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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)**

#### UPDATE ON THE COMPANY PROPOSED OPEN OFFER, PROPOSED BONUS SHARES ISSUE, PROPOSED BONUS WARRANTS ISSUE AND RESUMPTION OF TRADING

Reference is made to the announcement of China Innovation Investment Limited (the “**Company**”) dated 18 January 2016 in respect of the trading halt in the shares of the Company (the “**Shares**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) with effect from 9:10 a.m. on 18 January 2016 pending the release of an announcement in relation to a proposed issue of securities.

#### UPDATE ON THE COMPANY

The Company submitted a proposal to the Stock Exchange on 12 January 2016 relating to the issue of:

- (i) 3,405,754,301 new Shares (“**Open Offer Share(s)**”) by way of open offer (the “**Proposed Open Offer**”) to the shareholders of the Company (the “**Shareholders**”) on the basis of two (2) Open Offer Shares for every five (5) Shares held on the record date at the subscription price of HK\$0.07 per Open Offer Share to raise approximately HK\$238.4 million before expenses;
- (ii) 47,680,560,216 bonus Shares (“**Bonus Shares**”) to the Shareholders (“**Proposed Bonus Shares Issue**”) on the basis of four (4) Bonus Shares for every one (1) Share held on the record date (which is a date after completion of the Proposed Open Offer); and
- (iii) 11,920,140,054 bonus warrants (“**Bonus Warrant(s)**”) of the Company to the Shareholders (“**Proposed Bonus Warrants Issue**”) on the basis of one (1) Bonus Warrant for every one (1) Share held on the record date (which is a date after completion of the Proposed Open Offer) at the initial subscription price of HK\$0.0125 per Share (the “**Proposed Bonus Warrants Issue**”, together with the Proposed Bonus

Shares Issue “**Proposed Bonus Issues**”) to raise approximately HK\$149 million (before expenses) upon full exercise of the Bonus Warrants. The Bonus Warrants are proposed to be listed on the Stock Exchange.

Based on the trading price of the Share of HK\$0.067 (“**Last Trading Price**”) on 15 January 2016, the last trading day before the trading halt in the Shares, the theoretical ex-entitlement price of the Share is approximately:

- (i) HK\$0.0136 per Share after completion of the Proposed Open Offer and Proposed Bonus Shares Issue; and
- (ii) HK\$0.0134 per Share after completion of the Proposed Open Offer and Proposed Bonus Shares Issue and full exercise of the Bonus Warrants.

Based on the theoretical ex-entitlement price of the Share of HK\$0.0136 per Share after completion of the Proposed Open Offer and Proposed Bonus Shares Issue, the theoretical price of the Bonus Warrant is HK\$0.011 per Bonus Warrant (based on Bloomberg using Black Scholes Model).

Taking into account the entitlement of the four Bonus Shares for each Open Offer Share to be issued and allotted upon completion of the Proposed Open Offer, the effective subscription price for the Proposed Open Offer is HK\$0.014 per Open Offer Share, representing a discount of approximately 79.1% to the Last Trading Price.

The Stock Exchange informed the Company its decision on 21 January 2016 (the “**Decision**”) that the Stock Exchange considers that it would not be appropriate for it to grant the listing approval for the Bonus Shares under the Proposed Bonus Issues as (i) the Proposed Bonus Shares Issue will increase the number of Shares held by the Shareholders pro rata to their existing shareholdings, and the theoretical ex-entitlement price of the Shares would be expected to be approaching HK\$0.01 after completion of the Proposed Bonus Issues; and (ii) pursuant to Rule 13.64 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and guidance letter of the Stock Exchange, the Stock Exchange has the right to require an issuer to take measure to avoid the market price of its securities from approaching the extremities of HK\$ 0.01.

The board of directors or the Company (the “**Board**”) disagrees with the Decision and is of the view that the theoretical ex-entitlement price may not represent the market price of the Share after completion of the Proposed Open Offer and Proposed Bonus Issues. In order to ease the Stock Exchange’s concern, the Company proposed to the Stock Exchange for a scaled down Bonus Issues on the basis of (i) two (2) Bonus Shares for every one (1) Share and three (3) Bonus Warrants for every five (5) Shares held on the record date; or (ii) one (1) Bonus Share for every one (1) Share and two (2) Bonus Warrants for every five (5) Shares held on the record date. Pursuant to the letter dated 1 February 2016 from the Stock Exchange to the Company, the Stock Exchange considered that the alternative bonus issues would have the effect of decreasing the Share price and may raise the same concern under Rule 13.64 of the Listing Rules as set out in the Decision.

After consultation with its financial adviser and legal adviser and considering all options available to the Company, on 1 February 2016, the Company submitted to the Stock Exchange a request for a review of the Decision by the Listing Committee of the Stock Exchange pursuant to Rule 2B.06(1) of the Listing Rules.

The Company will continue to liaise with the Stock Exchange to seek for a proposal in the best interests of the Shareholders and acceptable by the Stock Exchange. Further announcement will be made by the Company if and when there is any material development on the matter or otherwise as required by the Listing Rules.

**As the Proposed Open Offer and the Proposed Bonus Issues may or may not proceed, Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.**

### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares halted on the Stock Exchange with effect from 9:10 a.m. on 18 January 2016. Application has been made by the Company for resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on 2 February 2016.

By Order of the Board  
**CHINA INNOVATION INVESTMENT LIMITED**  
**Xiang Xin**  
*Chairman and Chief Executive Officer*

Hong Kong, 1 February 2016

*As at the date of this announcement, the Executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Li Zhou; the non-executive Directors are Mr. Kuk Peter Z, Mr. Jook Chun Kui Raymond, Mr. Ge Ming, Mr. Wang Wei and Mr. Sun Kuan Chi; the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang; Ms. Kung Ching is an alternate director to Mr. Xiang Xin.*