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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)

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF APPROXIMATELY 23% INTEREST IN
GREAT CHINA MEDIA HOLDINGS LIMITED
AND
RESUMPTION OF TRADING

THE ACQUISITION

On 10 December 2008, Shiny Step, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Capital Base pursuant to which Capital Base has agreed to sell and Shiny Step has agreed to acquire approximately 23% of the issued share capital of Great China Media at a consideration of HK\$43,384,000 to be satisfied by the issue of the Convertible Note by the Company to Capital Base on Completion.

As at the date of this announcement, Capital Base is owned as to 50% by Ms. Wong Yuen Yee and as to 50% by Mr. Wong Kwok Sing, both are executive Directors. Accordingly, Capital Base is a connected person of the Company as defined under the GEM Listing Rules. Since the applicable percentage ratios set out in Rule 19.08 of the GEM Listing Rules in respect of the Acquisition exceed 2.5%, the Acquisition constitutes a non-exempt connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. In addition, since the relevant percentage ratio set out in Rule 19.08 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition also constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules.

* For identification purpose only

A circular containing, among other things, further details of the Acquisition, the advice of the independent financial adviser of the Company, the recommendation of the independent board committee of the Company and a notice of a special general meeting of the Company, will be dispatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 10 December 2008 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2008.

INTRODUCTION

On 10 December 2008, Shiny Step, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with Capital Base pursuant to which Capital Base has agreed to sell and Shiny Step has agreed to acquire approximately 23% of the issued share capital of Great China Media at a consideration of HK\$43,384,000 to be satisfied by the issue of the Convertible Note by the Company to Capital Base on Completion.

Set out below are the details of the Sale and Purchase Agreement:

THE SALE AND PURCHASE AGREEMENT

Date: 10 December 2008

Parties:

- (1) Vendor: Capital Base, an investment holding company owned as to 50% by Ms. Wong Yuen Yee and as to 50% by Mr. Wong Kwok Sing, both are executive Directors.
- (2) Purchaser: Shiny Step, a wholly-owned subsidiary of the Company.

Subject

238 shares in the issued share capital of Great China Media, representing approximately 23% of the issued share capital of Great China Media. There is no restriction on subsequent sale of the subject shares.

Consideration

The Consideration of HK\$43,384,000 is to be satisfied by the issue of the Convertible Note by the Company to Capital Base on Completion.

The Consideration was determined after arm's length negotiation with reference to the average price per share of Great China Media of HK\$185,000 paid by three existing shareholders of Great China Media other than Capital Base, who are parties independent of and not connected with the Company or its connected persons, in their respective investments (through subscription of new shares) made in April to May of 2007. Having considered the discount to the foregoing investment cost paid by the other independent investors of Great China Media, the Target Group is in its early stage of development with huge growth potential and other factors set out in the paragraphs headed "Reasons for and benefits of the Acquisition" below, the Directors (including the non-executive Directors) consider that the Consideration is fair and reasonable and on normal commercial terms, and are in the interests of the Shareholders as a whole.

Conditions

The Acquisition is conditional upon:

- (a) the passing at a general meeting of the Company of a resolution by the Independent Shareholders to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with the GEM Listing Rules;
- (b) completion of the legal and financial due diligence review of the business, affairs, operation and financial position of the Group and the due incorporation of, the valid existence of and the power and capacity to carry on business by the Group to the satisfaction of Shiny Step; and
- (c) the granting by the Listing Committee of the Stock Exchange of a listing of and permission to deal in the Shares to be issued upon exercise of the conversion rights under the Convertible Note.

Shiny Step may waive condition (b) at its sole discretion. Each of the parties shall use reasonable endeavours to procure that the conditions are satisfied on or before 28 February 2009.

Completion

Completion shall take place on or before 5:00 p.m. (Hong Kong time) falling five Business Days after the day on which all the conditions set out above have been fulfilled or, where permitted, waived (or at such other date as Shiny Step and Capital Base may agree in writing).

Major terms of the Convertible Note

Maturity : the second anniversary of the Issue Date

Interest : The Convertible Note shall bear no interest

Conversion price	:	HK\$0.0638 per Share, subject to adjustments in accordance with the terms and conditions of the Convertible Note in the event of share consolidation, share subdivisions, capitalization issues, capital distributions, rights issues of shares, options, warrants or other rights to subscribe for or purchase shares or issue of any other securities arising from a conversion or exchange of other securities.
Conversion right		The holder shall be entitled to convert the principal amount of the Convertible Note into Shares at the Conversion Price
Conversion period	:	<p>The conversion right may be exercised by the holder at any time during the period from the Issue Date up to (and excluding) the fifth business day immediately before the Maturity Date except:</p> <p>(a) during the periods or times in which Directors are prohibited from dealing in Shares under the required standard of dealings of the GEM Listing Rules or any other code(s) on securities dealing restrictions adopted by the Company with similar effect, if the holder is an associate of a Director; and</p> <p>(b) in respect of the Convertible Note for which a notice of redemption has been served by the Company on the holder.</p>
Redemption	:	The Company shall be entitled to redeem the Convertible Note at the face value of the outstanding principal sum at any time during the conversion period by giving not less than seven business days notice in writing to the holder except in respect of the Convertible Note for which a conversion notice or a settlement notice has been served by the holder on the Company.
Settlement on maturity	:	The holder may by giving a notice to the Company not less than six months before the Maturity Date requesting for settlement of the Convertible Note by issue of conversion shares to the holder at the Conversion Price.

- Transferability : The Convertible Note is freely transferable other than to connected persons of the Company and except in respect of the Convertible Notes:
- (a) a conversion notice has been served by the holder on the Company;
 - (b) a redemption notice has been served by the Company on the holder; or
 - (c) a settlement notice has been served by the holder on the Company.
- Ranking of conversion shares : Shares issued upon conversion shall rank pari passu in all respects with all other shares of the Company in issue as at the date of conversion.
- Voting rights : The holder shall not be entitled to vote at general meeting of the Company. However, the holder is entitled to receive all reports and circular issued by the Company from time to time.
- Undertaking : The holder shall undertake to fully comply with all applicable laws, rules and regulations, including but not limit to the GEM Listing Rules and the Takeover Codes in respect of, among other things, the exercise of its conversion rights under the Convertible Note and acceptance of the shares to be issued to it upon exercise of such conversion rights.

CONVERSION PRICE

The Conversion Price represents a discount of about 19.2% to the closing price per Share quoted under the daily quotation sheet of the Stock Exchange on 9 December 2008, being the date immediately prior to the date of entering into the Sale and Purchase Agreement; and a premium of about 1.27% over the average closing price per Share quoted under the daily quotation sheet of the Stock Exchange for the five trading days ending on 9 December 2008.

EFFECT ON SHAREHOLDING STRUCTURE

The shareholding structure of the Company (i) as at the date of this announcement; (ii) upon completion of the Placing but before the exercise of any conversion rights under the Convertible Note; and (iii) upon completion of the Placing and full exercise of the conversion rights under the Convertible Note at the Conversion Price (in all cases, assuming the Placing is completed with 100,000,000 new Shares issued and no further new Shares will be issued other than pursuant to the Placing) are set out below:

Substantial Shareholders and parties acting in concert with them	Shareholding as at the date of this announcement		Upon completion of the Placing but before the exercise of any conversion rights under the Convertible Note		Upon completion of the Placing and after full exercise of the conversion rights under the Convertible Note	
	Number of Shares	Approximate Percentage (%)	Number of Shares	Approximate Percentage (%)	Number of Shares	Approximate Percentage (%)
Multiturn Trading Limited (Note)	97,362,000	6.27	97,362,000	5.89	97,362,000	4.17
Ms. Wong Yuen Yee (Note)	144,030,597	9.27	144,030,597	8.71	144,030,597	6.17
Mr. Wong Yao Wing (Note)	165,070,596	10.62	165,070,596	9.98	165,070,596	7.07
Mr. Wong Kwok Sing (Note)	7,678,500	0.49	7,678,500	0.46	7,678,500	0.33
Mr. Lam Shiu San (Note)	6,018,500	0.39	6,018,500	0.36	6,018,500	0.26
Ms. Wong Yuen Man, Alice (Note)	12,375	0	12,375	0	12,375	0
Capital Base	0	0	0	0	680,000,000	29.14
Subtotal:	<u>420,172,568</u>	<u>27.04</u>	<u>420,172,568</u>	<u>25.41</u>	<u>1,100,172,568</u>	<u>47.14</u>
Places under the Placing	0	0	100,000,000	6.05	100,000,000	4.29
Other Public Shareholders	<u>1,133,434,584</u>	<u>72.96</u>	<u>1,133,434,584</u>	<u>68.54</u>	<u>1,133,434,584</u>	<u>48.57</u>
Total:	<u>1,553,607,152</u>	<u>100</u>	<u>1,653,607,152</u>	<u>100</u>	<u>2,333,607,152</u>	<u>100</u>

Note: Multiturn Trading Limited is beneficially owned as to 31.21%, 30.9%, 30.9% and 6.99% by Ms. Wong Yuen Yee, Mr. Wong Yao Wing, Mr. Wong Kwok Sing and Mr. Lam Shiu San respectively. Ms Wong Yuen Man, Alice is the sister of Ms. Wong Yuen Yee. These parties and Capital Base are parties acting in concert (“the Concert Party Group”) under the Takeover Codes.

Ms. Wong Yuen Yee, Mr. Wong Yao Wing, Mr. Wong Kwok Sing and Mr. Lam Shiu San are Directors.

The exercise of conversion rights under the Convertible Note will be subject to compliance with the Takeovers Code it results in the Concert Party Group having acquired 30% or more of the voting rights of the Company.

As at the date of this announcement, members of the Concert Party Group together have been granted options to subscribe for 43,991,873 Shares. Full exercise of their respective subscription rights under such options (i) immediately after the Placing (assuming the Placing is completed with 100,000,000 new Shares); and (ii) immediately after the Placing (assuming the Placing is completed with 100,000,000 new Shares) and exercise of the conversion rights under the Convertible Note in full, will result in the Concert Party Group having acquired interest in 27.34% and 48.12% of the issued share capital of the Company respectively (in both cases, assuming no other Shares are issued).

INFORMATION ON THE TARGET GROUP

Great China Media is a company incorporated in the British Virgin Islands on 16 February 2007. As at the date of this announcement, Great China Media is owned as to 49.32% by Capital Base and as to approximately 50.68% by Independent Third Parties. Upon Completion, Great China Media will be owned as to approximately 26.32% by Capital Base, as to approximately 23% by Shiny Step and as to 50.68% by Independent Third Parties.

The sole operating subsidiary within the Target Group is China Outdoor Media Holdings Limited, which was incorporated in Hong Kong on 3 May 2007. As at the date of this announcement, China Outdoor Media Holdings Limited is wholly-owned by Great China Media and is principally engaged in the business of the provision of advertising related consultation services.

On 28 November 2008, TDI Transportation Displays International Limited entered into equity transfer agreements pursuant to which TDI Transportation Displays International Limited agreed to acquire the entire equity interests in Tai Di Ya from Independent Third Parties. Tai Di Ya is a company incorporated in the PRC engaging in the advertising related business in the PRC. The acquisition of Tai Di Ya is subject to approval(s) by relevant authorities in the PRC which is still pending as at the date of this announcement. Upon completion of all necessary registration and filing procedures in respect of the acquisition and obtaining of the necessary approval(s), Tai Di Ya would become an indirect wholly-owned subsidiary of Great China Media.

On 10 December 2008, Tai Di Ya and Great China Media entered into an agreement pursuant to which Tai Di Ya agreed to undertake the production and display of all advertising projects located at the advertising spaces on the external walls of and inside the hotels within the hotel portfolio managed by Inno Hotel Group Limited, a wholly-owned subsidiary of the Company which is principally engaged in the business of management of economy hotels in the PRC, for a term from 10 December 2008 up to 31 December 2011. Such arrangement would allow Tai Di Ya to have an exclusive right to undertake the production and display of all advertising projects located within the hotel portfolio managed by Inno Hotel Group Limited.

Ms. Wong Yuen Yee and Mr. Wong Kwok Sing initially held their investments in Great China Media through an investment holding company, which subsequently disposed of its interests in Great China to Capital Base in January 2008 at the par value of the shares of US\$1.00 each. As at 30 September 2008, there was HK\$8,358,234 in the accounts of Great China Media due to Mr. Wong Kwok Sing as loan from director.

The unaudited consolidated net asset value of the Target Group as at 30 September 2008 was HK\$7,371,427.

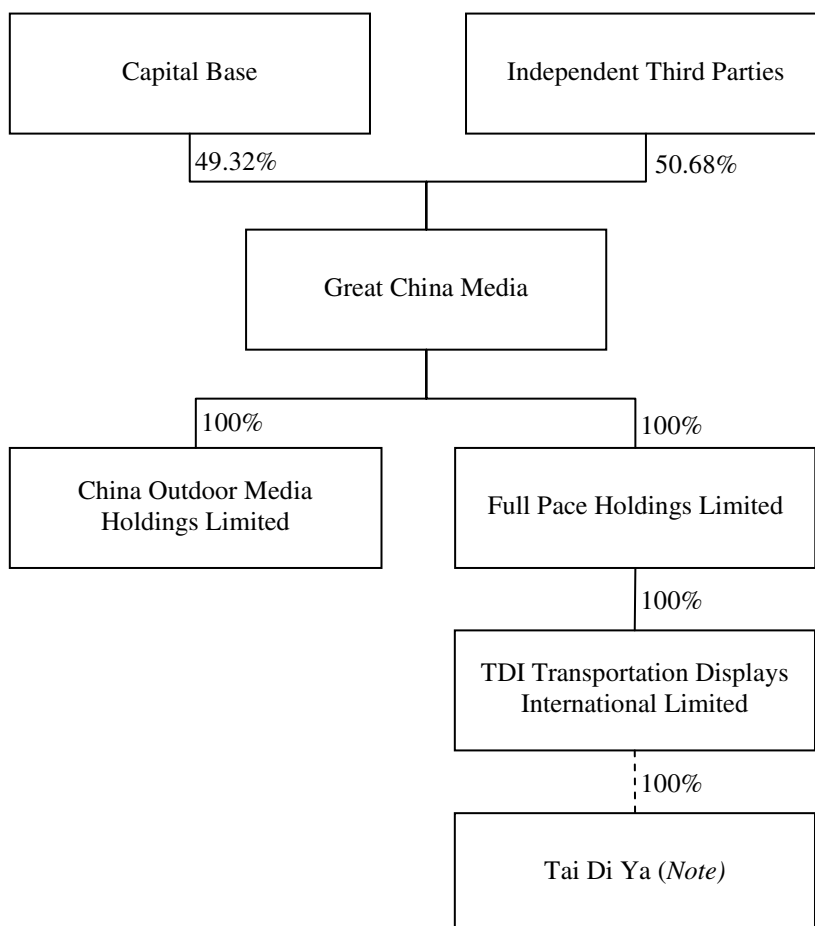
The unaudited consolidated profit before and after taxation of the Target Group for the period commencing on 16 February 2007, being the date of incorporation of Great China Media, to 30 September 2008 were:

**For the period from
16 February 2007 to
30 September 2008
(Unaudited)**

Profit before taxation	HK\$1,074,794
Profit after taxation	HK\$613,628

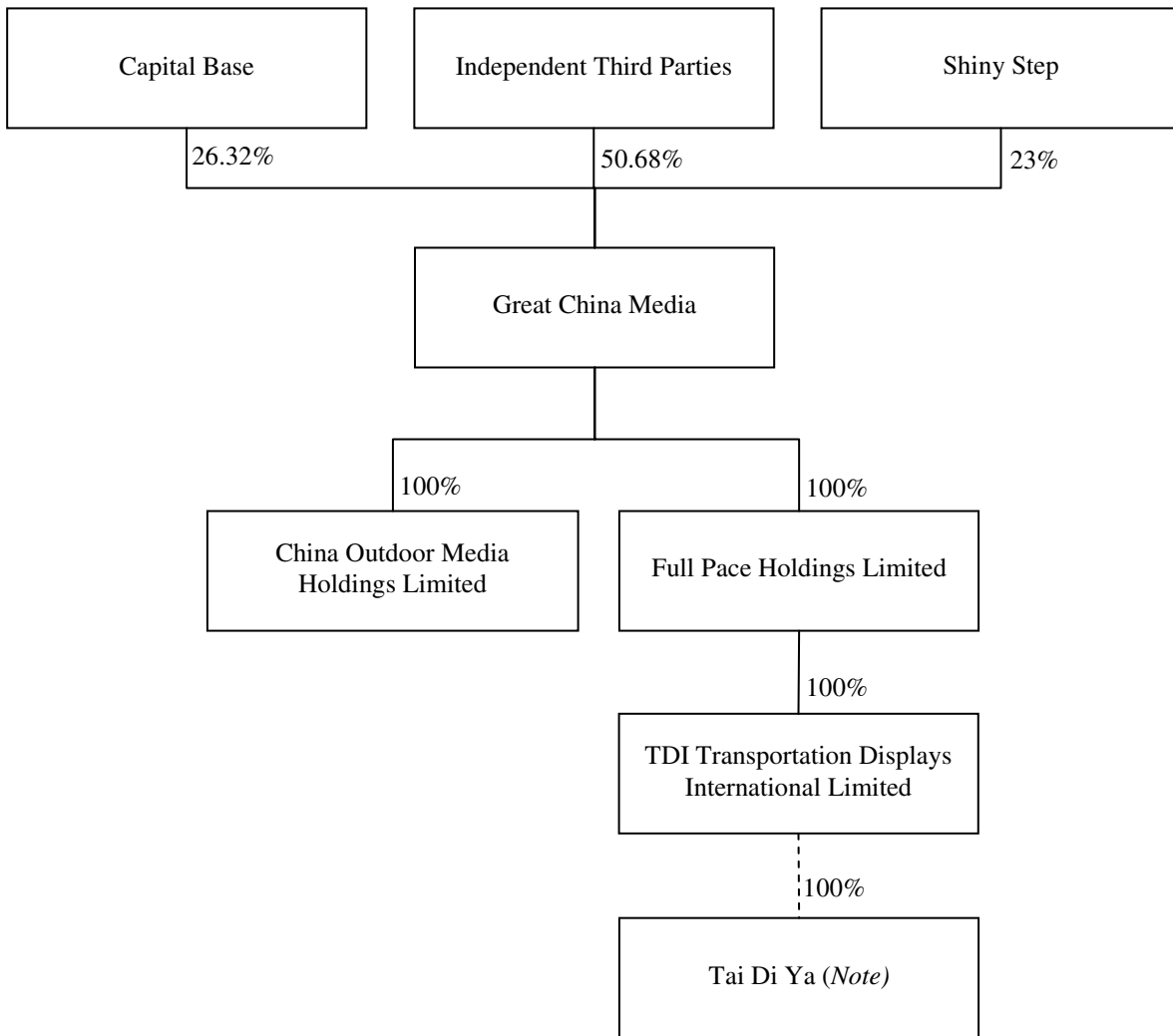
GROUP STRUCTURE BEFORE AND AFTER COMPLETION OF THE SALE AND PURCHASE AGREEMENT

Before completion of the Sale and Purchase Agreement:



Note: Equity transfer agreements were entered into by TDI Transportation Displays International Limited on 28 November 2008 pursuant to which TDI Transportation Displays International Limited agreed to acquire the entire equity interests in Tai Di Ya from Independent Third Parties. The acquisition is subject to approval by relevant authorities in the PRC and such approval has not been obtained as at the date of this announcement.

After completion of the Sale and Purchase Agreement:



Note: Equity transfer agreements were entered into by TDI Transportation Displays International Limited on 28 November 2008 pursuant to which TDI Transportation Displays International Limited agreed to acquire the entire equity interests in Tai Di Ya from Independent Third Parties. The acquisition is subject to approval by relevant authorities in the PRC and such approval has not been obtained as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

It has been the intention of the management of the Company to identify suitable business opportunities to enhance the value of the Group's economy hotel business so as to strengthen the operating results of the Group and to maximize Shareholders' returns. The Directors are of the view that the external walls and certain interior area of the hotels within the hotel portfolio managed by the Group present excellent advertising spaces to generate additional income for the Group.

On 10 December 2008, Inno Hotel Group Limited, a wholly-owned subsidiary of the Company which is principally engaged in the business of management of economy hotels in the PRC, entered into a cooperation agreement with Great China Media pursuant to which Inno Hotel Group Limited agreed to lease to Great China Media the advertising spaces located on the external walls of and inside the hotels within the hotel portfolio managed by Inno Hotel Group Limited on an exclusive basis for a term from 10 December 2008 up to 31 December 2011. It is estimated that the annual income received by the Group pursuant to this arrangement would be approximately HK\$855,000. Since each of the applicable percentage ratios set out in Chapter 19.08 of the GEM Listing Rules in respect of this arrangement is on an annual basis less than 0.1% or more than 0.1% but less than 2.5% and the annual consideration is less than HK\$1,000,000, such arrangement would constitute continuing connected transactions of the Company which will be exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules.

On the same day, Tai Di Ya and Great China Media entered into an agreement pursuant to which Tai Di Ya agreed to undertake the production and display of advertising projects located at the advertisement spaces on the external walls of and inside the hotels within the hotel portfolio managed by Inno Hotel Group Limited for a term from 10 December 2008 up to 31 December 2011. Such arrangements would on one hand allow Great China Media to have an exclusive right to provide clients with advertisement spaces located on the external walls of and inside the hotels within the hotel portfolio managed by Inno Hotel Group Limited when providing consultation services and on the other hand allow Tai Di Ya to have an exclusive right to undertake the production and display of all advertising projects located within the hotel portfolio managed by Inno Hotel Group Limited. The Acquisition would enable the Group to have a capital stake in the Target Group so as to enjoy the returns and benefits brought about by such arrangements.

In view of the above potential benefits and synergies, the Directors (including the non-executive Directors) consider that the terms and conditions of the Acquisition are fair and reasonable and on normal commercial terms, and are in the interests of the Shareholders as a whole.

INFORMATION ON THE GROUP

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. The Group also operates and manages medical institutes and economy hotels in the PRC.

APPLICATION FOR LISTING

Application will be made by the Company to the Listing committee of the Stock Exchange for the listing of, and permission to deal in, the Shares to be issued upon the exercise of the conversion rights in respect of the Convertible Note.

GEM LISTING RULES IMPLICATIONS

As at the date of this announcement, Capital Base is owned as to 50% by Ms. Wong Yuen Yee and as to 50% by Mr. Wong Kwok Sing, both are executive Directors. Accordingly, Capital Base is a connected person of the Company as defined under the GEM Listing Rules. Since the applicable percentage ratios set out in Rule 19.08 of the GEM Listing Rules in respect of the Acquisition exceed 2.5%, the Acquisition constitutes a non-exempt connected transaction of the Company and is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 20 of the GEM Listing Rules. In addition, since the relevant percentage ratio set out in Rule 19.08 of the GEM Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition also constitutes a major transaction for the Company under Chapter 19 of the GEM Listing Rules and is therefore subject to the reporting, announcement and shareholders' approval requirements in accordance with the GEM Listing Rules.

The Company has established an independent board committee comprising Mr. Wong Tak Leung, Charles, Mr. Lai Ying Sum and Mr. Cheng King Hung. It will appoint an independent financial adviser to advise the independent board committee in respect of the Acquisition.

A circular containing, among other things, further details of the Acquisition, the advice of the independent financial adviser of the Company, the recommendation of the independent board committee of the Company and a notice of a special general meeting of the Company, will be dispatched to the Shareholders as soon as practicable.

RESUMPTION OF TRADING IN SHARES

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 2:30 p.m. on 10 December 2008 pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 15 December 2008.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“Acquisition” the acquisition of approximately 23% of the issued share capital of Great China Media by Shiny Step from Capital Base as contemplated under the Sale and Purchase Agreement;

“Board” the Board of Directors;

“Business Day”	a day (other than Saturday or Sunday) on which banks are generally open in Hong Kong for normal business;
“Capital Base”	Capital Base Holdings Limited, a company incorporated in the British Virgin Islands and is owned as to 50% by Ms. Wong Yuen Yee and 50% by Mr. Wong Kwok Sing, both are executive Directors, as at the date of this announcement;
“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;
“Completion”	completion of the Sale and Purchase Agreement;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Consideration”	the consideration for the Acquisition;
“Conversion Price”	HK\$0.0638 per Share, being the initial price per Share (subject to adjustment) at which the Convertible Note may be converted;
“Convertible Note”	the convertible note to be issued by the Company to Capital Base in the principal amount of HK\$43,384,000 maturing on the second anniversary of the Issue Date;
“Director(s)”	the director(s) of the Company;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on GEM;
“Great China Media”	Great China Media Holdings Limited (大中華媒體控股有限公司), a company incorporated in the British Virgin Islands and is owned as to approximately 49.32% by Capital Base as at the date of this announcement;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC;
“Independent Shareholders”	Holders of Shares other than Capital Base, Ms Wong Yuen Yee and Mr. Wong Kwok Sing and their respective associates;

“Independent Third Parties”	third parties independent of and not connected with the Company or its connected persons;
“Issue Date”	date of issue of the Convertible Note;
“Maturity Date”	the second anniversary of the Issue Date;
“Placing”	Conditional placing of 100,000,000 new Shares through President Securities (Hong Kong) Limited on best effort basis, details of which are set out in the Company’s announcement dated 29 October 2008;
“PRC”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Sale and Purchase Agreement”	the sale and purchase agreement dated 10 December 2008 entered into between Shiny Step and Capital Base in relation to the Acquisition;
“Share(s)”	ordinary share(s) of HK\$0.02 each in the issued share capital of the Company;
“Shareholder(s)”	holder(s) of Share(s);
“Shiny Step”	Shiny Step Investments Limited, a company incorporated in the British Virgin Islands;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Tai Di Ya”	深圳市泰迪亞廣告有限公司 (Shenzhen Tai Di Ya Advertising Company Limited*), a company incorporated in the PRC;
“Takeovers Code”	The Codes on Takeovers and Mergers in Hong Kong; and
“Target Group”	Great China Media and its subsidiaries.

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

Hong Kong, 12 December 2008

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.