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## **CHINA INNOVATION INVESTMENT LIMITED**

**中國創新投資有限公司**

*(incorporated in the Cayman Islands with limited liability)*

(Stock Code: 1217)

### **MAJOR TRANSACTION ACQUISITION OF 6,300 “B” SHARE OF GRAND FAR SKY LIMITED (REPRESENTING 66.3% ISSUED SHARE CAPITAL)**

#### **TRANSFER AGREEMENT**

On 31 December 2011, the Company entered into a conditional Transfer Agreement with the Vendor pursuant to which the Company had agreed to acquire and the Vendor had agreed to sell the Sale Share for a total consideration of RMB63,000,000, subject to precedent conditions. On 29 August 2012, the precedent conditions of the Transfer Agreement had been achieved. The Company agreed to acquire the Sale Share from the Vendor.

The total consideration for the Sale Share was RMB63,000,000 and shall be settled by the Company in the following manner: (a) RMB30,000,000 shall be satisfied by the Company by paying convertible bonds of Takenaka Industry Company Limited held by the Company to the Vendor or its agency as deposit; (b) the balance of RMB30,000,000 shall be payable in cash by the Company to the Target Company's account assigned by the Vendor at completion.

#### **GENERAL**

As the consideration ratio in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and will be subject to the approval of the Shareholders at the EGM.

#### **Conditional Transfer Agreement**

Date: 31 December 2011

Parties: (1) Purchaser : China Innovation Investment Limited  
(2) Vendor : Ms. Wang Zhuo

### **Shares to be acquired**

Pursuant to the Transfer Agreement, the Company has agreed to acquire and the Vendor has agreed to sell 6,300 “B” Sale Share (no voting power), representing the 66.3% of issue share capital of the Target Company as at the date of this announcement.

### **Consideration**

The consideration for the sale and purchase of the Sale Share is RMB63,000,000, which shall be satisfied in the following manner:

- (a) RMB30,000,000 shall be satisfied by the Company by paying convertible bonds of Takenaka Industry Company Limited held by the Company to the Vendor or its agency as deposit; and
- (b) the balance of RMB30,000,000 shall be payable in cash by the Company to the Target Company’s account assigned by the Vendor at completion.

The Consideration for the Sale Share was agreed between the Vendor and the Company after arm’s length negotiations taking into account that the Transfer Agreement is conditional upon Target Company is permitted by PRC government approved the establishment of a joint venture company of its registered capital of RMB100,000,000 or equivalent of HKD and the Vendor promises to waive all owned shareholder loans of the Target Company. As such, the Directors (including the independent non-executive Directors) consider that the terms and conditions of the Acquisition to be fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

### **Precedent Conditions**

Completion shall be conditional upon and subject to:

- (a) Target Company is permitted to establish a Sino-foreign joint venture company by PRC government and the Target Company holds 95% or more of equity interest, and the registered capital of the joint venture has RMB100,000,000 or equivalent Hong Kong dollars which has been approved by PRC government;
- (b) the Company being satisfied with the results of the appropriate due diligence review to be conducted on the assets, liabilities, operations and affairs of the Target Company;
- (c) the passing of the resolution by the board of directors of the Company and the Vendor in

relation to Transfer Agreement and the transactions contemplated thereunder;

- (d) the passing of a resolution by the Shareholders of the Company and the Vendor at the EGM to be convened in relation to the Transfer Agreement and the transactions contemplated hereunder (if necessary);
- (e) if precedent conditions (a) to (d) cannot be reached within twelve months after the date of signing the Transfer Agreement (or a later date the Company and the Vendor agreed), the Transfer Agreement terminates immediately. Signing parties of the Transfer Agreement are not required to bear any responsibility except those previous violation of the terms therein; and
- (f) when the transactions under Transaction Agreement are completed, the Purchaser and the Vendor waive all shareholder loans to the Target Company which enable the increase of capital reserve of Target Company.

If the conditions have not been fulfilled (or as the case may be, waived by the Company) on or before 31 December 2012, or such later date as the Vendor and the Company may agree, the Vendor shall forthwith refund the deposit, without interest, to the Company and the Transfer Agreement shall cease and terminate, and thereafter neither party shall have any obligations and liabilities towards each other thereunder save for any antecedent breaches of the terms thereof.

### **Completion**

Completion shall take place on the second Business Day after the fulfillment (or waiver) of the conditions or such later date as may be agreed between the Vendor and the Company.

### **INFORMATION ON THE TARGET GROUP**

The Target Company was incorporated in Hong Kong on 6 May 2011. The Target Company is principally engaged in investment holding and does not have any operation apart from investment holding. The Target Company holds 95% equity interest in Grand Far China.

Grand Far China is a company established in the PRC on 28 August 2012, the registered capital is RMB100 million. Grand Far China principally engaging in business of funding platform and fund management.

According to the unaudited consolidated management accounts of the Target Group prepared under the Hong Kong accounting standard, for the year ended 31 December 2011, the Target Group did not record any turnover and recorded a loss before and after taxation.

The Vendor owns not less than RMB 70,000,000 of shareholder loans of the Target Company and promises to invest a total of RMB 95,000,000 of shareholder loans, when the transactions

are completed, the Purchaser and the Vendor waive all RMB 95,000,000 shareholder loans to the Target Company which enable the increase of capital reserve of Target Company.

## **REASONS FOR THE PROPOSED ACQUISITION**

The Company has engaged in long-term equity investment, and is well-equipped with projects related to military and civil dual-used and four new industries (new energy resources, new light resources, new materials, new media), while Grand Far China specifically provide completed management of fund and funds platform. Both parties intend to focus their investment direction on military and civil dual-used and four new industries, and proceed with further cooperating discussion.

Through the cooperation, both parties will make full use of their advantages and experiences in capital operation, through the investment on small and medium four new industries with growth potential, will generate linkage effect that bring sufficient liquidity of cash to enterprises, as well as further enhance the Company's four new industries chain.

## **LISTING RULES IMPLICATIONS**

As the consideration ratio in respect of the Acquisition are more than 25% but less than 100%, the Acquisition constitutes a major transaction for the Company under Chapter 14 of the Listing Rules and will be subject to the approval of the Shareholders at the EGM. As no Shareholder has an interest in the Acquisition, no Shareholder is therefore required to abstain from voting on the resolution(s) to be proposed at the EGM to approve the Agreement and the transactions contemplated thereunder.

The circular containing further details in respect of, among other things, the Transfer Agreement and the transactions contemplated thereunder, the notice of the EGM and other information as required under the Listing Rules, will be despatched to the Shareholders on or before 18 September 2012.

## **DEFINITIONS**

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

“Acquisition”	the acquisition of the Sale Share by the Company as contemplated under the Transfer Agreement
“Board”	the Board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours

“Company”	China Innovation Investment Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Stock Exchange
“Directors”	the directors of the Company, including the independent non-executive directors
“EGM”	the extraordinary general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Transfer Agreement and the transactions contemplated thereunder
“Grand Far China”	廣遠星空(中國)有限公司(transliterated as Grand Far Sky (China) Limited), a company established in the PRC on 28 August 2012, the registered capital is RMB100 million
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Listing Rules”	the Rules Governing the Listing of Securities of the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one ordinary B share (no voting right) of HK\$1.00 in the issued share capital of the Target Company. 6,300 “B” shares representing the 66.3% issued share capital of the Target Company
“Share (s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Grand Far Sky Limited, a company incorporated in Hong

Kong, whose entire issued share capital is beneficially owned by the Vendor

By Order of the Board  
**China Innovation Investment Limited**  
**Xiang Xin**  
*Chairman and Chief Executive Officer*

Hong Kong, 29 August 2012

*As at the date of this announcement, the Executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee, Mr. Li Zhou and Mr. Jook Chun Kui Raymond; the Non-executive Director is Mr. Ng Kwong Chue Paul; the Independent Non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.*