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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Inno-Tech Holdings Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser or transferee.

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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**

This circular will remain on the GEM website at www.hkgem.com on the “Latest Company Announcements” page for 7 days from the day of its posting.

CHARACTERISTICS OF GEM

GEM has been established as a market designed to accommodate companies to which a high investment risk may be attached. In particular, companies may list on GEM with neither a track record of profitability nor any obligation to forecast future profitability. Furthermore, there may be risks arising out of the emerging nature of companies listed on GEM and the business sectors or countries in which the companies operate. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the main board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcements in newspapers. Accordingly, prospective investors should note that they need to have access to the GEM website in order to obtain up-to-date information on GEM-listed issuers.

RESPONSIBILITY STATEMENT

This circular, for which the directors of 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 (“GEM”) on 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 circular 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 circular misleading; and (3) all opinions expressed in this circular 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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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context requires otherwise:

| | |
|----------------------------|---|
| “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; |
| “Group” | the Company and its subsidiaries; |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC; |

* for identification purpose only

DEFINITIONS

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|--------------------------------|---|
| “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; |
| “Latest Practicable Date” | 26 November 2007, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular; |
| “PRC” or “China” | the People’s Republic of China, which, for the purpose of this circular, shall excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan; |
| “Sale Shares” | the Sunny Team Share and the China Earn Share; |
| “Sale and Purchase Agreements” | the Sunny Team S&P Agreement and the China Earn S&P Agreement; |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong; |
| “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; |
| “Vendor” | Smart Boom Development Limited 智盛發展有限公司, a company established in the British Virgin Islands; |

DEFINITIONS

| | |
|------------------------|---|
| “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. |

In this circular, 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.

LETTER FROM THE BOARD



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

Directors:

Ms. Wong Yuen Yee (*Chairman*)
Mr. Wong Yao Wing, Robert (*Deputy Chairman*)
Mr. Wong Kwok Sing
Mr. Lam Shiu San
Mr. Wong Tak Leung, Charles*
Mr. Lai Ying Sum*
Mr. Cheng King Hung*

* *Independent Non-Executive Director*

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Room 903
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Wanchai
Hong Kong

28 November 2007

To the Shareholders

Dear Sir or Madam,

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

1. INTRODUCTION

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).

* *for identification purpose only*

LETTER FROM THE BOARD

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 Rule 19.08 of the GEM Listing Rules.

The purpose of this circular is to provide you with further information relating to the Sale and Purchase Agreements.

2. 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.

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.

LETTER FROM THE BOARD

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 obtained through physical inspection of the hotel properties; checking the prices of real estates within the vicinity; and cross checking the information with valuation firms on an informal basis. The Company intends to finance the payment of the Sunny Team Consideration with internal resources.

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.

LETTER FROM THE BOARD

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.

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;

LETTER FROM THE BOARD

- (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.

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.

LETTER FROM THE BOARD

3. INFORMATION ON SUNNY TEAM AND CHINA EARN

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 Latest Practicable Date, 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, the current operator of the Xindu Hotel Property, the Vendor and their respective beneficial owners and associates are Independent Third Parties and are independent and not connected with each other. 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 has requested for the financial information about the existing business but the current operator did not agree to provide any such information. The Company had used its best endeavours and exhausted all means to gather the information required under Rule 19.58(7) and (8) of the GEM Listing Rules. As Inno Hotel Investment will not acquire the existing business of the Xindu Hotel Property, the Directors are of the view that such information is not relevant to the present transaction. 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. As such, the Directors confirm that information regarding the Sunny Team S&P Agreement contained in this circular complies with Rule 17.56(2) of the GEM Listing Rules.

LETTER FROM THE BOARD

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 Latest Practicable Date, 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, the Vendor and their respective beneficial owners and associates are Independent Third Parties and are independent and not connected with each other. 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 has requested for the financial information about the existing business but the current operator did not agree to provide any such information. The Company had used its best endeavours and exhausted all means to gather the information required under Rule 19.58(7) and (8) of the GEM Listing Rules. As Inno Hotel Investment will not acquire the existing business of the Changlin Hotel Property, the Directors are of the view that such information is not relevant to the present transaction. 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. As such, the Directors confirm that information regarding the China Earn S&P Agreement contained in this circular complies with Rule 17.56(2) of the GEM Listing Rules.

LETTER FROM THE BOARD

4. REASONS FOR ACQUISITION OF THE HOTEL ASSETS

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.

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.

Furthermore, the Acquisitions are not expected to have any material impact on the earnings and assets and liabilities of the Group.

LETTER FROM THE BOARD

5. FURTHER INFORMATION

Your attention is drawn to the general information set out in the appendix to this circular.

By order of the Board
INNO-TECH HOLDINGS LIMITED
Wong Yuen Yee
Chairman

1. RESPONSIBILITY STATEMENT

This circular, 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:

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

This circular includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with respect to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors' and chief executives' interest in the Company

As at the Latest Practicable Date, the interests or short position of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV and Section 347 of the SFO (including interests or short positions which is taken or deemed to have taken under such provisions of the SFO); or are required, pursuant to Section 352 of the SFO, to

be entered in the register referred to therein; or as required, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors to be notified to the Company and the Stock Exchange are as follows:

(i) *Beneficial interest and short position in Shares as at the Latest Practicable Date*

| Name of director | Personal Interests | Corporate Interests | Aggregate Interests | Percentage of the Company's issued share capital |
|------------------------------------|--------------------|---------------------|---------------------|--|
| Ms. Wong Yuen Yee (Note 1) | 183,178,500 | 97,362,000 | 280,540,500 | 23.67% |
| Mr. Wong Kwok Sing (Note 1) | 7,678,500 | 97,362,000 | 105,040,500 | 8.86% |
| Mr. Wong Yao Wing, Robert (Note 1) | 183,178,500 | 97,362,000 | 280,540,500 | 23.67% |
| Mr. Lam Shiu San (Note 1) | 6,018,500 | 97,362,000 | 103,380,500 | 8.72% |
| Mr. Cheng King Hung | 700,000 | – | 700,000 | 0.06% |

Notes:

- The 97,362,000 Shares are held by Multiturn Trading Limited, which is beneficially 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 Shiu San, respectively. Accordingly each of Ms. Wong Yuen Yee, Mr. Wong Kwok Sing, Mr. Wong Yao Wing, Robert and Mr. Lam Shiu San is deemed to be interested in the 97,362,000 Shares held by Multiturn Trading Limited under the SFO.
- Ms. Wong Yuen Yee, Mr. Wong Yao Wing, Robert and Multiturn Trading Limited are parties acting in concert under the Takeovers Code.

(ii) *Beneficial interests and short positions in underlying shares of equity derivatives of the Company as at the Latest Practicable Date:*

| Directors | Date of grant | No. of shares attached to the option | Exercisable period | Exercise price per share |
|-----------------------------|----------------|--------------------------------------|----------------------------------|--------------------------|
| Ms. Wong Yuen Yee | 23 August 2007 | 7,930,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Wong Kwok Sing | 23 August 2007 | 7,930,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Wong Yao Wing, Robert | 23 August 2007 | 7,930,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Lam Shiu San | 23 August 2007 | 7,930,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Wong Tak Leung, Charles | 23 August 2007 | 1,000,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Lai Ying Sum | 23 August 2007 | 1,000,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |
| Mr. Cheng King Hung | 23 August 2007 | 1,000,000 | 23 August 2007 to 22 August 2017 | HK\$0.63 |

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or their associates as well as the chief executives of the Group had any interests or short positions in the Shares and underlying Shares of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the minimum standards of dealing by the Directors as referred to in Rules 5.46 to 5.67 of the GEM Listing Rules.

(b) Substantial Shareholders' interests in the Company

As at the Latest Practicable Date, so far as is known to the Directors, the following persons, not being Directors or chief executive of the Company had, or were deemed to have, interests or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be

interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group:

| Name | Capacity and nature of interest | Shares/equity derivatives | Number/ amount of Shares/equity derivatives held | Percentage of the Company's issued share capital as at the Latest Practicable Date |
|---------------------------|---------------------------------|---------------------------|--|--|
| Multiturn Trading Limited | Corporate (Note 1) | Shares | 97,362,000 | 8.22% |

Note:

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 Shiu San, respectively, all of whom are executive Directors.

Save as disclosed above, as at the Latest Practicable Date, the Directors are not aware of any other person, other than the Directors and the chief executive of the Company who had, or was deemed to have, interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is expected, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

3. SERVICE CONTRACTS OF DIRECTORS

As at the Latest Practicable Date, none of the Directors had or proposed to enter any service contract with the Company or any other member of the Group which is not expiring or determinable by the Group within one year without payment of compensation, other than statutory compensation.

4. LITIGATION

The Company and a subsidiary of the Group are defendants in a legal action involving the alleged default payment for one of the installment payments to the plaintiff. The said subsidiary of the Group had acquired certain intellectual property in 2004 with consideration payable by quarterly installments and the Company is a guarantor.

The plaintiff is claiming for the amount of HK\$2,550,000, being the full remaining balances of the consideration payable to the plaintiff in June 2006, together with interest thereon and cost. The Group settled the disputed installment payment as well as the subsequent installments which were due for repayment from time to time. The remaining balance of the consideration payable of HK\$1,300,000 to the plaintiff as at 30 September 2007 had already been included in the Group's consolidated balance sheet.

The directors of the Company, based on legal advice, consider that the action will remain pending for a while but it can be successfully defended and therefore no further provision will be required.

Save as disclosed above, as at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Group.

5. COMPETING INTEREST

As at the Latest Practicable Date, in so far as the Directors are aware, none of the Directors or their respective associates (as defined in the GEM Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. THE COMPANY'S AUDIT COMMITTEE

The Company's audit committee comprises of three members, namely Mr. Wong Tak Leung, Charles ("Mr. Wong"), Mr. Lai Ying Sum ("Mr. Lai") and Mr. Cheng King Hung ("Mr. Cheng"), all of whom are independent non-executive Directors.

Mr. Wong graduated from The University of Hong Kong in 1972 with a bachelor degree of Science and became a Solicitor of the Supreme Court of Hong Kong in 1976, a solicitor of the Supreme Court of England & Wales in 1978, Barrister & Solicitor of the Supreme Court of Victoria, Australia in 1983, a Notary Public since 1987, Advocate & Solicitor of Supreme Court of Republic of Singapore in 1990. Mr. Wong is currently a partner of Messrs. Lo, Wong & Tsui, Solicitors. Mr. Wong has sat as a Temporary Deputy Registrar of the High Court and he is also an Assistant Chief Commissioner of the Scout Association of Hong Kong.

Mr. Lai is the proprietor of Sam Lai & Co., a CPA firm in Central. Mr. Lai was admitted as member and fellow member of the Association of Chartered Certified Accountants in 1994 and 1999 respectively. He has over 16 years of experience in auditing and serving as an advisor of different companies. Mr. Lai holds two master degrees, an MBA degree from the University of Edinburgh and a Master of Science Degree in Business Economics from the Chinese University of Hong Kong. Mr. Lai also holds a Bachelor Degree of Laws from the University of London and is a member of the Taxation Institute of Hong Kong.

Mr. Cheng graduated from the Southern Illinois University at Carbondale, United States of America with a Bachelor of Science in Special Major: Film-Television Communication in 1980. Mr. Cheng obtained the degree of Master of Philosophy in Communication from the Chinese University of Hong Kong in 1986 and the degree of Doctor of Philosophy from the Research Institute in Chinese Literature and History, Hong Kong Chu Hai College in 1991. Mr. Cheng has worked as a copywriter with the Television and Broadcasting Limited from 1980 to 1981. Between 1981 and 1990, Mr. Cheng was an

information officer with the Government Information Services. Mr. Cheng left the civil service in 1990 to join the Kowloon-Canton Railway Corporation as a community relations manager until 1992. Mr. Cheng was Head of News & Media Section of Hong Kong University of Science and Technology between 1992 to 2000. Mr. Cheng has been a school manager of YLPMS Tang Siu Tong Secondary School since 2005 and is currently the chairman of Writers Fellowship and executive committee member of Group 26 (environmental industries) of the Federation of Hong Kong Industries.

None of the three audit committee members have served or are serving as directors of other companies listed on the GEM or the Main Board of the Stock Exchange or any other stock exchanges. The function of the Company's audit committee includes, among other things:

- (a) to consider and make recommendations to the Board on the appointment, reappointment and removal of the external auditors, to approve the audit fees and terms of engagement, and any questions of their resignation or dismissal;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; and
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services.

7. MISCELLANEOUS

- (a) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.
- (b) The head office and principal place of business of the Company is at Room 903 Tung Wai Commercial Building, 109-111 Gloucester Road, Wan Chai, Hong Kong.
- (c) The company secretary of the Company is Mr. Li Kar Fai, Peter who is also the qualified accountant of the Company. Mr. Li is a member of the Hong Kong Institute of Certified Public Accountants.
- (d) The compliance officer of the Company is Mr. Wong Yao Wing, Robert.
- (e) The English text of this circular shall prevail over the Chinese text for the purpose of interpretation.