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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)

**TERMINATION OF A MAJOR DISPOSAL;
MAJOR DISPOSAL OF A SUBSIDIARY
AND
RESUMPTION OF TRADING**

TERMINATION OF A MAJOR DISPOSAL

Reference is made to an announcement of the Company dated 25 April 2014 in relation to, among other matters, a proposed disposal of a subsidiary of the Company which constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules.

As the conditions precedent to the Sale and Purchase Agreement have not been fulfilled on or before 31 August 2014, being the long stop date for the fulfillment of the conditions, the parties agreed to terminate the Sale and Purchase Agreement. Accordingly, the Company and the Purchaser entered into the Termination Deed on 1 September 2014 pursuant to which the parties agreed that the Sale and Purchase Agreement be terminated and all antecedent obligations and liabilities of the parties under the Sale and Purchase Agreement should be absolutely discharged and released immediately upon the signing of the Termination Deed and no party should have any claim against the other party in respect of any matter or thing arising out of or in connection with the Sale and Purchase Agreement.

MAJOR DISPOSAL OF A SUBSIDIARY

On 1 September 2014, the Company and the New Purchaser entered into the New Sale and Purchase Agreement pursuant to which the Company conditionally agreed to sell and the New Purchaser conditionally agreed to acquire the Sale Shares at a consideration of HK\$600,000.

* *For identification purpose only*

As one of the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the requirements of reporting, announcement and Shareholders' approval.

GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, among other matters, the Disposal and the transactions contemplated thereunder.

As the Disposal will be approved at the same SGM at which the matters set out in the announcement of the Company dated 15 August 2014 will be considered, further details of the Disposal will be included in the circular of the Company to be dispatched to the Shareholders on or before Friday, 26 September 2014.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 1 September 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 2 September 2014.

TERMINATION OF A MAJOR DISPOSAL

Reference is made to an announcement of the Company dated 25 April 2014 in relation to, among other matters, a proposed disposal of a subsidiary of the Company which constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules.

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Particulars of the New Sale and Purchase Agreement are set out below:

Parties

The Vendor: The Company

The New Purchaser: Billion Fair International Investment Limited, a company incorporated in Hong Kong with limited liability and principally engaged in the business of media and marketing consulting, trading and investment

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the New Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

Assets to be disposed

The Sale Shares, representing the entire issued share capital of Redgate Ventures.

Consideration and the payment terms

The consideration for the Sale Shares shall be HK\$600,000 which shall be satisfied in cash to the Company or its nominees or as it may direct upon the Completion of the Disposal.

The consideration for the Sale Shares was determined after arm's length negotiation between the Company and the New Purchaser on normal commercial terms with reference to the unaudited consolidated net liabilities value of the Redgate Ventures Group after Reorganisation of approximately HK\$206.6 million as at 31 December 2013.

Conditions of the New Sale and Purchase Agreement

Completion is conditional upon the fulfillment of the following conditions:

- (a) the passing of the necessary resolutions at the SGM to approve (i) the New Sale and Purchase Agreement and the transactions contemplated thereunder and (ii) the Proposed Amendments by Shareholders permitted to vote on the relevant resolutions under the GEM Listing Rules;

- (b) completion of the legal, tax and financial due diligence review of the business, affairs, operation and financial position of the Redgate Ventures Group and the due incorporation of, the valid existence of and the power and capacity to carry on the business by the Redgate Ventures Group to the satisfaction of the New Purchaser;
- (c) the obtaining of all necessary approvals, authorisations or consents in Hong Kong, the BVI, Bermuda, the PRC or elsewhere in relation to the transactions contemplated under the New Sale and Purchase Agreement (if necessary);
- (d) the warranties given by the Company as set out in the New Sale and Purchase Agreement remaining true and accurate in all respects and not misleading in any respect as of the Completion Date by reference to the facts and circumstances subsisting as at the Completion Date; and
- (e) the completion of the Reorganisation.

The New Purchaser may at any time before Completion waive the conditions precedent (b) and (d) above at its sole discretion.

If any of the conditions precedent has not been fulfilled (or, as the case may be, waived by the Company) by 30 November 2014, the New Sale and Purchase Agreement and everything contained therein shall, subject to the liability of any party to the others in respect of any breaches antecedent thereto, automatically terminate and be null and void and of no effect and the parties shall be released from all obligations thereunder.

Completion

Completion shall take place on the Completion Date.

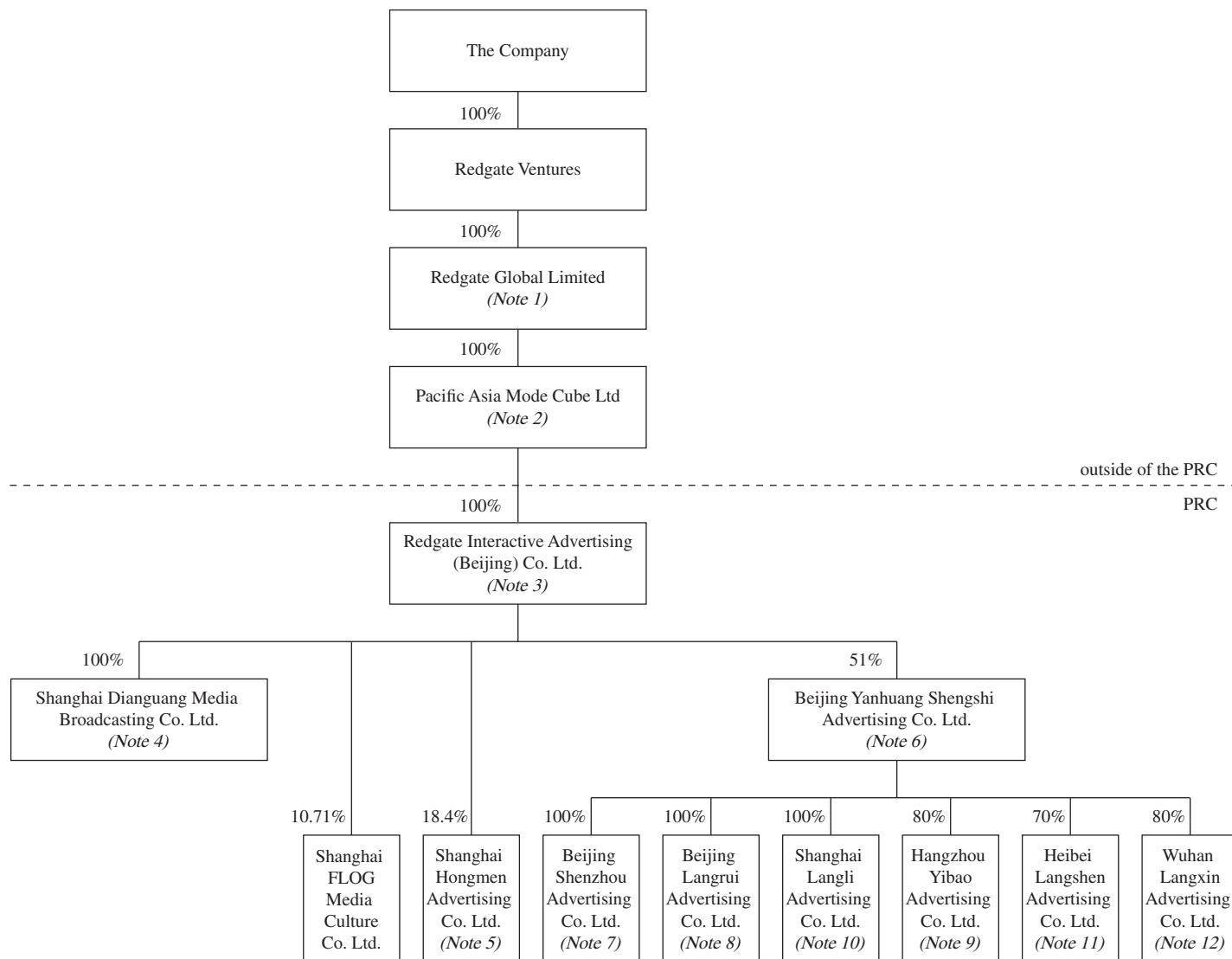
Information on the Redgate Ventures Group after Reorganisation

Redgate Ventures was incorporated in the BVI with limited liability on 14 October 2010 and is principally engaged in investment holding. As at the date of this announcement, Redgate Ventures is wholly owned by the Company.

The Redgate Ventures Group is a diversified media company in China primarily providing advertising and advertising agency services through an integrated cross-media platform that enables advertisers to conduct multiple-channel marketing campaigns targeting higher-income demographics. The Redgate Ventures Group commenced its operations in 2003. The outdoor advertising network of the Redgate Ventures Group consists of a commercial billboard and display network in China with a significant presence in Beijing.

The Redgate Ventures Group maintains a portfolio of assets in outdoor in key metropolitan markets, such as Beijing, Shanghai, Hangzhou and Wuhan. The outdoor advertising network of the Redgate Ventures Group provides various media formats typically located along major traffic arteries and in other high visibility locations in China.

The following is the structure chart of the Redgate Ventures Group (as at the date of this announcement):



Notes:

1. Redgate Global Limited was incorporated in the BVI with limited liability on 21 September 2005 and is principally engaged in investment holding.
2. Pacific Asia Mode Cube Limited (“**Pacific Asia Mode**”) was incorporated in Hong Kong with limited liability on 30 September 2002 and is principally engaged in investment holding.

3. Redgate Interactive Advertising (Beijing) Co. Ltd. (“**Redgate Interactive**”) is a wholly foreign owned enterprise established in the PRC on 21 December 2006. Its scope of business is design, production, agency, broadcasting of advertisements from mainland and oversea investors. It has a registered capital of US\$11,000,000 and is wholly owned by Pacific Asia Mode.
4. Shanghai Dianguang Media Broadcasting Company Ltd. (“**Shanghai Dianguang**”) is a limited liability company established in the PRC on 27 November 2001. Its scope of business is design, production, agency, broadcasting of all kinds of advertisements, wholesaling of advertising gifts, arts and crafts (except gold and silver). It has a registered capital of RMB5,000,000 which is wholly owned by Redgate Interactive. After Reorganisation, Shanghai Dianguang will be transferred to Jade Phoenix Holdings Limited, a directly wholly owned subsidiary of the Company.
5. Shanghai Hongmen Advertising Co. Ltd. (“**Shanghai Hongmen**”) is a limited liability company established in the PRC on 9 June 2004. Its scope of business is design, production, agency, broadcasting of all kinds of advertisements, graphic production, corporate image planning and design. It has a registered capital of RMB7,850,964 and is owned as to 18.354% by Redgate Interactive.
6. Beijing Yanhuang Shengshi Advertising Co. Ltd. (“**Beijing Yanhuang**”) is a company established in the PRC on 19 April 2000. Its scope of business is design, productions, agency, broadcasting of advertisements from mainland and oversea investors; undertaking of exhibition and demonstration activities; organizing cultural and arts exchange activities (excluding performance). It has a registered capital of RMB5,000,000 and is owned as to 51% by Redgate Interactive. Beijing Yanhuang is interested in 100%, 100%, 100%, 80%, 70% and 80% of Beijing Shenzhou Advertising Co. Ltd. (“**Beijing Shenzhou**”), Beijing Langrui Advertising Co. Ltd. (“**Beijing Langrui**”), Shanghai Langli Advertising Co. Ltd. (“**Shanghai Langli**”), Hangzhou Yibao Advertising Co. Ltd. (“**Hangzhou Yibao**”), Hebei Langshen Advertising Co. Ltd. (“**Hebei Langshen**”) and Wuhan Langxin Advertising Co. Ltd. (“**Wuhan Langxin**”) respectively.
7. Beijing Shenzhou is a limited liability company established in the PRC on 1 March 2001. Its scope of business is design, production, agency, broadcasting of advertisements from mainland and overseas investors. It has a registered capital of RMB500,000 and is wholly owned by Beijing Yanhuang.
8. Beijing Langrui is a limited liability company established in the PRC on 16 March 2006. Its scope of business is agency, broadcasting of advertisements, design of pictures and articles by computer, undertaking exhibition and demonstrating activities, conference services, organizing cultural and arts exchange activities, television and video planning, public relation services. It has a registered capital of RMB500,000 and is wholly owned by Beijing Yanhuang.
9. Hangzhou Yibao is a limited liability company established in the PRC on 30 June 2008. Its scope of business is services; design, production, agency, broadcasting of mainland advertisements, undertaking exhibitions, consultation of economic information (exception securities and futures); wholesaling and retailing; department store. It has a registered capital of RMB1,000,000 and is owned as to 80% by Beijing Yanhuang.

10. Shanghai Langli is a limited liability company established in the PRC on 8 March 2005. Its scope of business is design, production, agency, broadcasting of all kinds of advertisements, business information consultation, corporate image planning, market and sales planning, exhibition services, public relations consultation, corporate culture consultation, cultural and arts exchange planning (except agent), internet design, production of pictures and articles, photo shooting service, computer network engineering (except special approval), research and development of computer softwares and hardwares, sale of office and cultural items, arts and crafts, advertising materials. It has a registered capital of RMB500,000 and is wholly owned by Beijing Yanhuang.
11. Hebei Langshen is a limited liability company established in the PRC on 3 December 2008. Its scope of business is design, production, agency of mainland advertisements; broadcasting of mainland outdoor advertisements. It has a registered capital of RMB1,000,000 and is owned as to 70% by Beijing Yanhuang.
12. Wuhan Langxin is a limited liability company established in the PRC on 16 January 2009. Its scope of business is design, production, agency and broadcasting of mainland advertisements; undertaking exhibitions and demonstration activities, organizing cultural and arts exchange activities (excluding performance). It has a registered capital of RMB2,000,000 and is owned as to 80% by Beijing Yanhuang.

Set out below is the unaudited consolidated financial information of the Redgate Ventures Group after Reorganisation for the period from 1 September 2012 (date of acquisition) to 30 June 2013 and six months ended 31 December 2013 respectively:

	For the period from 1 September 2012 (date of acquisition) to 30 June 2013 HK\$'000 (unaudited)	For the six months ended 31 December 2013 HK\$'000 (unaudited)
Turnover	65,019	37,287
Loss before income tax	(1,339,555)	(20,562)
Loss after income tax	(1,203,323)	(23,673)
Loss after income tax attributable to the equity holder	(1,198,243)	(15,155)

As at 31 December 2013, the unaudited consolidated net liabilities of Redgate Ventures Group attributable to the Company after Reorganisation was approximately HK\$206.6 million.

Reasons for the Disposal

The Group is principally engaged in the provision of advertising on buses and bus stations, outdoor advertising displays on billboards and outdoor display spaces and media advertisement agency services in the PRC.

The Redgate Ventures Group after Reorganisation has been operating at a loss before income tax of approximately HK\$20,562,000 for the six months ended 31 December 2013.

In light of the above circumstances, the management of the Group has undertaken a review of the business strategy and focus of the Group and concluded that the Group should consider focusing its resources on businesses which would bring stable income to the Group without having to incur significant capital investment.

The Directors believe that the Group's financial position will be improved subsequent to the Disposal and it will be able to focus its resources in the Group's other lines of business in the future and at the same time the Group can further seek for new business opportunities to broaden its income base.

As such, the Directors consider that the terms and conditions of the New Sale and Purchase Agreement are fair and reasonable and are on normal commercial terms and that it is in the interest of the Company and the Shareholders as a whole.

Use of proceeds

The gross proceeds of the Disposal in the amount of approximately HK\$600,000 will be used as general working capital of the Group.

Financial effects of the Disposal

Upon Completion, Redgate Ventures and its subsidiaries will cease to be subsidiaries of the Company and their financial results will no longer be consolidated into the Group's financial statements.

The Group expects to recognize a gain from the Disposal of approximately HK\$207.2 million, which is calculated on the basis of the consideration for the Sale Shares less the unaudited net liabilities of the Redgate Ventures Group attributable to the Company after Reorganisation as at 31 December 2013 of approximately HK\$206.6 million.

GEM Listing Rules implications

As one of the applicable percentage ratios as defined under Rule 19.07 of the GEM Listing Rules in respect of the Disposal is more than 25% but less than 75%, the Disposal constitutes a major disposal for the Company under Chapter 19 of the GEM Listing Rules, and is therefore subject to the requirements of reporting, announcement and Shareholders' approval. The SGM will be held in accordance with the requirements of the GEM Listing Rules for approving the Disposal.

GENERAL

The SGM will be convened and held for the purposes of considering and, if thought fit, approving, among other matters, the Disposal and the transactions contemplated thereunder.

No Shareholder is required to abstain from voting in relation to the Disposal and the transactions contemplated thereunder at the SGM.

As the Disposal will be approved at the same SGM at which the matters set out in the announcement of the Company dated 15 August 2014 will be considered, further details of the Disposal will be included in the circular of the Company to be dispatched to the Shareholders on or before Friday, 26 September 2014.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on Monday, 1 September 2014 pending the release of this announcement. An application has been made to the Stock Exchange for the resumption of trading in the Shares with effect from 9:00 a.m. on Tuesday, 2 September 2014.

DEFINITIONS

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

“Acquisition”	the acquisition of, among others, the entire issued share capital of Redgate Ventures by the Company pursuant to a sale and purchase agreement dated 8 July 2011 (as amended and supplemented by supplemental agreements dated 30 December 2011, 21 February 2012, 31 March 2012, 29 June 2012 and 31 July 2012, respectively);
“Amendment Deed”	any of the CB Amendment Deed and the CN Amendment Deeds and the “Amendment Deeds” shall mean all of them;
“Board”	the board of Directors;

“CB Amendment Deed”	the amendment deed to be executed by the Company to amend the terms and conditions of the Placing CB;
“Circular”	the circular of the Company, which will have annexed the notice of the SGM, to be despatched to the Shareholders;
“CN Amendment Deeds”	the amendment deeds to be entered into between the Company and holders of the Convertible Notes holding 51% or more of the outstanding principal amounts of the Convertible Notes to amend the terms and conditions of the Convertible Notes;
“Company”	Inno-Tech Holdings Limited (Stock Code: 8202), a company incorporated in Bermuda with limited liability and the Shares of which are listed on the GEM;
“Completion”	completion of Disposal pursuant to the New Sale and Purchase Agreement;
“Completion Date”	on or before a date falling 5 days after satisfaction or waiver of the conditions precedent of the New Sale and Purchase Agreement or such other date as the Company and the New Purchaser may agree;
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules;
“Convertible Notes”	the convertible notes in the aggregate principal amount of HK\$1,300,704,206 issued by the Company on 31 August 2012 as partial consideration for the Acquisition;
“Disposal”	the disposal of the entire issued share capital of Redgate Ventures by the Company to the Purchaser as contemplated under the Sale and Purchase Agreement or to the New Purchaser as contemplated under the New Sale and Purchase Agreement;
“GEM”	the Growth Enterprise Market of the Stock Exchange;
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the GEM;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong currency;

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“New Purchaser”	Billion Fair International Investment Limited, a company incorporated in Hong Kong with limited liability and principally engaged in the business of media and marketing consulting, trading and investment;
“New Sale and Purchase Agreement”	the sale and purchase agreement dated 1 September 2014 entered into between the Company and the New Purchaser in relation to the Disposal;
“PRC” or “China”	The People’s Republic of China, which for the sole purpose of this announcement excludes Hong Kong, Macau Special Administrative Region and Taiwan;
“Placing CB”	the convertible bonds in the aggregate principal amount of HK\$200,000,000 issued by the Company on 29 August 2012;
“Proposed Amendments”	the proposed amendments to the Amendment Deeds;
“Purchaser”	Liang Tan Yi Xing International Foundation Company Limited, a company incorporated in Hong Kong with limited liability and principally engaged in the business of magazine publication;
“Redgate Interactive”	展鵬互動廣告(北京)有限責任公司 Redgate Interactive Advertising (Beijing) Co. Ltd.*, a wholly foreign owned enterprise established in the PRC on 21 December 2006 and an indirect wholly owned subsidiary of Redgate Ventures as at the date of this announcement;
“Redgate Ventures”	Redgate Ventures Limited, a company incorporated in the BVI with limited liability and wholly owned by the Company as at the date of this announcement;
“Redgate Ventures Group”	Redgate Ventures and its subsidiaries;
“Reorganisation”	the reorganisation whereby the entire equity interest in Shanghai Dianguang held by Redgate Interactive will be transferred to Shenzhen Municipal Dianguang Network Technology Limited, an indirectly wholly owned subsidiary of Jade Phoenix Holdings Limited (a directly wholly owned subsidiary of the Company);

“Sale and Purchase Agreement”	the sale and purchase agreement dated 25 April 2014 entered into between the Company and the Purchaser in relation to the Disposal;
“Sale Shares”	10,000,000 shares of US\$0.01 each in the share capital of Redgate Ventures, representing the entire issued and fully paid-up share capital thereof as at the date of this announcement;
“SGM”	the special general meeting of the Company to be convened for approving, among other matters, the Disposal and the transactions contemplated thereunder;
“Shanghai Dianguang”	上海電廣媒體傳播有限公司 Shanghai Dianguang Media Broadcasting Company Ltd.*, a limited liability company established in the PRC on 27 November 2001 and wholly owned by Redgate Interactive as at the date of this announcement;
“Share(s)”	ordinary share(s) with par value of HK\$0.01 each in the issued share capital of the Company;
“Shareholder(s)”	the holder(s) of the Share(s);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Termination Deed”	the deed of termination dated 1 September 2014 entered into between the Company and the Purchaser in relation to the termination of the Sale and Purchase Agreement;
“%”	per cent.

By order of the Board
Inno-Tech Holdings Limited
Chen Chuan
Chairman

Hong Kong, 1 September 2014

As at the date of this announcement, the Board comprises three executive Directors, namely, Mr. Chen Chuan, Mr. Ang Wing Fung and Mr. Shih Yau Ting, Jackson; and three independent non-executive Directors, namely Mr. Lee Ho Yiu, Thomas, Ms. Lu Di and Mrs. Kwan Leung, Anna.

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 the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

*Certain English translations of Chinese names or words marked with * in this announcement are included for information purpose only and should not be regarded as the official English translation of such Chinese names or words.*

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.hk for 7 days from the date of this posting.