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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)

**MEMORANDUM OF UNDERSTANDING
IN RELATION TO
FOUR POTENTIAL ACQUISITIONS / INVESTMENTS**

THE MEMORANDUM OF UNDERSTANDING

The board of directors of the Company announces that on 8 November 2015, the Company and China Culture Media International Holdings Limited entered into a memorandum of understanding in relation to four potential acquisitions / investments of the partly equity interest in Supreme Tycoon Limited and other three companies.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The potential acquisitions / investments may or may not proceed. The Company will make further announcement when appropriate pursuant to the requirements under the Listing Rules.

The announcement is made by China Innovation Investment Limited (the “**Company**”) pursuant to the Rule 13.09 of the Rules Governing the Listing Securities (the “**Listing Rules**”) on The Stock Exchange of the Hong Kong Limited (the “**Stock Exchange**”) and Inside Information Provisions (as defined in the Listing Rules) under Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (the “**Board**”) of directors (the “**Directors**”) of the Company announces that on 8 November 2015, the Company and China Culture Media International Holdings Limited (the “**China Culture**”), entered into a memorandum of understanding (the “**MOU**”) in relation to a potential acquisitions / investments (the “**Potential Acquisition**”) of the partly equity interest in Supreme Tycoon Limited and other three companies (the “**Target Companies**”).

To the best of the Directors’ knowledge, information and belief and having made all reasonable enquiries, the Potential Vendor and its ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company and are parties independent of the Company and

its connected persons.

INFORMATION ABOUT THE TARGET COMPANIES

The Target Companies are Supreme Tycoon Limited, Max Zenith Limited, Dongyang Spring Television Culture Company Limited*(東陽春秋影視文化有限公司) and Wenzhou Is Xu Television Productions Limited*(温州正栩影視制作有限公司). Supreme Tycoon Limited is a wholly-owned subsidiary of China Culture. Supreme Tycoon Limited currently owns and controls the global license and corresponding rights of 70,006.75 hours television program (the “**Target Program**”) set out under the MOU. The Target Company becomes a company in operation of film and television rights after signing a corporative agreement with a film and production company in relation to adaptation and reproduction of the Target Program as new television series and / or movie.

MAJOR TERMS OF MOU

INTEREST INTENDED TO BE ACQUIRED

The Company proposed to acquire partly equity interest of Supreme Tycoon Limited (the “**Proposed Acquisition**”). The consideration of the Proposed Acquisition will not be higher than HK\$100 million or 20% of the net asset of the Company (whichever is lower) and the Company will not acquire more than 30% of voting rights of Supreme Tycoon Limited. In regards to the Proposed Acquisition, both parties agreed some basic principles and provisions which set out in the MOU and both parties further agreed to continue discuss and develop a more specific terms and conditions of acquisition agreement (the “**Acquisition Agreement**”).

Meanwhile, China Culture advised the Company to acquire the new share capital of Max Zenith Limited, Dongyang Spring Television Culture Company Limited* (東陽春秋影視文化有限公司) and Wenzhou Is Xu Television Productions Limited* (温州正栩影視製作有限公司). The amount of each of the advised investment project is lower than HK\$100 million or 20% of the net asset of the Company (whichever is lower) and lower than HK\$300 million in aggregate.

CONSIDERATION

The Company will pay the Potential Vendor HK\$15 million at the time of signing the MOU as earnest money (the “**Earnest Money**”).

The percentage of acquisition of the Target Company will be determined by the Company after the work of due diligence performed by the Company and the signed agreement in prevail.

The consideration of the Proposed Acquisition is by reference to the valuation result performed by valuation company which is agreed by the Stock Exchange and the signed Acquisition Agreement in prevail.

The Potential Vendor is required to refund the Earnest Money to the Company within 3 business days and the beneficiary owner of China Culture, Mr. Sze Wing Bin, undertakes the liabilities which set out in the MOU if the MOU is not completed on or before 31 January 2016, or both parties mutually agreed on termination. The Earnest Money will be part of the consideration of the Acquisition Agreement if both parties signed the Acquisition Agreement in accordance to this announcement.

CONDITIONS PRECEDENT

In accordance with the MOU, the Acquisition Agreement is effective with the following precedent conditions (but not limited to):

1. The Board satisfies the result of due diligence; and
2. The approval of the Shareholders of the Company if necessary; and
3. The approval from relevant regulated bodies.

FORCE AND TERMINATION

1. The MOU is effective immediately signing and the MOU is invalid (or otherwise determined by parties) if the Acquisition Agreement is not signed after 3 months from the effect date of MOU;
2. The MOU is invalid once the Acquisition Agreement is signed.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Company will make further announcement when appropriate pursuant to the requirements under the Listing Rules.

By order of the Board
China Innovation Investment Limited
Xiang Xin
Chairman and Chief Executive Officer

Hong Kong, 8 November 2015

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. Jook Chun Kui Raymond, Mr. Sun Kuan Chi, Mr. Kuk Peter Z, Mr. Wang Wei and Mr. Ge Ming; 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.

** For identification purpose only*