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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
PROPERTIES IN THE PEOPLE’S REPUBLIC OF CHINA**

Acquisition of hotel properties in Kaiping City, Guangdong Province, the PRC

On 4 February 2008, Inno Hotel Investment, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor in relation to the acquisition of the entire issued share capital of Homesmart for a consideration of RMB20 million (equivalent to approximately HK\$20.86 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.

Homesmart will establish a wholly foreign owned enterprise in the PRC for the purpose of holding the Kaiping Hotel Property. Completion of the Acquisition will be conditional upon, among others, the establishment of Homesmart WFOE and the transfer of title of the Kaiping Hotel Property to Homesmart WFOE.

Reference is made to an announcement of the Company dated 6 November 2007 in relation to the Previous Acquisitions. As the Previous Acquisitions and the Acquisition involved acquisition of property interests from the same beneficial owner within a 12 month period, the Previous Acquisitions and the Acquisition will be aggregated under Rule 19.23 of the GEM Listing Rules for the purpose of determining the relevant classification of the transactions. Save for the Previous Acquisition and the Acquisition, the Company does not have any other transaction with the Vendor and/or its ultimate beneficial owners. The acquisition of the Sale Shares in aggregate constitutes a discloseable transaction for the Company under Rule 19.08 of the GEM Listing Rules. A circular containing details of the Sale and Purchase Agreement will be sent to the shareholders of the Company as soon as practicable.

* *for identification purposes only*

A. ACQUISITION OF HOTEL PROPERTIES IN KAIPING CITY, GUANGDONG PROVINCE, THE PRC

On 4 February 2008, Inno Hotel Investment, a wholly-owned subsidiary of the Company, and the Vendor entered into the Sale and Purchase Agreement in relation to the acquisition of the entire issued share capital of Homesmart for a consideration of RMB20 million (equivalent to approximately HK\$20.86 million).

1. The Sale and Purchase Agreement dated 4 February 2008

Parties

(i) The Vendor:

Smart Boom Investments Limited 智盛投資有限公司, a company incorporated in the British Virgin Islands. The principal business of the Vendor and its beneficial owners are 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.

(ii) The purchaser:

Inno Hotel Investment, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company.

Subject matter of the Sale and Purchase Agreement

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

Consideration

The consideration for Homesmart Share is RMB20 million (equivalent to approximately HK\$20.86 million) and shall be satisfied by Inno Hotel Investment in the following manner:

- (a) as to RMB10 million (equivalent to approximately HK\$10.43 million) upon the signing of the Sale and Purchase Agreement;
- (b) as to RMB8 million (equivalent to approximately HK\$8.34 million) upon: (i) establishment of Homesmart WFOE and obtaining all the licences and permits required for its operation; and (ii) completion and satisfaction of the results of the due diligence review of the affairs of Homesmart and Homesmart WFOE; and
- (c) the remaining balance in the amount of RMB2 million (equivalent to approximately HK\$2.09 million) will be paid in cash upon completion of the Sale and Purchase Agreement.

The consideration is arrived at after arm's length negotiation between the parties taking into account the valuation of the Kaiping Hotel Property as at 29 January 2008 prepared by an independent property valuer of RMB20,000,000. The valuation was prepared on an open market basis by the Comparison Approach assuming sale in the existing state of the Kaiping Hotel Property subject to existing tenancies and by making reference to comparable sales evidence as available in the relevant market. The Directors consider the consideration to be fair and reasonable having considered: (i) the valuation of the independent property valuer and (ii) the present good condition and convenient location of the Kaiping Hotel Property. The Company intends to finance the payment of the consideration with internal resources.

Conditions precedent of the Sale and Purchase Agreement

The Sale and Purchase Agreement is conditional upon fulfilment of the following conditions on or before the Long Stop Date:

- (a) the obtaining of an opinion from a firm of PRC lawyers to the satisfaction of Inno Hotel Investment on, inter alia, (i) the valid establishment of Homesmart WFOE and full contribution of the registered capital; (ii) the transfer of the title of the Kaiping Hotel Property to Homesmart WFOE; (iii) all operational leases on the Kaiping Hotel Property to be entered into by Homesmart WFOE are legally binding and enforceable and are in compliance with relevant laws and regulations of the PRC and that Homesmart WFOE shall be entitled to all rental income to be generated following completion of the Sale and Purchase Agreement; and (iv) Homesmart WFOE having obtained all necessary approvals, licences and permits for the operation of its business;
- (b) due establishment of Homesmart WFOE and Homesmart WFOE having obtained all necessary approvals, licences and permits for the operation of its business;
- (c) the transfer of title of the Kaiping Hotel Property to Homesmart WFOE and Homesmart WFOE having taken possession of the Kaiping Hotel Property and the ancillary facilities therein;
- (d) completion of the due diligence review of the affairs of Homesmart and Homesmart WFOE to the satisfaction of Inno Hotel Investment on or before the Long Stop Date;
- (e) approval of the Acquisition by the board of directors of Inno Hotel Investment and the Company, respectively; and
- (f) the representations and warranties in respect of Homesmart and the Kaiping Hotel Property as contained in the Sale and Purchase Agreement remaining true and accurate.

The abovementioned conditions can be waived at the discretion of Inno Hotel Investment. If any of the conditions cannot be fulfilled or waived by the Long Stop Date, the Sale and Purchase Agreement 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 Sale and Purchase Agreement will take place on the seventh business day after fulfillment or waiver of the conditions precedent referred to above.

2. Information on Homesmart and the Kaiping Hotel Property

Homesmart is a company incorporated in Hong Kong on 9 October 2007. Homesmart was incorporated for the sole purpose of establishing Homesmart WFOE, a wholly foreign owned enterprise to be established in the PRC. The registered capital of Homesmart WFOE is expected to be RMB18 million and will be fully paid up by the Vendor. The title of the Kaiping Hotel Property will be registered in the name of Homesmart WFOE upon its establishment. Since its incorporation, Homesmart has not engaged in any business activities. Accordingly, as at the date of this announcement, Homesmart 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 Kaiping Hotel Property and its beneficial owners are Independent Third Parties. The Vendor has a contractual arrangement with the current legal owner of the Kaiping Hotel Property to transfer the property to Homesmart WFOE at a consideration of RMB17.1 million (equivalent to approximately HK\$17.83 million). The transfer of the title of the Kaiping Hotel Property to Homesmart WFOE is a condition precedent of the Sale and Purchase Agreement. The Kaiping Hotel Property comprises two four-storey buildings and one seven-storey building located at No.22, Xi Jiao Road, Zhang Sha, San Bu Town, Kaiping City, Guangdong Province, the PRC, with a floor area of approximately 4,387.29 square metre. The Company will take possession of the property in its present condition subject to all existing operational arrangements.

As at the date of this announcement, the Kaiping Hotel Property contains a restaurant, a fast-food chain store, a hotel, a sauna and a wholesale shop which are operated by Independent Third Parties who are not the current legal owner. It is a condition precedent in the Sale and Purchase Agreement that such operational arrangements shall be entered into by Homesmart WFOE with the respective operators upon the establishment of Homesmart WFOE.

According to the information provided by the Vendor, the annual rentals derived from the Kaiping Hotel Property for the years ended 31 December 2006 and 31 December 2007 are RMB774,000 and RMB774,000, respectively.

B. REASONS FOR THE ACQUISITIONS OF THE HOTEL PROPERTIES

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 same time seeking opportunities to expand into the medical industry and hotel industry utilizing its electronic software solutions as a platform.

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.

On 5 November 2007, the Group entered into the China Earn S&P Agreement and the Sunny Team S&P Agreement and implemented the first step forward to the second limb of the expansion strategy and acquired property interests in hotel assets. The Acquisition is a further step to implement the second limb of the expansion strategy. 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 Agreement are fair and reasonable and in the interest of the Company and its shareholders as a whole.

C. GENERAL

As the Previous Acquisitions and the Acquisition involved acquisition of property interests from the same beneficial owner within a 12 month period, the Previous Acquisitions and the Acquisition will be aggregated under Rule 19.23 of the GEM Listing Rules for the purpose of determining the relevant classification of the transactions. Save for the Previous Acquisition and the Acquisition, the Company does not have any other transaction with the Vendor and/or its ultimate beneficial owners. The acquisition of the Sale Shares in aggregate constitutes a discloseable transaction under Rule 19.08 of the GEM Listing Rules. A circular containing details of the Sale and Purchase Agreement will be sent to the shareholders of the Company as soon as practicable.

D. DEFINITIONS

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

“Acquisition”	the acquisition of the Homesmart Share as contemplated under the Sale and Purchase Agreement;
“Board”	the board of Directors;
“China Earn”	China Earn Limited 中澤有限公司;
“China Earn S&P Agreement”	the sale and purchase agreement dated 5 November 2007 entered into between Smart Boom Development Limited 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;
“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;

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“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;
“Homesmart”	Homesmart Properties Limited 康澤有限公司;
“Homesmart Share”	the one share of HK\$1.00 in the capital of Homesmart;
“Homesmart WFOE”	the wholly foreign owned enterprise to be established in the PRC and wholly owned by Homesmart;
“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;
“Kaiping Hotel Property”	the property comprises two four-storey buildings and one seven-storey building located at No.22 Xi Jiao Road, Zhang Sha, San Bu Town, Kaiping City, Guangdong Province, the PRC, with a total gross floor area of approximately 4,387.29 square metres;
“Long Stop Date”	Any date within 3 months from the date of the Sale and Purchase Agreement;
“Previous 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;
“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 Agreement”	the sale and purchase agreement dated 4 February 2008 entered into between the Vendor and Inno Hotel Investment in relation to the Homesmart Share;
“Sale Shares”	the Sunny Team Share, the China Earn Share and the Homesmart Share;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Sunny Team”	Sunny Team Corporation Limited 日匯有限公司;

“Sunny Team S&P Agreement”	the sale and purchase agreement dated 5 November 2007 entered into between Smart Boom Development Limited 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;
“Vendor”	Smart Boom Investments Limited 智盛投資有限公司, a company established in the British Virgin Islands;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“RMB”	Renminbi, the lawful currency of the PRC; and
“%”	per cent.

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

Hong Kong, 5 February 2008

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 and on the website of the Company at www.it-holdings.com for 7 days from the date of this posting.