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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)**

**ISSUE OF SHARES UNDER GENERAL MANDATE  
AND  
RESUMPTION OF TRADING**

**THE ACQUISITION**

The Board is pleased to announce that, before the trading hours of the Stock Exchange on 8 May 2009, the Company entered into the Acquisition Agreement with the Vendor, pursuant to which the Company has conditionally agreed to purchase from the Vendor 60% of the issued share capital of Join Oriental (with voting rights withdrawn) for an aggregate consideration of HK\$40 million to be satisfied by the issue of 800,000,000 consideration shares at an issue price of HK\$0.05.

**THE SUBSCRIPTION**

The Board is also pleased to announce that, before the trading hours of the Stock Exchange on 8 May 2009, the Company entered into the Subscription Agreement with Join Oriental, pursuant to which the Company has conditionally agreed to subscribe for the Subscription Shares for a consideration of RMB10 million (or HK\$ equivalent) which will be settled by the Company through bank transfer.

Join Oriental is an investment holding company and is principally engaged in the research, design, production and sales of new civil and military dual-used LED lighting products that apply a new energy saving lighting technology, namely the LED backlight and lighting technology.

**GENERAL**

Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consideration Shares.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 May 2009 pending the release of this announcement and the announcement of the Company in relation to the issue of shares under specific mandate dated 8 May 2009. 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 11 May 2009.

## **THE ACQUISITION AGREEMENT**

Date : 8 May 2009

### **Parties to the Acquisition Agreement**

Purchaser : The Company

Vendor : Guard Max Limited, an Independent Third Party

The Vendor is principally engaged in investment holding.

### **Shares to be acquired**

The Company has agreed to acquire 600 shares in the issued share capital of Join Oriental representing 60% (with voting rights withdrawn) of the entire issued share capital of Join Oriental from the Vendor.

### **Conditions precedent to the completion of the Acquisition Agreement**

Completion of the Acquisition Agreement is subject to the following conditions having been fulfilled or waived (as the case may be):

- (1) Join Oriental having a subsidiary in the PRC with a registered capital of not less than RMB50 million (or HK\$ equivalent) approved by the PRC government and a net asset value of not less than RMB60 million (or HK\$ equivalent) and the name of which having been changed to “多達創新(中國)有限公司” or any other name authorized by the Company;
- (2) Join Oriental or its subsidiaries having entered into supply agreements with their clients in respect of the use of the LED backlight technology to design and produce civil and military dual-used new lighting display products (新光源顯示產品), which principally comprise 3C products such as communications, computer and television products;
- (3) Join Oriental or its subsidiaries having entered into supply agreements with their clients in respect of the use of the LED lighting technology to design and produce civil and military dual-used new lighting products, which principally comprise equipment, camp, street and indoor lighting products;

- (4) the Company having conducted, or having procured its advisers or agents to conduct, an appropriate due diligence in respect of the assets, liabilities, operations and affairs of Join Oriental upon the execution of the Acquisition Agreement and being satisfied with the result thereof;
- (5) the Company having obtained all necessary consents, authorizations, permissions and approvals (if applicable) from any shareholders, government and the Stock Exchange;
- (6) the Board having passed the necessary resolutions to approve the Acquisition Agreement and the relevant transactions;
- (7) the Company and the Vendor having obtained all necessary consents and approvals in respect of the Acquisition Agreement;
- (8) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares; and
- (9) the Company and the Vendor having entered into a shareholders' agreement in respect of the Acquisition for the Company to withdrawn the voting rights of 600 shares in the issued share capital of Join Oriental to be acquired by the Company.

In the event that the above conditions precedent are not fulfilled within 1 year commencing from the date of the Acquisition Agreement, the Acquisition Agreement shall cease to be effective and neither of the parties to the Acquisition Agreement shall have any obligation towards each other save for any antecedent breaches.

### **Completion of the Acquisition**

Completion of the Acquisition shall take place on the second business day after all the conditions precedent of the Acquisition Agreement have been fulfilled or waived or such later date as may be agreed between the Vendor and the Company.

### **The consideration**

The consideration of HK\$40 million will be satisfied by the Company issuing 800,000,000 Consideration Shares at an issue price of HK\$0.05.

The consideration was determined after arm's length commercial negotiation between the Company and the Vendor with reference to the net asset value of Join Oriental and its subsidiaries upon completion of the Reorganisation. Accordingly, the Directors consider that the consideration is fair and reasonable and is in the interests of the Company and the Shareholders as a whole.

## **The Consideration Shares**

800,000,000 Consideration Shares, credited as fully paid, will be issued at an issue price of HK\$0.05 per Share. The Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the Shares in issue, including the rights to all dividends, distribution and other payments which are declared, made or paid on or after the date of such allotment and issue.

As at the date of this announcement, there were 5,168,735,753 Shares in issue and the Consideration Shares represent:

- (i) approximately 15.48% of the issued share capital of the Company; and
- (ii) approximately 13.40% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares.

## **The issue price**

The issue price of HK\$0.05 was determined after arm's length commercial negotiation between the Company and the Vendor with reference to the average closing price of the Shares for the last 5 trading days up to and including the Last Trading Day. The issue price represents:

- (i) a discount of approximately 19.35% to the closing price of HK\$0.062 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 18.83% to the average closing price of approximately HK\$0.0616 per Share as quoted on the Stock Exchange for the last 5 trading days up to and including the Last Trading Day; and
- (iii) an approximation to the audited net asset value per Share of approximately HK\$0.05 as at 31 December 2008 as disclosed in the Company's announcement dated 27 April 2009.

On the above basis, the Directors consider that the issue price and the issue of the Consideration Shares are fair and reasonable and are in the interest of the Company and the Shareholders as a whole.

## **General Mandate**

The consideration shares will be allotted and issued pursuant to the General Mandate. The Company has not allotted and issued any shares pursuant to the General Mandate and the General Mandate is sufficient for the issue and allotment of the Consideration Shares. Application will be made by the Company to the Listing Committee for the listing of, and the permission to deal in, the Consideration Shares.

## **THE SUBSCRIPTION AGREEMENT**

Date : 8 May 2009

### **Parties to the Subscription Agreement**

Subscriber : The Company

Issuer : Join Oriental

### **Shares to be subscribed**

The Company has conditionally agreed to subscribe from Join Oriental for the Subscription Shares representing 15% of the issued share capital of Join Oriental as enlarged by the allotment and issue of the Subscription Shares.

### **Conditions precedent to the completion of the Subscription Agreement**

Completion of the Subscription Agreement is subject to the following conditions having been fulfilled or waived (as the case may be):

- (1) the Company having acquired not less than 60% of the issued share capital of Join Oriental (with voting rights withdrawn);
- (2) Join Oriental having a subsidiary in the PRC with a registered capital of not less than RMB50 million (or HK\$ equivalent) approved by the PRC government with a net asset value of not less than RMB60 million (or HK\$ equivalent) and the name of which having been changed to “多達創新(中國)有限公司” or any other name authorized by the Company;
- (3) Join Oriental or its subsidiaries having entered into supply agreements with their clients in respect of the use of the LED backlight technology to design and produce civil and military dual-used new lighting display products, which principally comprise 3C products such as communications, computer and television products;
- (4) Join Oriental or its subsidiaries having entered into supply agreements with their clients in respect of the use of the LED lighting technology to design and produce civil and military dual-used new lighting products, which principally comprise equipment, camp, street and indoor lighting products;
- (5) the Company having conducted, or having procured its advisers or agents to conduct, an appropriate due diligence in respect of the assets, liabilities, operations and affairs of Join Oriental upon the execution of the Subscription Agreement and being satisfied with the result thereof;
- (6) the Company having obtained all necessary consents, authorizations, permissions and approvals (if applicable) from any shareholders, government and the Stock Exchange;

- (7) the Board having passed all necessary resolutions to approve the Subscription Agreement and the relevant transactions; and
- (8) the Company and Join Oriental having obtained all necessary consents and approvals in respect of the Subscription Agreement.

In the event that the above conditions precedent are not fulfilled within 1 year commencing from the date of the Subscription Agreement, the Subscription Agreement shall cease to be effective and neither of the parties to the Subscription Agreement shall have any obligation towards each other save for any antecedent breaches.

### **Completion of the Subscription**

Completion of the Subscription shall take place on the second business day after all the conditions precedent of the Subscription Agreement have been fulfilled or waived or such later date as may be agreed between Join Oriental and the Company.

### **Consideration**

The consideration of RMB10 million (or HK\$ equivalent) will be satisfied by the Company through bank transfer.

The consideration was determined after arm's length commercial negotiation between the Company and the issuer with reference to the net asset value of Join Oriental and its subsidiaries upon completion of the Reorganisation. Accordingly, the Directors consider that the consideration is fair and reasonable and is in the interest of the Company and the Shareholders as a whole.

### **INFORMATION OF JOIN ORIENTAL**

Join Oriental was incorporated in Hong Kong on 11 December 2008 and since then has not commenced any business. The Company was wholly owned by the Vendor. Upon the completion of the Reorganization, the principal assets of Join Oriental will include a PRC subsidiary of Join Oriental with a net asset value of not less than RMB60 million.

Upon the completion of its Reorganization, Join Oriental will be principally engaged in the production of products applying the new LED lighting technology with a focus on industrial design in order to improve the human-machine interface and quality of civil and military dual-used products. Its PRC subsidiary, which will be located at the core area of Zhongguancun, Beijing, will be equipped with excellent facilities and abundant resources for conducting research and development in respect of various technological areas such as applied optics, ergonomics, computer-aided design, industrial design and electronic engineering. It will also be provided with comprehensive and highly precise equipment and hardware as well as a wide supplier base in order to provide comprehensive services spanning from product design to production and installation.

## **REASONS FOR THE ACQUISITION AND THE SUBSCRIPTION**

The Company is an investment company under Chapter 21 of the Listing Rules. Its principal investment objective is to achieve medium-term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the PRC. As stated in the Company's prospectus dated 11 October 2007 in respect of a rights issue, it is the Company's investment strategy to participate, as a financial investor, in PRC enterprises engaged in the military industries, particularly those engaged in the commercialization and development of military technologies that can be used in commercial and civil applications, as well as to focus on the investment in three new industries namely new energies, new lighting and new materials.

Join Oriental is an enterprise engaged in the field of new lighting application (新光源應用). The Acquisition and the Subscription represent another effort of the Company, after its investment in LED chips, to invest in the field of new lighting. Join Oriental focuses on the research, design and production of LED backlight and lighting products, which caters for the development trend in the PRC and the globe and, therefore, enjoy enormous market and development potential. In view of the strong demand for LED products from the military and civil industries, the Directors consider that the Acquisition and the Subscription are in the interest of the Company and the Shareholders as a whole.

## **SUSPENSION AND RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 8 May 2009 pending the release of this announcement and the announcement of the Company in relation to the issue of shares under specific mandate dated 8 May 2009. 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 11 May 2009.

## **DEFINITIONS**

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

|                         |  |
|-------------------------|--|
| “Acquisition”           | the acquisition of 600 shares in the issued share capital of Join Oriental, representing 60% (with voting rights withdrawn) issued share capital of Join Oriental by the Company pursuant to the Acquisition Agreement |
| “Acquisition Agreement” | the sale and purchase agreement dated 8 May 2009 entered into between the Company and the Vendor in relation to the Acquisition  |
| “Board”                 | the board of Directors   |
| “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 main board of the Stock Exchange                     |

|                                |   |
|--------------------------------|---|
| “Consideration Shares”         | the 800,000,000 new Shares to be allotted and issued to the Vendor credited as fully paid at the issue price of HK\$0.05 in accordance with the terms of the Acquisition Agreement  |
| “Director(s)”                  | the director(s) of the Company  |
| “General mandate”              | the general mandate to authorise the Directors to allot and issue up to 1,033,747,150 Shares pursuant to the resolution passed at the annual general meeting of the Company held on 30 May 2008   |
| “Hong Kong”                    | the Hong Kong Special Administrative Region of the PRC  |
| “Independent Third Party(ies)” | person(s) which is/are third party(ies) independent of the Company and the respective ultimate beneficial owner(s) of which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, is/are not connected person(s) as defined under the Listing Rules  |
| “Join Oriental”                | Join Oriental Holdings Limited, a company incorporated in Hong Kong and an Independent Third Party, which is currently filing an application for a change of company name to Dooda Innovation Limited 多達創新有限公司 with the Companies Registry in Hong Kong   |
| “Last Trading Day”             | 7 May 2009, being the last trading day before the suspension of trading in the Shares pending the release of this announcement  |
| “Listing Rules”                | the Rules Governing the Listing of Securities on the Stock Exchange   |
| “PRC”                          | the People’s Republic of China, which, for the purposes of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan   |
| “Reorganization”               | the reorganization of Join Oriental and its subsidiaries to be conducted prior to completion of the Acquisition Agreement and the Subscription Agreement, upon completion of which Join Oriental will hold the entire registered capital of a PRC company with a registered capital of not less than RMB50 million (or HK\$ equivalent) approved by the PRC government with a net asset value of not less than RMB60 million (or HK\$ equivalent) and the name of which having been changed to “多達創新(中國)有限公司” or any other name authorized by the Company |
| “Shareholder(s)”               | holders of the Shares   |



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|--------------------------|--|
| “Shares”                 | the ordinary shares of the Company of HK\$0.01 each in the share capital of the Company  |
| “Stock Exchange”         | The Stock Exchange of Hong Kong Limited  |
| “Subscription”           | the subscription of the Subscription Shares, by the Company pursuant to the Subscription Agreement                             |
| “Subscription Agreement” | the subscription agreement dated 8 May 2009 entered into between the Company and Join Oriental in relation to the Subscription |
| “Subscription Shares”    | 177 share of HK\$1 each in the share capital of Join Oriental  |
| “Vendor”                 | Guard Max Limited, a company incorporated in the British Virgin Islands and an Independent Third Party                         |
| “RMB”                    | Renminbi, the lawful currency of the PRC   |
| “HK\$”                   | Hong Kong dollar, the lawful currency of Hong Kong   |

By order of the Board  
**CHINA INNOVATION INVESTMENT LIMITED**  
**Xiang Xin**  
*Executive Director and Chief Executive Officer*

Hong Kong, 8 May 2009

*As at the date of this announcement, the executive Directors are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Wong Chak Keung; the non-executive Directors are Mr. Wang Qing Yu (Chairman) and Mr. Ng Kwong Chue, Paul; and the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.*