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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)

PRIORITY INVESTMENT AGREEMENT IN RELATION TO PREFERENTIAL INVESTMENT

On 29 February 2016, the Company and Guotai entered into a priority investment agreement whereby Guotai has agreed to offer the Company priority to invest in any Guotai's technology and financial service business on preferential conditions with consideration referenced to net asset value.

As at the date of this announcement, Guotai is a substantial shareholder of the Company. Therefore, Guotai is connected person of the Company in accordance with the Chapter 14A of the Listing Rules. The Possible Acquisition will constitute a connected transaction of the Company if official cooperative agreement enters into between the Company and Guotai.

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

The board (the "**Board**") of directors (the "**Directors**") of China Innovation Investment Limited (the "**Company**") announces that on 29 February 2016, the Company and Guotai Investment Holdings (Group) Company Limited* (the "**Guotai**"), entered into a priority investment agreement (the "**Priority Investment Agreement**") whereby Guotai has agreed to offer the Company priority to invest in any of Guotai's leading technology and financial service business on preferential conditions with investment consideration referenced to the net asset value (the "**Preferential Investment**").

PARTIES

The Company is a company listed on the main board of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") The Company invests in leading technology project and providing support service with financial service for those leading technology projects, in order to obtain profit and medium to long term equity investment appreciation return. The Company

is currently investing in four leading technology projects and one financial service project.

Guotai is an institution investor and invests in 120 projects, in which Guotai offers the Company investment priority on preferential conditions. As at the date of this announcement, Guotai is interested in 2,362,720,000 issued shares of the Company (representing approximately 27.75% of the issued share capital of the Company).

INVESTMENT CRITERIA

1. Projects of Guotai in which the Company has priority to invest are leading technology and/or financial service companies whose principal activities are new energy, new light, new material and new media. In particular, the Company welcomes fund management company, asset management company, financial guarantee company, lending company and factoring companies, which principally engaged in providing financial service to leading technology companies. Guotai has recommended five project companies: Jin Asset Management (Shanghai) Company Limited*, Jin Equity Investment Fund (Shanghai) Company Limited*, Jin Factoring (Shanghai) Company Limited*, Shanghai Jin Financial Advisory Company Limited* and Jin Gold (Shanghai) Company Limited* (the “**Priority Projects**”) for the Company to consider.
2. There should be no business overlap between the Priority Projects and the Priority Projects should offer synergy for complementary development.
3. The shareholding structure of the Priority Projects should have an overseas ownership structure and not under a variable interest entity structure.
4. The shareholding of the Priority Projects being acquired or invested should be limited partnership (non-voting rights). Any investment in the Priority Projects will be subject to a further formal agreements between the Company and Guotai and subject to the necessary disclosure, shareholders’ approval and Stock Exchange approval requirements as the case may be.
5. The Company intends to settle the consideration of possible investments in Priority Projects by way of cash, shares or convertible bonds.
6. The consideration of each Priority Project will not exceed HK\$100 million or 20% of the net asset value of the Company at the time of the investment, whichever is lower.
7. There is no limit on the number of Priority Projects, the consideration for each Priority Project will be determined by reference to its net asset value.
8. The net asset value of each Priority Project will be based on the audited report issued by a Hong Kong accountants firm to be appointed by the Company.

CONNECTED TRANSACTION

As at the date of this announcement, Guotai is a substantial shareholder of the Company.

Therefore, Guotai is connected person of the Company in accordance with the Chapter 14A of the Listing Rules. The Preferential Investment will constitute a connected transaction of the Company if formal agreement enters into between the Company and Guotai.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares. The Preferential Investment may or may not proceed. 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, 29 February 2016

As at the date of this announcement, the executive directors of the Company are Mr. Xiang Xin (co-chairman), Mr. Chan Cheong Yee and Mr. Li Zhou; the non-executive directors of the Company are Mr. Jook Chun Kui Raymond, Mr. Sun Kuan Chi, Ms. Chen Jiajing (co-chairman), Ms. Jiang Linlin and Mr. Wang Wei; the independent non-executive directors of the Company 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*