S&P Agreement and the China Earn S&P Agreement;
“Sale Shares”	the Sunny Team Share and the China Earn Share;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunny Team”	Sunny Team Corporation Limited 日滙有限公司;
“Sunny Team Consideration”	the amount of RMB13.5 million (equivalent to approximately HK\$14.07 million);
“Sunny Team S&P Agreement”	the sale and purchase agreement dated 5 November 2007 entered into between the Vendor and Inno Hotel Investment in relation to the Sunny Team Share;
“Sunny Team Share”	the one share of HK\$1.00 in the capital of Sunny Team;
“Sunny Team WFOE”	the wholly foreign enterprise to be established in the PRC and wholly owned by Sunny Team;
“Undertaking”	the undertaking by the Vendor to the Company dated 5 November 2007 as more particularly described in the paragraph headed “First right of refusal” in the announcement;
“Vendor”	Smart Boom Development Limited 智盛發展有限公司, a company established in the British Virgin Islands;
“Xindu Hotel Property”	the property comprises certain buildings located at No. 106, Guangming Road, Kaiping, the PRC, with a floor area of 6,210.18 square metre and 635.98 square metre, respectively and car parking spaces with an area of 755.50 square metre located at No. 107 Guangming Road, Kaiping, the PRC;

“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC;
“%”	per cent.

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

Hong Kong, 6 November 2007

*In this announcement, all amounts in RMB are converted into HK\$ at the exchange rate of RMB0.959: HK\$1.00. The conversion rate is for the purpose of illustration only and does not constitute a representation that any amounts have been, could have been, or may be exchanged at the aforementioned or any other rates.*

*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](http://www.hkgem.com) and on the website of the Company at [www.it-holdings.com](http://www.it-holdings.com) for 7 days from the date of this posting.*