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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)

CONVERSION OF CONVERTIBLE BONDS

The Board hereby announces that, on 21 December 2009, the Company receives the Conversion Notice from HRIL, the sole bondholder of the Convertible Bonds, pursuant to which the Company will allot and issue 200,000,000 new Shares at the conversion price of HK\$0.05 per Conversion Share to HRIL.

After the allotment and issue of the Conversion Shares above, HRIL will hold an equity interest of about 27.93% in the enlarged issued share capital of the Company.

HRIL shall not transfer or dispose of the Conversion Shares within a period of six months commencing from the date of allotment and issue of the Conversion Shares, and thereafter the Conversion Shares are freely transferable subject to payment of stamp duty in Hong Kong.

References are made to the announcements of the Company dated 20 November 2007 and 9 May 2008, and the circular dated 11 December 2007 (the “**Circular**”). Unless the context otherwise requires, capitalized terms are used in this announcement shall have the same meanings as defined in the Circular.

CONVERSION OF CONVERTIBLE BONDS

On 21 December 2009, the Company receives a conversion notice (the “**Conversion Notice**”) from Harvest Rise Investments Limited (“**HRIL**”), the sole bondholder of the Convertible Bonds, to exercise the conversion right attached to the remaining balance of the Convertible Bonds for a principal amount of HK\$10,000,000 at the conversion price of HK\$0.05 per Conversion Share. Accordingly, 200,000,000 new Shares will be issued and allotted to HRIL.

HRIL shall not transfer or dispose of the Conversion Shares within a period of six months commencing from the date of allotment and issue of the Conversion Shares, and thereafter the Conversion Shares are freely transferable subject to payment of stamp duty in Hong Kong.

After the allotment and issue of the Conversion Shares above, there will be no Convertible Bonds outstanding.

The following table summarises the effects on the shareholding structure of the Company as a result of the allotment and issue of the Conversion Shares to HRIL:

	Immediately before the issue of the Conversion Shares		Immediately after the issue of the Conversion Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
HRIL (<i>note 1</i>)	1,523,335,379	25.51	1,523,335,379	24.69
HRIL (<i>note 2</i>)	-	-	200,000,000	3.24
Subtotal	1,523,335,379	25.51	1,723,335,379	27.93
Guard Max Limited	800,000,000	13.40	800,000,000	12.96
Tat Fai Enterprises Ltd. (<i>note 3</i>)	660,383,891	11.06	660,383,891	10.70
Directors (<i>note 4</i>)	17,656,000	0.30	17,656,000	0.29
Public Shareholders	2,969,490,483	49.73	2,969,490,483	48.12
	<u>5,970,865,753</u>	<u>100.00</u>	<u>6,170,865,753</u>	<u>100.00</u>

- Note 1:* HRIL is a private company wholly and beneficially owned by Mr. Xiang Xin. Mr. Xiang is the sole director of HRIL.
- Note 2:* HRIL shall not transfer or dispose of the Conversion Shares within a period of six months commencing from the date of allotment and issue of Conversion Shares, and thereafter the Conversion Shares are freely transferable subject to payment of stamp duty in Hong Kong.
- Note 3:* Tat Fai Enterprises Ltd. is a private company wholly and beneficially owned by Mr. Cheung Chung Chit.
- Note 4:* Excluding Mr. Xiang and his associates.

By Order of the Board
China Innovation Investment Limited
Wong Chak Keung
Executive Director and Company Secretary

Hong Kong, 21 December 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Xiang Xin, Mr. Chan Cheong Yee and Mr. Wong Chak Keung; 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.