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If you have sold or transferred all your shares in China Innovation Investment Limited (the “Company”), you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer 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)

ISSUE OF SHARES UNDER SPECIFIC MANDATE

A notice convening an extraordinary general meeting of China Innovation Investment Limited to be held at 26/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 10 July 2009 at 11:00 a.m. is set out on pages 10 to 11 of this circular.

A form of proxy for use at the extraordinary general meeting is enclosed with this circular. Whether or not you are able to attend the meeting, you are advised to read the notice and to complete and return the enclosed form of proxy, in accordance with the instructions printed thereon, to the Company’s branch share register in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the extraordinary general meeting or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the extraordinary general meeting or any adjourned meeting in person if you so wish.

24 June 2009

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DEFINITIONS

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

“Acquisition”	the acquisition of 310 shares in the issued share capital of Topsun, representing 31% (with voting rights withdrawn) issued share capital of Topsun by the Company pursuant to the Acquisition Agreement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
“Announcement”	the announcement of the Company dated 8 May 2009
“associate(s)”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	a day, other than a Saturday and a day on which a tropical cyclone warning no. 8 or above or a “black rainstorm warning signal” is hoisted in Hong Kong at any time between 9:00 a.m. and 5:00 p.m., on which licensed banks are open for general banking business 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 main board of the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“Consideration Shares”	the 400,000,000 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
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of approve the Specific Mandate
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong

DEFINITIONS

“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
“Investment Manager”	China Everbright Securities (HK) Limited, a licensed corporation to carry on business in type 1 (dealing in securities) and type 4 (advising on securities) under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Last Trading Day”	7 May 2009, being the last trading day of the Shares on the Stock Exchange prior to the publication of the Announcement
“Latest Practicable Date”	22 June 2009, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained therein
“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 Topsun and its subsidiaries to be conducted prior to completion of the Acquisition Agreement and the Subscription Agreement, upon completion of which Topsun 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 and the name of which having been changed to “太陽創建(中國)有限公司” or any other name authorized by the Company
“Shareholder(s)”	holders of the Shares
“Shares”	the ordinary shares of the Company of HK\$0.01 each in the share capital of the Company

DEFINITIONS

“Specific Mandate”	the specific mandate in relation to the allotment and issued of Consideration Shares to be sought at the EGM
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Topsun”	Topsun Creation Limited, a company incorporated in Hong Kong, an Independent Third Party and wholly owned by the Vendor
“Vendor”	China Seed International Limited, a company incorporated in the British Virgin Islands and an Independent Third Party
“RMB”	Renminbi, the lawful currency of the PRC



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

Non-executive Directors:

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

Independent non-executive Directors:

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

Registered office:

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

*Head office and principal place of
business in Hong Kong:*

26/F
No.9 Des Voeux Road West
Sheung Wan
Hong Kong

24 June 2009

*To the Shareholders and for information only,
holders of share options and convertible bonds of the Company,*

Dear Sir/Madam,

ISSUE OF SHARES UNDER SPECIFIC MANDATE

INTRODUCTION

The Company and the Vendor entered into the Acquisition Agreement on 8 May 2009. Particulars of the Acquisition Agreement are disclosed in the Announcement.

Pursuant to the Acquisition Agreement, the Company has conditionally agreed to purchase from the Vendor 31% of the issued share capital of Topsun (with voting rights withdrawn) for an aggregate consideration of HK\$20 million to be satisfied by the issue of 400,000,000 Consideration Shares at an issue price of HK\$0.05. Completion of the Acquisition Agreement is conditional upon the obtaining of the Specific Mandate and the fulfillment of other conditions precedent set out in the paragraph headed "Conditions precedent" below.

The purpose of this circular is to (i) provide you with further information relating to the Acquisition Agreement; and (ii) give you a notice convening the EGM at which necessary resolutions will be proposed to seek your approval of the Specific Mandate.

LETTER FROM THE BOARD

THE ACQUISITION AGREEMENT

Date: 8 May 2009

Parties to the Acquisition Agreement

Purchaser: The Company

Vendor: China Seed International Limited, an Independent Third Party

The Vendor is principally engaged in investment holding.

Asset to be acquired

The Company has conditionally agreed to acquire 310 shares in the issued share capital of Topsun, representing 31% (with voting rights withdrawn) of the entire issued share capital of Topsun 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) the Vendor having made an arrangement for Topsun to obtain the technology for intensive charging application in batteries;
- (2) Topsun 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 the name of which having been changed to “太陽創建(中國)有限公司” or any other name authorized by the Company;
- (3) Topsun or its subsidiaries in the PRC having entered into supply contracts in respect of high capacity batteries for military or civil uses;
- (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 Topsun 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 all 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;

LETTER FROM THE BOARD

- (8) the Listing Committee of the Stock Exchange having granted the listing of, and the permission to deal in, the Consideration Shares;
- (9) the Company and the Vendor having entered into a shareholders' agreement in respect of the Acquisition for the Company to withdraw the voting rights of 310 shares in the issued share capital of Topsun to be acquired by the Company; and
- (10) the passing by the Shareholders at a general meeting of the Company to be convened and held of the necessary resolution(s) to approve the allotment and issue of the Consideration Shares to the Vendor, credited as fully paid.

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\$20 million will be satisfied by the Company issuing 400,000,000 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 Topsun 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

400,000,000 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.

An application will be made to the Stock Exchange for the listing of, and the permission to deal in, the Consideration Shares pursuant to the issue of shares to be granted under Specific Mandate.

LETTER FROM THE BOARD

As at the Latest Practicable Date, there were 5,170,865,753 Shares in issue and the Consideration Shares represent:

- (i) approximately 7.74% of the issued share capital of the Company; and
- (ii) approximately 7.18% 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.

INFORMATION ON TOPSUN

Topsun was incorporated in Hong Kong on 9 January 2009 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 Topsun will include a PRC subsidiary of Topsun with a net asset value of not less than RMB50 million.

Upon completion of the Reorganization, new energy batteries will become its main products. These batteries have the characteristics of high capacity, fully sealed and maintenance-free, and are substantially used in tanks, submarines and barracks as well as civil vehicles and construction.

LETTER FROM THE BOARD

REASONS FOR THE ACQUISITION

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.

Topsun is an enterprise engaged in the field of new energy application (新能源應用). The Company has agreed to acquire 310 shares with voting shares withdrawn in Topsun and the Company will not interfere with the management of Topsun. Apart from the withdrawal of the voting rights in the old shares to be acquired by the Company, the shares being acquired by the Company rank pari passu in all respects with the existing share capital of Topsun. Accordingly, the Company will enter into shareholders' agreement with the Vendor to withdraw the voting rights of 310 shares in Topsun. The withdrawal of the voting rights could not be waived or cancelled in accordance with the terms of the shareholders agreement to be entered into with the Vendor in the Acquisition until the disposal of such shares by the Company. The Company's strategy is to explore the investment opportunities to achieve medium-term capital appreciation.

The Acquisition represent another effort of the Company, after its investment in new lighting (LED) and new materials (LTCC and electrolytic copper and platinum (電解銅鉑)), to invest in the field of new energies. Topsun is engaged in the operations of research, design and production of high capacity power storage system, which is the core technology of new energy development. The Company's investment in Topsun caters for the development trend in the PRC and the globe and, therefore, enjoys enormous market and development potential. In view of the strong demand for new energy from the military and civil industries, the Directors consider that the Acquisition is in the interest of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

CHANGES IN SHAREHOLDINGS STRUCTURE ARISING FROM THE ACQUISITION

The following table sets out the shareholding structure of the Company (i) as at the Latest Practicable Date and before Completion; and (ii) immediately after Completion and the allotment and issue of the Conversion Shares:

Shareholders	As at the Latest Practicable Date		Immediate after the allotment and issue of the Conversion Shares	
	No. of Shares	Approximate	No. of Shares	Approximate
		%		%
Harvest Rise Investments Limited (<i>Note 1</i>)	1,523,335,379	29.46	1,523,335,379	27.34
Tat Fai Enterprises Ltd.	660,383,891	12.77	660,383,891	11.85
The Vendor	–	–	400,000,000	7.18
Directors (<i>Note 2</i>)	28,696,000	0.55	28,696,000	0.52
Public Shareholders	<u>2,958,450,483</u>	<u>57.22</u>	<u>2,958,450,483</u>	<u>53.11</u>
	<u><u>5,170,865,753</u></u>	<u><u>100.00</u></u>	<u><u>5,570,865,753</u></u>	<u><u>100.00</u></u>

Notes:

- 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 and also the director of the Company.
- Excluding Mr. Xiang Xin and his associates.

EGM

The EGM (or any adjournment thereof) will be held at 26/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 10 July 2009 at 11:00 a.m. for the purpose of considering and, if thought fit, passing the ordinary resolutions to approve the Specific Mandate. A notice convening the EGM is set out on pages 10 to 11 of this circular.

To the best knowledge of the Directors, no Shareholders are required to abstain from voting on the ordinary resolution for the approval of the Specific Mandate at the EGM and the Vendor was not interested in any Shares as at the Latest Practicable Date. If the Vendor holds any Shares as at the date of the EGM, the Vendor and its associates will abstain from voting on the ordinary resolution for the approval of the Specific Mandate at the EGM and such approval shall be obtained by way of poll pursuant to Rule 13.39(4) of the Listing Rules.

LETTER FROM THE BOARD

A form of proxy for use at the EGM is enclosed. Whether or not you are able to attend the meeting, you are encouraged to complete and return the form of proxy in accordance with the instructions printed thereon to the Company's Hong Kong branch share registrar, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong, as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting at the EGM (or any adjournment thereof) if you so wish.

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors of the Company and the directors of the Investment Manager collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

RECOMMENDATION

The Directors consider that the terms of the Acquisition Agreement are fair and reasonable and were arrived at after arm's length negotiation, and that the issue of the Consideration Shares is in the best interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution with respect to the approval of the Specific Mandate to be proposed at the EGM.

Yours faithfully,
For and on behalf of the Board
China Innovation Investment Limited
Xiang Xin
Executive Director and Chief Executive Officer

NOTICE OF EGM



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 an extraordinary general meeting (the “**Meeting**”) of China Innovation Investment Limited (the “**Company**”) will be held at 26/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong on Friday, 10 July 2009 at 11:00 a.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

“**THAT:**

- (a) the allotment and issue of 400,000,000 shares (the “**Consideration Shares**”) of HK\$0.01 each in the capital of the Company to China Seed International Limited (the “**Vendor**”) pursuant to the sale and purchase agreement (the “**Acquisition Agreement**”) dated 8 May 2009 entered into between the Company and the Vendor (a copy of which has been produced to the Meeting, signed by the chairman of the Meeting for the purposes of identification), be and the same is hereby approved; and
- (b) any one director of the Company (each a “**Director**”) be and he is hereby generally and unconditionally authorised in the best interests of the Company to do such act, including without limitation, the issue and allotment of the Consideration Shares, and execute all such documents for and on behalf of the Company by hand, or in case of execution of documents under seal, to do so jointly with any of a second Director, a duly authorized representative of the Directors or the secretary of the Company as he/they shall consider necessary, appropriate, desirable or expedient in relation to the issue and allotment of the Consideration Shares.”

By order of the Board

China Innovation Investment Limited

Xiang Xin

Executive Director and Chief Executive Officer

Hong Kong, 24 June 2009

NOTICE OF EGM

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

*Head office and principal place of
business in Hong Kong:*
26/F., No.9 Des Voeux Road West
Sheung Wan, Hong Kong

Notes:

1. A member of the Company entitled to attend and vote at the Meeting is entitled to appoint one or more proxies, if holding two or more shares, to attend and to vote in his stead. A proxy need not be a member of the Company.
2. Where there are joint registered holders of any share, any one such persons may vote at the Meeting, either personally or by proxy, in respect of such share as if he were solely entitled thereto; but if more than one of such joint holders be present at the Meeting personally or by proxy, that one of the said persons so present whose name stands first on the register of members of the Company in respect of such shares shall alone be entitled to vote in respect thereof.
3. In order to be valid, the form of proxy duly completed and signed in accordance with the instructions printed thereon must be deposited with the Company's branch share registrar in Hong Kong, Union Registrars Limited, at Room 1901-02, Fook Lee Commercial Centre, Town Place, 33 Lockhart Road, Wanchai, Hong Kong together with the power of attorney or other authority, if any, under which it is signed, or a certified copy of that power of authority, not less than 48 hours before the time appointed for holding the Meeting or any adjournment thereof.