

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold and/or transferred all your shares in China Innovation Investment Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

GENERAL MANDATE TO REPURCHASE AND ISSUE SHARES, RE-ELECTION OF DIRECTORS, AND NOTICE OF ANNUAL GENERAL MEETING

A notice convening the annual general meeting of China Innovation Investment Limited ("the Company") to be held at Suites 2305-2307, 23rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong on Friday, 30 May 2008 at 3:00 p.m. ("Annual General Meeting") is set out on pages 11 to 14 of this circular. The procedure to demand a poll on the resolutions proposed at the Annual General Meeting is set out in Appendix IV to this circular.

Whether or not you are able to attend the meeting, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon as soon as possible and in any event not less than 48 hours before the time for holding the meeting or any adjourned meeting (as the case may be). Completion and return of the form of proxy shall not preclude you from attending and voting at the meeting or at any adjourned meeting thereof (as the case may be) should you so desire.

DEFINITIONS

In this circular, the following expressions have the following meaning unless the context requires otherwise,

"Acquisition Agreement"	the sale and purchase agreement dated 15 December 2007 entered into between the Company and the Vendor in relation to the acquisition of the 30% issued share capital of Takenaka Investment Company Limited and the shareholders' loan in the amount of US\$3,022,500 for an aggregate consideration of HK\$38.70 million
"AGM"	the annual general meeting of the Company to be held at Suites 2305-2307, 23rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong on Friday, 30 May 2008 at 3:00 p.m., a notice of which is set out in Appendix III to this circular
"Articles of Association"	the articles of association of the Company
"Board"	the board of directors of the Company
"Company"	CHINA INNOVATION INVESTMENT LIMITED 中國創新投資有限公司, a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Stock Exchange
"Company Law"	the Companies Law of the Cayman Islands for the time being in force
"Convertible Bonds"	convertible bonds issued by the Company to the Subscriber in the aggregate principal amount of HK\$50,000,000 with a term of 5 years from 30 January 2008 to 29 January 2013
"Director(s)"	the director(s) of the Company
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"HK\$"	Hong Kong dollars, the lawful currency of Hong Kong
"Latest Practicable Date"	24 April 2008, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
"Listing Rules"	Rules Governing the Listing of Securities on The Stock Exchange

DEFINITIONS

“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Harvest Rise Investments Limited, a private company wholly owned by Mr. Xiang Xin, an executive Director of the Company, and a substantial Shareholder of the Company and the subscriber of the Convertible Bonds and the holder of the Warrants
“Subscription Agreement”	a subscription agreement dated 19 November 2007 entered into between the Company and the Subscriber in respect of the subscription of the Convertible Bonds and issue of the Warrants
“Takeover Code”	the Hong Kong Code on Takeovers and Mergers
“Vendor”	郭軼軍 (Guo Yi Jun*), an independent third party, holding 95% of the issued share capital of Takenaka Investment Company Limited, a company incorporated in the British Virgin Islands, before completion of the Acquisition Agreement
“Warrant(s)”	the 800,000,000 unlisted warrant(s) of the Company in units of subscription rights of HK\$0.20 each entitling the holders thereof to subscribe in cash up to HK\$160 million in aggregate for the Warrant Shares for a period from 30 January 2008 to 29 January 2013 at an exercise price of HK\$0.20 per Share (subject to adjustment) issued in registered form in accordance with the terms of the Subscription Agreement
“Warrant Share(s)”	the new Shares to be allotted and issued by the Company upon exercise by the Subscriber of the subscription rights attached to the Warrants
“Warrants Subscription”	the subscription of the 59,983,200 unlisted warrants issued by the Company pursuant to the warrant subscription agreement dated 16 August 2007 which was detailed in the Company’s announcement of even date
“%”	per cent

* for identification purpose only

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Xiang Xin
Mr. Chan Cheong Yee
Mr. Wong Chak Keung

Registered office:

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Non-executive Directors:

Mr. Wang Qing Yu (*Chairman*)
Mr. Ng Kwong Chue, Paul

Principal place of business:

Suites 2305-2307
23rd Floor
Two Chinachem Exchange Square
338 King's Road
North Point
Hong Kong

Independent non-executive Directors:

Mr. David Wang Xin
Mr. Zang Hong Liang
Mr. Lee Wing Hang

28 April 2008

Dear Shareholder(s),

GENERAL MANDATE TO REPURCHASE AND ISSUE SHARES, RE-ELECTION OF DIRECTORS, AND NOTICE OF ANNUAL GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with information regarding resolutions to be proposed at the AGM relating to (i) the general mandates to repurchase and issue Shares, the extension of the general mandate to issue Shares and (ii) the re-election of Directors.

GENERAL MANDATE TO REPURCHASE SHARES

At the last annual general meeting of the Company held on 25 May 2007, a general mandate was granted to the Directors to exercise the powers of the Company to repurchase Shares. At the extraordinary general meeting of the Company held on 11 December 2007, a refreshed general mandate was granted to the Directors to exercise the powers of the

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Company to repurchase Shares. Such mandate will lapse at the conclusion of the forthcoming AGM. At the AGM, the Board will propose an ordinary resolution to grant a general and unconditional mandate to the Directors to exercise all powers of and on behalf of the Company to purchase securities with an aggregate nominal amount not exceeding 10% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution (the "Repurchase Mandate"). In accordance with the Listing Rules, an explanatory statement as set out in Appendix I to this circular is required to provide you with the requisite information reasonably necessary to enable you to make an informed decision on the resolution to be proposed.

GENERAL MANDATE TO ISSUE SHARES

At the annual general meeting of the Company held on 25 May 2007, the Shareholders approved, among other things, an ordinary resolution to grant the general mandate to allot and issue up to 59,983,200 Shares (the "General Mandate"). However, as detailed in the Company's announcement dated 16 August 2007, the entire General Mandate had been used for the issue of 59,983,200 Shares under the Warrant Subscription which had been fully exercised in September 2007, as a result, the unutilized the General Mandate had been reduced to nil.

At the extraordinary general meeting of the Company held on 11 December 2007, the Shareholders approved, among other things, the grant of a general mandate to the Directors to allot, issue and deal with Shares (the "Refreshed General Mandate"). As at the date of passing of such resolution, there were a total of 4,138,123,428 Shares in issue and thus the Directors were authorised to issue and allot 20% thereof, being 827,624,685 Shares under the Refreshed General Mandate. The Refreshed General Mandate had been utilized as to 180,600,000 Shares, representing approximately 21.82% of the Refreshed General Mandate. Such 180,600,000 Shares were allotted and issued on 7 January 2008 to the Vendor upon completion of the Acquisition Agreement as disclosed in the Company's announcement dated 18 December 2007.

The unutilized Refreshed General Mandate will lapse at the conclusion of the forthcoming AGM. At the AGM, the Directors will propose ordinary resolutions to grant a general and unconditional mandate to the Directors to allot, issue and deal with additional Shares with an aggregate nominal amount not exceeding the sum of 20% of the aggregate nominal amount of the share capital of the Company in issue at the date of passing of the resolution and the aggregate nominal amount of the securities of the Company purchased by the Company pursuant to the authority granted to the Directors referred to in the Repurchase Mandate.

As described in the Company's prospectus dated 11 October 2007, it is the Company's intention to invest in those PRC state-owned enterprises engaged in the military industry (particularly, those engaged in the commercialisation and development of technologies used in military for civil and commercial applications). The Directors consider that equity financing is of an important avenue of resources to the Company and are of the view that the general mandate will provide additional financial flexibility so as to respond to the market promptly, particularly, when future fund raising exercises and potential merger

LETTER FROM THE BOARD

and acquisition opportunities arises. As such, the Directors are of the opinion that the general mandate to allot and issue new Shares not exceeding 20% of the issued share capital of the Company as at the date of AGM is in the interest of the Company and the Shareholders as a whole.

As at the Latest Practicable Date, the Company had an aggregate of 4,368,735,753 Shares in issue, assuming that no further Shares are repurchased or issued from the Latest Practicable Date up to the date of AGM, it is expected that the refreshment of the general mandate will result in the Directors being authorised to allot and issue up to 873,747,150 new Shares.

RE-ELECTION OF DIRECTORS

In accordance with Article 98(3) of the Articles of Association of the Company, Mr. Wong Chak Keung shall hold office only until the forthcoming AGM of the Company and shall be eligible for re-election.

In accordance with Article 99(1) of the Articles of Association of the Company, Mr. Xiang Xin and Mr. David Wang Xin shall retire and, being eligible, shall offer themselves for re-election at the forthcoming AGM of the Company.

Details of the above Directors who are required to be disclosed by the Listing Rules are set out in Appendix II to this circular.

RECOMMENDATION

The Board considers that the general mandates to repurchase and issue Shares, the extension of the general mandate to issue Shares and the re-election of Directors are in the best interests of the Company and its Shareholders. Accordingly, the Board recommends all the Shareholders to vote in favour of the relevant resolutions to be proposed at the AGM.

Yours faithfully,
By order of the Board
Xiang Xin
*Executive Director and
Chief Executive Officer*

This explanatory statement contains all the information required pursuant to Rule 10.06(1)(b) of the Listing Rules.

1. REASON FOR REPURCHASE

The Directors believe that it is in the best interests of the Company and its Shareholders to continue to have a general authority from the Shareholders to enable the Directors to repurchase shares of the Company on the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of the Company and its assets and/or its earnings per share and will only be made when the Directors believe that such repurchases will benefit the Company and its Shareholders as a whole.

2. SHARE CAPITAL

As at the Latest Practicable Date, the Company had 4,368,735,753 Shares in issue and there were outstanding share options granted under the share option scheme of the Company entitling holders thereof to subscribe for an aggregate of 440,873,183 Shares.

Subject to the passing of the relevant resolution approving the Repurchase Mandate and on the basis that no Shares are issued or repurchased by the Company prior to the AGM, the Company would be allowed under the Repurchase Mandate to repurchase a maximum of 436,873,575 Shares.

3. FUNDING OF REPURCHASE

In repurchasing Shares, the Company may only apply funds legally available for such purpose in accordance with its memorandum and articles of association and the applicable laws of the Cayman Islands. The Companies Law of the Cayman Islands provides that the amount of capital repaid in connection with a share repurchase must have been provided for out of the profits of the Company and/or out of the proceeds of a fresh issue of shares made for the purpose of the repurchase to such an extent allowable under the Companies Law of the Cayman Islands.

An exercise of the Repurchase Mandate in full at any time during the proposed purchase period would have a material adverse impact on the working capital but not on the gearing position of the Company as compared with the position disclosed in its most recent published audited financial statements in the 2007 annual report. However, the Directors do not propose to exercise the Repurchase Mandate to such extent as would, in the circumstances, have a material adverse impact on the working capital requirements of the Company or the gearing levels which in the opinion of the Directors are from time to time appropriate for the Company.

4. SHARE PRICES

The highest and lowest prices at which the Shares have been traded on the Stock Exchange during each of the previous twelve months up to the Latest Practicable Date were as follows:

	Price per Share	
	Highest	Lowest
	HK\$	HK\$
2007		
April	0.075	0.053
May	0.073	0.059
June	0.073	0.061
July	0.127	0.063
August	0.241	0.064
September	0.297	0.144
October	0.670	0.159
November	0.395	0.165
December	0.217	0.160
2008		
January	0.235	0.115
February	0.163	0.120
March	0.183	0.115
April (up to Latest Practicable Date)	0.135	0.094

Note: The prices during the period from 1 April 2007 to 2 October 2007 had been adjusted for right issues which became effective on 3 October 2007.

5. UNDERTAKING

The Directors have undertaken to the Stock Exchange that they will exercise the power of the Company to make repurchases pursuant to Ordinary Resolution No. 4 and in accordance with the Listing Rules and the applicable laws of the Cayman Islands.

None of the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective associates has any present intention, in the event that the Repurchase Mandate is approved by the Shareholders, to sell any Shares to the Company.

No connected persons (as defined in the Listing Rules) have notified the Company that they have a present intention to sell any Shares to the Company nor have any such connected persons have undertaken not to sell any of the Shares held by them to the Company, in the event that the Repurchase Mandate is approved by the Shareholders.

6. TAKEOVERS CODE

If, as a result of a Share repurchase, a shareholder's proportionate interest in the voting rights of the Company increases, such increase will be treated as an acquisition of voting rights for the purposes of Rule 32 of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert could obtain or consolidate control of the Company and become obliged to make a mandatory offer in accordance with Rule 26 and 32 of the Takeovers Code.

As at the Latest Practicable Date, the substantial Shareholders (as defined in the SFO) and in the event that the Directors exercise the Repurchase Mandate in full, shareholding percentage of the substantial Shareholders under the SFO would be as follows:-

Name	Approximate percentage of shareholding as at the Latest Practicable Date	Approximate percentage of shareholding if the Repurchase Mandate is exercised in full
Harvest Rise Investments Limited (<i>note 1</i>)	16.56%	18.40%
Ms. Kung Ching (<i>note 2</i>)	16.56%	18.40%
Tat Fai Enterprises Ltd. (<i>note 3</i>)	15.12%	16.80%
Mr. Cheung Chung Chit	15.12%	16.80%

Note:

1. Harvest Rise Investments Limited is a private company wholly and beneficially owned by Mr. Xiang Xin. Mr. Xiang is the sole director of Harvest Rise Investments Limited.
2. Ms. Kung Ching, the spouse of Mr. Xiang, is deemed to have interest in the shares held by Harvest Rise Investment Limited as mentioned in note 1 above.
3. Tat Fai Enterprises Ltd. is a private company wholly and beneficially owned by Mr. Cheung Chung Chit.

If the present shareholdings remained the same, the shareholding of Harvest Rice Investment Limited and Tat Fai Enterprises Ltd. would be increased to approximately 18.40% and 16.80% respectively of the issued share capital of the Company. The Directors have no present intention to exercise the repurchase proposal to such an extent as would result in takeover obligations.

7. SHARE REPURCHASES MADE BY THE COMPANY

The Company had not purchased, sold or redeemed any Shares (whether on the Stock Exchange or otherwise) in the six months preceding the Latest Practicable Date.

Stated below is the details of the Directors who will retire and be eligible for re-election at the AGM.

Mr. Wong Chak Keung, aged 41, an executive Director and company secretary, joined the Company in November 2007. Mr. Wong holds a bachelor's degree in business from The University of Southern Queensland in Australia. He is also a member of Hong Kong Institute of Certified Public Accountants and CPA Australia. Mr. Wong has been in the accounting profession for over 15 years. Mr. Wong worked in various positions in an international accounting firm, corporate finance, educational business and manufacturing sector in Hong Kong. Mr. Wong is also an executive director of QUASAR Communication Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 25 February 2008.

Save as disclosed above and the announcement of the Company dated 24 April 2008, Mr. Wong did not hold directorships in other listed public companies in the last three years nor was there any other matters that need to be brought to the attention of the Shareholders of the Company and no information to be disclosed pursuant to Rule 13.51 (2)(h) to (v) of the Listing Rules. Mr. Wong is not connected with any directors, senior management or substantial or controlling shareholders of the Company. He holds 10,656,000 Shares and 26,384,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Wong is entitled to a remuneration of HK\$480,000 per annum as financial controller of the Company. Save as disclosed, Mr. Wong has not entered into any other service contract with the Company. He has not been appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the Articles of Association of the Company. Mr. Wong would not receive any fees from the Company in his capacity as an executive director of the Company.

Mr. Xiang Xin, aged 44, an executive Director and the Chief Executive Officer, joined the Company in January 2003. He has worked for quite a few large organisations in the PRC and engaged in technology project management and corporate strategy research for a long time. He also has many years of experience in project investment and telecommunications network businesses. Mr. Xiang holds a bachelor degree in Science and a master degree in Engineering from Nanjing University of Science & Technology. Mr. Xiang is also an executive director and the Chief Executive Officer of QUASAR Communication Technology Holdings Limited, a company listed on the Growth Enterprise Market of the Stock Exchange, with effect from 25 February 2008.

Save as disclosed above, Mr. Xiang did not hold directorships in other listed public companies in the last three years nor was there any other matters that need to be brought to the attention of the shareholders of the Company and no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Mr. Xiang holds 723,335,379 Shares of the Company, through Harvest Rise Investments Limited which is a substantial Shareholder of the Company, and holds 22,040,000 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Xiang is also deemed interest in the 1,800,000,000 Shares, held by Harvest Rise Investments Limited, of the Company upon conversion of the Convertible Bonds and exercise in full the subscription rights attached to the Warrants under the Subscription Agreement as disclosed in the

Company's announcement dated 20 November 2007. Save as disclosed, Mr. Xiang is not connected with any directors, senior management or substantial or controlling shareholders of the Company. Mr. Xiang has not entered into any service contract with the Company. He is entitled to a fixed remuneration of HK\$5,000 per annum as determined based on duties and responsibilities for acting as an executive director of the Company. Mr. Xiang has not been appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the Article of Association of the Company.

Mr. David Wang Xin, aged 45, an independent non-executive Director and is a chairman of the audit committee of the Company, joined the Company in October 2002. He is the founder and the president of Sun & Sun group of companies, a Singapore-based investment and consultancy group. Mr. Wang graduated with a bachelor's degree in Mechanical Engineering in 1982 and a master's degree in Business Administration in 1985.

Save as disclosed above, Mr. Wang did not hold directorships in other listed public companies in the last three years nor was there any other matters that need to be brought to the attention of the shareholders of the Company and no information to be disclosed pursuant to Rule 13.51(2)(h) to (v) of the Listing Rules. Mr. Wang is not connected with any directors, senior management or substantial or controlling shareholders of the Company. He holds 26,137,704 share options of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Mr. Wang has not entered into any service contract with the Company. He is entitled to a fixed remuneration of HK\$5,000 per annum as determined based on duties and responsibilities for acting as an independent non-executive director of the Company. Mr. Wang has not been appointed for a specific term and will be subject to retirement by rotation and re-election in accordance with the Article of Association of the Company.



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)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the shareholders of China Innovation Investment Limited (the "Company") will be held at Suites 2305-2307, 23rd Floor, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong on Friday, 30 May 2008 at 3:00 p.m. for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and the auditors for the year ended 31 December 2007.
2. To re-elect the retiring Directors of the Company and to authorise the board of Directors of the Company to fix their remuneration.
3. To re-appoint Messrs. Graham H. Y. Chan & Co. as auditors of the Company and to authorise the board of Directors of the Company to fix their remuneration.
4. To consider and, if thought fit, pass the following resolution, with or without amendments, as an Ordinary Resolution:

"THAT

- (a) subject to paragraph 4(b) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to purchase the securities of the Company on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") or on any other stock exchange on which the securities of the Company may be listed and recognised by The Securities and Futures Commission of Hong Kong and the Stock Exchange for this purpose, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on the Stock Exchange or of any other stock exchange as amended from time to time and the manner of any such repurchase be and is hereby generally and unconditionally approved;
- (b) the aggregate nominal amount of shares of the Company to be repurchased by the Company pursuant to the approval in paragraph 4(a) above shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the authority pursuant to paragraph 4(a) of this resolution shall be limited accordingly; and

- (c) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until, whichever is the earliest of:

- (i) The conclusion of the next annual general meeting of the Company;
- (ii) The expiration of the period within which the next annual general meeting of the Company is required by the law or the Articles of Association of the Company to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in a general meeting.”

5. To consider and, if thought fit, pass the following resolution, with or without amendments, as an Ordinary Resolution:

“THAT

- (a) subject to paragraph 5(c) of this resolution, the exercise by the Directors of the Company during the Relevant Period (as hereinafter defined) of all the powers of the Company to allot, issue and deal with additional shares in the share capital of the Company and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph 5(a) above shall authorise the Directors of the Company to make or grant offers, agreements and options during the Relevant Period (as hereinafter defined) which would or might require the exercise of such powers after the end of the Relevant Period (as hereinafter defined);
- (c) the aggregate nominal amount of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to options or otherwise) by the Directors of the Company pursuant to the approval in paragraph 5(a) above, otherwise than pursuant to:
 - (i) a Rights Issue (as hereinafter defined);
 - (ii) the exercise of rights of subscription or conversion under the terms of any warrants issued by the Company or any securities which are convertible into shares of the Company;

- (iii) the exercise of options granted under any option scheme adopted by the Company or similar arrangement for the time being adopted for the grant or issue of shares or rights to acquire shares in the share capital of the Company to officers and/or employees of the Company and/or any of its subsidiaries; and
- (iv) any scrip dividend or similar arrangement providing for the allotment of shares in the share capital of the Company implemented in accordance with the Articles of Association of the Company;

shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this resolution, and the authority pursuant to paragraphs 5(a) and 5(b) above shall be limited accordingly; and

- (d) for the purposes of this resolution:

“Relevant Period” means the period from the date of passing of this resolution until, whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the law or the Articles of Association of the Company to be held; and
- (iii) the date upon which the authority set out in this resolution is revoked or varied by way of an ordinary resolution of the shareholders of the Company in a general meeting.

“**Rights Issue**” means the allotment, issue or grant of shares pursuant to an offer open for a period fixed by the Directors of the Company to the holders of shares of the Company or any class thereof on the register on a fixed record date in proportion to their then holdings of such shares or class thereof (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction or the requirements of any recognised regulatory body or any stock exchange).”

6. To consider and, if thought fit, pass the following resolution, with or without amendments, as an Ordinary Resolution:

"**THAT** the general mandate granted to the Directors of the Company to allot, issue and deal with additional shares pursuant to and in accordance with resolution 5 above and for the time being in force to exercise the powers of the Company to allot shares and to make or grant offers, agreements and options which might require the exercise of such powers be and is hereby extended by the aggregate nominal amount of the share capital of the Company repurchased by the Company since the granting of such general mandate pursuant to the exercise by the Directors of the Company of the powers of the Company to purchase such shares, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the said resolution."

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

Hong Kong, 28 April 2008

Notes:

- (a) The register of members of the Company will be closed from Tuesday, 27 May 2008 to Friday, 30 May 2008 (both days inclusive) during which period no transfer of shares will be effected. In order to determine the entitlement to attend and vote at the Annual General Meeting, all share certificates with completed transfer forms either overleaf or separately, must be lodged with the Company's Branch Share Registrar, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Monday, 26 May 2008.
- (b) A form of proxy for use at the Annual General Meeting is enclosed. A member entitled to attend and vote at the above meeting is entitled to appoint one or more proxy to attend and vote instead of him/her. A proxy need not be a member of the Company. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
- (c) The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed, or a certified copy of such power or authority, must be lodged with the Company's Branch Share Registrar, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong not less than 48 hours before the time appointed for holding such meeting.

Article 77 of the Articles of Association sets out the procedure by which the Shareholders may demand a poll:

At any general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless voting by way of a poll is required by the rules of the Stock Exchange or (before or on the declaration of the result of the show of hands or on the withdrawal of any other demand for a poll) a poll is demanded:

- (a) by the chairman of such meeting; or
- (b) by at least three shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy for the time being entitled to vote at the meeting; or
- (c) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and representing not less than one-tenth of the total voting rights of all shareholders having the right to vote at the meeting; or
- (d) by a shareholder or shareholders present in person or in the case of a shareholder being a corporation by its duly authorized representative or by proxy and holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all shares conferring that right.

A demand by a person as proxy for a shareholder or in the case of a shareholder being a corporation by its duly authorized representative shall be deemed to be the same as a demand by a shareholder.