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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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

The board (the "Board") of directors (the "Directors") of China Innovation Investment Limited (the "Company") are pleased to announce the unaudited interim results of the Company for the six months ended 30 June 2021 with comparative figures for the corresponding period of 2020 as follows:

For the six months ended 30 June 2021, the Company recorded gross proceeds from disposal of securities are approximately HK\$ 240,225,000 (2020: HK\$288,069,000).

For the six months ended 30 June 2021, the Company's net realised gain on disposal of investments at fair value through profit or loss recorded approximately HK\$ 7,466,000, including:

- (i) The net realised gain on dividends from and disposal of investments of Hong Kong listed securities recorded approximately HK\$1,770,000, wherein including dividends of approximately HK\$1,770,000.
- (ii) The net realised gain on disposal of investments of unlisted derivatives recorded approximately HK\$963,000.
- (iii) The net realised gain on coupons from and disposal of the investments of unlisted structured products in hand recorded approximately HK\$4,733,000.

For the six months ended 30 June 2021, the Company's unrealised gain from the investments of Hong Kong listed securities in hand on 30 June 2021 at fair value through profit or loss recorded profit of approximately HK\$5,302,000.

The profit for the six months ended 30 June 2021 was approximately HK\$10,265,000 while the loss for the corresponding period of 2020 was approximately HK\$18,755,000. The profit is due to the gradual recovery of the global economy, which results in the increase of the unrealised holding gains from financial assets at fair value through profit or loss.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Six months ended 30 June	
		2021	2020
		HK\$'000	HK\$'000
		(Unaudited)	(Unaudited)
Gross proceeds from disposal of securities		240,225	288,069
Interest income		22	408
Other income		–	96
Net realised gain on disposal of Investments at fair value through profit or loss		7,466	13,972
Unrealised gain/(loss) of Investments at fair value through profit or loss		5,303	(29,673)
Administrative and other operating expenses		(2,526)	(3,558)
Profit/(loss) before taxation	3	10,265	(18,755)
Income tax expense	4	–	–
Profit/(loss) for the period and attributable to owners of the Company		10,265	(18,755)
Total comprehensive profit/(loss) for the period and attributable to owners of the Company		10,265	(18,755)
Earnings/(loss) per share			
Basic	5	0.080 cents	(0.146) cents
Diluted	5	N/A	N/A

CONDENSED STATEMENT OF FINANCIAL POSITION

		30 June	31 December
		2021	2020
	<i>Notes</i>	HK\$'000	<i>HK\$'000</i>
		(Unaudited)	(Audited)
NON-CURRENT ASSETS			
Right-of-use asset		1,787	2,234
Property, plant and equipment		–	–
Equity investments at fair value through other comprehensive income		276,186	276,186
		277,973	278,420
CURRENT ASSETS			
Investments at fair value through profit and loss		263,059	214,558
Prepayment, deposits and other receivables		111,727	146,551
Cash and bank balances	7	13,205	16,816
		387,991	377,925
CURRENT LIABILITIES			
Lease liabilities within 12 months		(882)	(336)
Other payables and accruals		(147)	(871)
		(969)	(1,207)
NET CURRENT ASSETS		387,022	376,718
TOTAL ASSETS LESS CURRENT LIABILITIES		664,995	655,138
NON CURRENT LIABILITIES			
Lease Liabilities (more than 12 months)		(982)	(1,390)
NET ASSETS		664,013	653,748
EQUITY			
Issued share capital	8	128,016	128,016
Reserves		535,997	525,732
TOTAL EQUITY		664,013	653,748
Net asset value per share	10	HK\$0.0519	HK\$0.0511

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued share capital <i>HK\$'000</i>	Share premium account <i>HK\$'000</i>	Equity investment revaluation reserve <i>HK\$'000</i>	Share option reserve <i>HK\$'000</i>	Accumulated losses <i>HK\$'000</i>	Total <i>HK\$'000</i>
At 1 January 2021 (Audited)	128,016	655,342	(47,609)	8,890	(90,891)	653,748
Total comprehensive loss for the period	-	-	-	-	10,265	10,265
At 30 June 2021 (Unaudited)	128,016	655,342	(47,609)	8,890	(80,626)	664,013
At 1 January 2020 (Audited)	128,016	655,342	(10,601)	9,707	(82,209)	700,255
Total comprehensive loss for the period	-	-	-	-	(18,755)	(18,755)
At 30 June 2020 (Unaudited)	128,016	655,342	(10,601)	9,707	(100,964)	681,500

Notes:

- (i) Under the Companies Law of the Cayman Islands, the share premium of the Company is available for paying distributions of dividends to the shareholders subject to the provisions of the Articles of Association of the Company and a statutory solvency test. Under the Articles of Association of the Company, dividend may be declared or payable out of the profits and reserves of the Company lawfully available for distribution with the sanction of an ordinary resolution. Dividend may also be declared out of share premium account of the Company. As at 30 June 2021, the Company's reserve available for distribution amounted to approximately HK\$536,891,000 (2020: approximately HK\$554,378,000).
- (ii) The share option reserve comprises the fair value of unexercised share options granted to directors, employees and business advisors of the Company recognised in accordance with HKFRS 2.

CONDENSED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2021	2020
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Net cash (used in)/generated from operating activities	<u>(3,611)</u>	60,848
NET (DECREASED)/INCREASED IN CASH AND CASH EQUIVALENTS	(3,611)	60,848
Cash and cash equivalents at the beginning of the period	<u>16,816</u>	12,701
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13,205	73,549
BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	<u>13,205</u>	73,549

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

China Innovation Investment Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The address of the Company’s registered office is Sinclair Group Centre, 3rd Floor Genesis Building, Genesis Close, P.O. Box 498, George Town, Grand Cayman KY1-1106, Cayman Islands. Its principal place of business is situated at 26/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 28 August 2002.

The Company’s principal activity has not changed during the period and is principally engaged in investments. Its principal investment objective is to achieve medium term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong (“HK”) and Mainland China.

2 BASIS OF PREPARATION

The unaudited condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Listing Rules and the Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

The unaudited condensed financial statements do not include all the information and disclosures required under the annual financial statements, and should be read in conjunction with the Company’s annual financial statements for the year ended 31 December 2020.

Summary of significant accounting policies

The Company has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2021. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”), Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Company’s accounting policies, presentation of the Company’s financial statements and amounts reported for the current period and prior years except as stated below.

3 (LOSS)/PROFIT BEFORE TAXATION

Six months ended 30 June
2021 **2020**
HK\$'000 **HK\$'000**
(Unaudited) **(Unaudited)**

The Company's (loss)/profit before taxation is arrived at after charging:

Auditors' remuneration	147	156
Depreciation of right-of-use asset	447	463
Employee benefit expense, including Directors' remuneration		
— wages, salaries and welfare	424	625
— contribution to retirement benefits scheme	15	15
Interest on lease	5	5
Operating lease charge for land and buildings	—	—

4 INCOMETAX EXPENSE

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2021 and 30 June 2020 as the Company did not generate any assessable profits.

5 EARNING/(LOSS) PER SHARE

The calculation of basic earning/(loss) per share is based on the earning attributable to owners of the Company of approximately HK\$10,265,000 (2020: loss of approximately HK\$18,755,000) and the weighted average number of 12,801,578,629 (2020: 12,801,578,629) shares in issue during the period.

No diluted earning/(loss) per share are presented as the company did not have any dilutive potential ordinary sharing during the six months ended 30 June 2021 and 2020.

6 EQUITY INVESTMENT AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Company's unlisted equity securities in PRC designated by the Company as at fair value through other comprehensive income after the transition to HKFRS 9 (2014).

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Unlisted equity securities	276,186	276,186
Purchase	-	-
Fair value adjustments	-	-
	276,186	276,186

7 CASH AND BANK BALANCES

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Cash at banks	13,202	16,813
Cash on hand	3	3
	13,205	16,816

8 SHARE CAPITAL

	30 June 2021 HK\$'000 (Unaudited)	31 December 2020 HK\$'000 (Audited)
Authorised: 100,000,000,000 ordinary shares of HK\$0.01 each (31 December 2020: 100,000,000,000) (<i>note</i>)	1,000,000	1,000,000
Issued and fully paid: 12,801,578,629 ordinary shares of HK\$0.01 each (31 December 2020: 12,801,578,629)	128,016	128,016

Note: The Increase in Authorised Share Capital to HK\$1,000,000,000 divided into 100,000,000,000 Shares was approved by the shareholders of the Company in the annual general meeting held on 21 June 2017.

9 SHARE OPTIONS

Pursuant to an annual general meeting of the Company held on 22 May 2014 and the Stock Exchange granting approval of the listing of and permission to deal in the shares to be issued under the share option scheme (the "Scheme") on 4 June 2014, the Company adopted the Share Option Scheme for the purpose of providing incentive to directors, employees and consultants. Unless or otherwise cancelled, amended or expired, the Scheme will be expired on 3 June 2024.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue, or if such 10% limit is refreshed, the maximum aggregate number of shares which may be issued upon the exercise of all outstanding options grant and yet to be exercised under the Scheme must not exceed 30% of the total number of shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company then issued, without prior approval from the Company's shareholders. Each grant of options to any director, chief executive or substantial shareholder must be approved by independent non-executive directors. Where any grant of options to a substantial shareholder or any of their respective associates would result in the shares of the Company issued and to be issued upon exercise of options already granted and to be granted in excess of HK\$5,000,000 in the 12 month period up to the date of grant, then the grant must be approved in advance by the Company's shareholders.

A consideration of HK\$1 shall be paid to the Company upon acceptance of the grant within twenty-eight (28) days from the date of grant. Options may be exercised in accordance with the terms of the Scheme at any time during a period to be determined and notified by the directors of the Company, which period may not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. The exercise price is determined by the directors of the Company, and will not be less than the closing price of the Company's shares on the date of grant, or the average closing price of the shares for the five business days immediately preceding the date of grant (subject to the higher).

Movement of the options granted under the Scheme for the period ended 30 June 2021 and 30 June 2020 are as follows:

Date of grant	Exercise period	Number of share options					Outstanding as at 30 June 2021	Exercise price per share option HK\$
		Outstanding as at 1 January 2021	Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period		
6 July 2014	6 July 2014-5 July 2024	438,868,422	-	-	-	-	438,868,422	0.0497
4 April 2018	4 April 2018-3 April 2028	30,000,000	-	-	-	-	30,000,000	0.0497
24 April 2020	24 April 2020-23 April 2030	60,000,000	-	-	-	-	60,000,000	0.0497
		528,868,422	-	-	-	-	-	528,868,422

Date of grant	Exercise period	Number of share options					Outstanding as at 30 June 2020	Exercise price per share option HK\$
		Outstanding as at 1 January 2020	Granted during the period	Lapsed during the period	Cancelled during the period	Exercised during the period		
6 July 2014	6 July 2014-5 July 2024	469,065,790	-	30,197,368	-	-	438,868,422	0.0497
4 April 2018	4 April 2018-3 April 2028	60,000,000	-	30,000,000	-	-	30,000,000	0.0497
24 April 2020	24 April 2020-23 April 2030	-	60,000,000	-	-	-	60,000,000	0.0497
		529,065,790	60,000,000	60,197,368	-	-	528,868,422	

An option may be exercised in the manner set out in the offer of grant of such option and in accordance with the terms of the Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on the date of grant of the option and shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. No minimum period for which the option has to be held before it can be exercised is specified in the Scheme, however, the offer of grant of an option may set out the minimum period for which the Option has to be held before it can be exercised which may be determined by the Directors at their discretion.

An option shall be personal to the Grantee and shall not be assignable or transferable and no grantee shall in any way dispose of, sell, transfer, charge, mortgage, encumber or create any interest in favor of any other party over or in relation to any option, unless under the circumstances permitted by the Scheme.

The total number of securities available for issue under the scheme is 528,868,422, which represents approximately 3.43% of the issued shares that it represents as at 30 June 2021 and 31 December 2020. No minimum period for which the outstanding Option has to be held before it can be exercised.

No participant with options granted in excess of the individual limit as set out in the Scheme as at 31 December 2020

None of the employees working under employment contracts that are regarded as “continuous contracts” for the purposes of the Employment Ordinance held any share option of the Company as at 18 June 2021, neither for suppliers of goods or services.

10 NET ASSETS VALUE PER SHARE

The net asset value per share of the Company is HK\$0.0519 (31 December 2020: HK\$0.0511). The calculation of net asset value per share is based on the net asset of the Company as at 30 June 2020 of approximately HK\$ 664,013,000 (31 December 2020: HK\$653,748,000) and 12,801,578,629 ordinary shares in issued (31 December 2020: 12,801,578,629) at the end of reporting period.

11 RELATED PARTY TRANSACTIONS

	Six months ended 30 June	
	2021	2020
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Investment management fee paid to China Everbright Securities (HK) Limited (<i>note a</i>)	240	240
Rental paid to New Era Group (China) Limited (<i>note b</i>)	480	480
Rental deposit paid to New Era Group (China) Limited (<i>note b</i>)	160	160

Note:

- (a) The Company entered into an investment management agreement with CES from 2003 to 2020. CES is regarded as a related party of the Company as the directors are of the view that CES is providing key management personnel services to the Company through its investment management services.

The Company entered into an investment management agreement with ESHK in 2020. ESHK is regarded as a related party of the Company as the directors are of the view that ESHK is providing key management personnel services to the Company through its investment management services.

- (b) NEG, is a company of which Mr. Xiang Xin, a director of the Company, has control.

12 LEASE LIABILITIES

	30 June 2021 <i>HK\$'000</i>	
Current		<u>1,804</u>
		2021
	Minimum lease	Present value
	payments due	of lease
	<i>HK\$'000</i>	liabilities
		<i>HK\$'000</i>
Lease liabilities comprise:		
Within one year	960	822
More than one year	960	982
Less: future finance charge	(116)	N/A
	<u>1,804</u>	<u>1,804</u>
Present value of lease liabilities		

The Company leases various properties to operate its offices and these lease liabilities are measured at the present value of the lease payments that are not yet paid.

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company treasury function.

The total cash outflows for leases including payments of principal and interest portion of lease liabilities for the period ended 30 June 2021 was approximately HK\$1,804,000.

	31 December 2020 <i>HK\$'000</i>	
Current		<u>2,261</u>
		31 December
		2020
	Minimum lease	Present value
	payments due	of lease
	<i>HK\$'000</i>	liabilities
		<i>HK\$'000</i>
Lease liabilities comprise:		
Within one year	960	871
More than one year	1,920	1,390
Less: future finance charge	(619)	N/A
	<u>2,261</u>	<u>2,261</u>
Present value of lease liabilities		

13 CONTINGENT LIABILITIES

The Company did not have any significant contingent liabilities at 30 June 2021.

14 INTERIM DIVIDENDS

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2021 (2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial review

For the six months ended 30 June 2021, the Company recorded gross proceeds from disposal of securities are approximately HK\$ 240,225,000 (2020: HK\$288,069,000).

For the six months ended 30 June 2021, the Company's net realised gain on disposal of investments at fair value through profit or loss recorded approximately HK\$ 7,466,000, including:

- (i) The net realised gain on dividends from and disposal of investments of Hong Kong listed securities recorded approximately HK\$1,770,000, wherein including dividends of approximately HK\$1,770,000.
- (ii) The net realised gain on disposal of investments of unlisted derivatives recorded approximately HK\$963,000.
- (iii) The net realised gain on coupons from and disposal of the investments of unlisted structured products in hand recorded approximately HK\$4,733,000.

For the six months ended 30 June 2021, the Company's unrealised gain from the investments of Hong Kong listed securities in hand on 30 June 2021 at fair value through profit or loss recorded profit of approximately HK\$5,302,000.

The profit for the six months ended 30 June 2021 was approximately HK\$10,265,000 while the loss for the corresponding period of 2020 was approximately HK\$18,755,000. The profit is due to the gradual recovery of the global economy, which results in the increase of the unrealised holding gains from financial assets at fair value through profit or loss.

Business review

The Company is an investment company and the Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 28 August 2002 pursuant to Chapter 21 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Investing in unlisted companies

As at 30 June 2021, the Company held investments in five unlisted companies namely Topsun Creation Limited, Aesthetic Vision Limited, United Crown Future Company Limited, FengTian Capital Limited and Grand Far Sky Limited and carrying amount of these investments were approximately HK\$46,160,000, HK\$71,142,000, HK\$60,467,000, HK\$24,431,000 and HK\$73,986,000 respectively. For the six months ended 30 June 2021, these five unlisted companies did not make any significant investment, acquisition or assets disposal.

Investing in listed companies

The Company also invest listed companies in Hong Kong on short terms. For the half year ended 30 June 2021, the gross sales proceeds of investments is HK\$240,225,000 (2020: HK\$288,069,000).

Prospect

The Company is one of the few investment companies in Hong Kong focusing investment business. We invest in listed and non-listed companies with high quality to strive for medium term gains from capital appreciation in the course of securitisation of corporate assets invested, and apply the same as our key operation strategy and income source.

Leveraging on our experience and well-connected network in the Mainland China over years, the Company recently invested in energy storage products, lighting products, energy-saving materials, health communications and asset management respectively through its investment. With energy conservation as our development goal, our investments have achieved breakthroughs in realising the five industries of “New Energy”, “New Light”, “New Materials”, “New Health” and “New Capital” in real projects.

For “New Energy”, the Company invests in Topsun Creation Limited (“Topsun”), which adopts the power reserve patent technology as its own core to develop the strategy of “Production — Research — Preliminary Research” for the research and manufacturing of solar photovoltaic system.

For “New Light”, the Company invests in Aesthetic Vision Limited (“Aesthetic”). Aesthetic’s major product is LED lighting. It possesses of LED ergonomics technology with features including LED illuminant, appropriate light flux, free colour temperature, healthy spectrum and compliance to ergonomics.

For “New Materials”, the Company invests in United Crown Future Company Limited (“United Overseas”). Being the pioneer in the new energy-saving wall industry in People’s Republic of China (“PRC”) market, United Overseas mainly specialises in research and development of energy-saving materials for walls with features of energy saving and environmental protection, which are widely used in the field of construction and decoration.

For “New Health”, the Company invested in FengTian Capital Limited (“FengTian”). Fengtian holds the solution of health communication products (health mobile phones) and the copyright of a sizeable children’s animation series, specializing in health communication products and developing children health industries.

For “New Capital”, the Company invested in Grand Far Sky Limited (“Grand Far Sky”). Grand Far Sky is engaged in the asset management business of providing new industries, providing solutions for innovative companies to increase revenue and reduce costs, and at the same time obtain management benefits. Being dedicated to outline a completed industry chain of energy conservation and to contribute its effort to green low-carbon living style, the Company is actively seeking more lucrative investment opportunities related to this sector.

Looking forward, the Company will continue to explore the investment opportunities to achieve medium-term capital appreciation.

Investment portfolios

As at 30 June 2021 and 31 December 2020, the Company holds the following listed investments and derivatives:

	30 June 2021 HK\$’000	31 December 2020 HK\$’000
Investments at fair value through profit or loss		
Equity securities listed in Hong Kong	60,059	50,524
Derivatives, at fair value	–	5,216
Structured products, at fair value	203,000	234,000
	263,059	289,740
Current portion	263,059	289,740
Non-current portion	–	–

The fair values of the equity securities listed in Hong Kong are based on current bid prices.

Particulars of the Company's principal equity securities listed in Hong Kong as at 30 June 2021 disclosed pursuant to the Chapter 21 of the Listing Rules are as follows:

Listed equity securities	Notes	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Unrealised holding gain/(loss) HK\$'000	Dividend	Target
							income received during the period HK\$'000	company net assets attributable to the investments HK\$'000
At 30 June 2021								
HSBC Holdings plc	1	1,060,000	0.0051%	64,501	47,541	(16,960)	1,231	81,547
China Merchants Commercial Real Estate Investment Trust	2	3,470,000	0.3077%	11,451	9,647	(1,804)	535	14,357
Da Yu Financial Holdings Limited	3	8,355,000	0.7333%	3,843	2,381	(1,462)	0	3,410
Budweiser Brewing Company APAC Ltd	4	20,000	0.0002%	526	490	(36)	4	168

1. HSBC Holdings Plc was incorporated in the England and its shares are listed on the Stock Exchange (stock code: 0005). Its principal activities are retail banking and wealth management, commercial banking, global banking and markets, and global private banking. At 31 December 2020, the audited consolidated net assets was approximately of USD204,995 million (equivalent to HK\$1,598,961 million)
2. China Merchants Commercial Real Estate Investment Trust (Stock Code: 1503) is a real estate investment trust (REIT) principally engaged in the investment of commercial properties. The Trust invests in commercial properties including office buildings, shopping malls and other types. At 31 December 2020, the audited consolidated net assets were approximately of RMB3,910 million (equivalent to HK\$4,666 million)
3. Da Yu Financial Holdings Limited (Stock Code: 1073), formerly China Agrotech Holdings Limited, is an investment holding company principally engaged in the provision of corporate finance advisory services and asset management services. At 31 December 2020, the audited consolidated net assets were approximately of HK\$465 million

4. Budweiser Brewing Company APAC Ltd (Stock Code: 1876) is an investment holding company principally engaged in the brewing and distribution of beer. The Company distributes its products primarily in China, South Korea, India, Vietnam and other Asia Pacific regions. At 31 December 2020, the audited consolidated net assets were approximately of USD10,743 million (equivalent to HK\$83,795 million)

Derivatives represents investments linked to bonds and hedge funds which are held in terms of cash settlement upon the maturity date of the relevant contracts. There is no derivatives as at 30 June 2021.

As at 30 June 2021, the investments of structured products held by the Company includes investments in notes linked with a bundle of Hong Kong listed equities (matured in 2021). Particulars are as follows:

Structure Products	Issuer	Listed or not	Linked Objects	Issue Date	Maturity Date	Striking Price Level	Costs HK\$'000	Coupon Rate	Coupon Date	Realized Coupons HK\$'000
As at 30 June 2021 Reverse Convertible	UBS	No	0700.HK/9618.HK/ 9988.HK	8 March 2021	28 December 2021	81.63%	125,000	1.25%	Monthly	4,688
Capital Return Notes	BNP Paribas	No	0011.HK/0066.HK/ 0939.HK	7 April 2021	14 July 2021	N/A	78,000	N/A	N/A	N/A

The Company's derivatives and structured products are measured at bid prices for financial reporting purposes.

As at 30 June 2021, the Company holds the following unlisted investments:

- (i) Topsun Creation Limited ("Topsun HK") was incorporated in Hong Kong and principally engaged in investment holding. Topsun HK directly holds 100% interests in a company incorporated in the PRC, which the principal activity was in relation to new energies. The Company holds 2,710 "B" non-voting shares in Topsun HK, representing 67.75% interests in the issued share capital of Topsun HK. No dividend was received during the period.
- (ii) Aesthetic Vision Limited ("Aesthetic HK") was incorporated in Hong Kong and principally engaged in investment holding. The principal assets of Aesthetic HK include its wholly-owned subsidiary incorporated in the PRC. Aesthetic HK possesses LED ergonomics technology with features including LED illuminant, appropriate light flux, free colour temperature, healthy spectrum and compliance to ergonomics. The Company holds 8,500 "B" non-voting shares in Aesthetic HK, representing 85% interests in the issued share capital of Aesthetic HK. No dividend was received during the period.

- (iii) United Crown Future Company Limited (“United Overseas”) was incorporated in British Virgin Island and principally engaged in investment holding. United Overseas directly holds 100% interests in a company incorporated in the PRC, which is principally engaged in conducting research and development of energy-saving materials for walls. The Company holds 1,621 “B” non-voting shares in United Overseas, representing 52.68% interests in the issued share capital of United Overseas. No dividend was received during the period.
- (iv) FengTian Capital Limited (“FengTian HK”) was incorporated in Hong Kong and principally engaged in investment holding. The principal assets of FengTian HK include its 88% of equity shares of its subsidiary incorporated in the PRC with 100% equity interests. FengTian HK possesses the solution of health communication products (health mobile phones) and the copyright of a sizeable children’s animation series. The Company holds 2,200 voting shares in FengTian HK, representing 25% interest in the issued share capital of FengTian HK. No dividend was received during the period.
- (v) Grand Far Sky Limited (“Grand Far Sky HK”) was incorporated in Hong Kong and principally engaged in investment holding, which specifically provide completed management of asset and funds platform. Grand Far Sky HK holds 100% interests in a subsidiary incorporated in the PRC, of which the principle activity is funding platform and asset management. The Company holds 5,400 “B” non-voting shares in Grand Far Sky HK, which represented 56.84% interests in the issued share capital of Grand Far Sky HK. No dividend was received during the period.

Liquidity and financial position

As at 30 June 2021, the Company had cash and cash equivalents of approximately HK\$13,205,000. All the cash and cash equivalents were mainly denominated in Hong Kong dollars.

For the period under review, the Company financed its operations with its own available funding and did not have any banking facilities. In this regard, the Company had a net cash position and its gearing ratio was zero (net debt to shareholders’ funds) as at 30 June 2021. Taking into consideration the existing financial resources of the Company, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

Capital structure

Details in the changes of the capital structure of the Company during the six months ended 30 June 2021 are set out in note 8 to the condensed financial statements. The capital of the Company comprises only ordinary shares as at 30 June 2021.

Foreign currency fluctuation

The Company conducted its business transactions principally in Renminbi and Hong Kong dollars. The Directors considered that the Company had no significant exposure to foreign exchange fluctuations and believed it was not necessary to hedge against any exchange risk. Nevertheless, management will continue to monitor the foreign exchange exposure position and will take any future prudent measure it deems appropriate.

Charge on company asset and contingent liabilities

As at 30 June 2021, the Company has not pledged its assets and the Company did not have any significant contingent liabilities.

Employee information

As at 30 June 2021, the Company had 27 (2020: 27) staff, including full time and part-time persons. The total remuneration paid to staff (including Directors' remuneration) was approximately of HK\$439,000 (2020: 797,000), of which nil (2020: 157,000) share-based payments expenses were incurred. The total amount comprised salaries, wages and allowance, medical and insurance coverage, pension scheme contributions, discretionary bonus and share-based payments. The Company ensured that its employees were remunerated according to the prevailing manpower market condition, and individual performance with its remuneration policies reviewed on a regular basis.

DISCLOSURE OF INTEREST

Disclosure of interest by directors

As at 30 June 2021, the following Directors and the chief executive of the Company or any of their respective associates had the following interests and short positions in the ordinary shares of HK\$0.01 each in the capital of the Company (the "Share"), underlying shares, and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code for Securities Transactions by Directors of Listed Issuers under the Listing Rules (the "Model Code").

(I) interest in the underlying shares of the company — share options

Name of Director	Date of grant	Exercise period	Nature of interest	Exercise price per share HK\$	Number of underlying Shares for Share Options	Approximately percentage of interest
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	Beneficial interest	0.0497	60,394,737(L)	0.47%
An Jing	14 April 2020	14 April 2020 to 13 April 2030	Beneficial interest	0.0497	30,000,000(L)	0.23%
Zhang, Yu Clement	14 April 2020	14 April 2020 to 13 April 2030	Beneficial interest	0.0497	30,000,000(L)	0.23%
Zhou Zan	4 April 2018	4 April 2018 to 3 April 2028	Beneficial interest	0.0497	30,000,000(L)	0.23%

Share option scheme

As regards to the share option scheme ("Share Option Scheme") approved by shareholders under annual general meeting on 22 May 2014, there were 528,868,422 Shares available for issue under Share Option Scheme which represents approximately 4.13% of the issued share capital of the Company as at 30 June 2021.

Save as disclosed above, as at 30 June 2021, none of the Directors or the chief executive of the Company or any of their respective associates had any interests and short positions in the Shares, underlying shares, and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Part XV of the SFO or the Model Code.

DISCLOSURE OF INTERESTS BY SUBSTANTIAL SHAREHOLDERS

As at 30 June 2021, the persons/companies, other than a Director or chief executive of the Company, who had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions of substantial shareholders in the shares of the company

Name	Capacity	Number of issued shares held	Approximate percentage of interests
Harvest Rise Investments Limited (<i>note 1</i>)	Beneficiary	3,817,807,905(L)	29.82%
China Technology Education Trust Association (<i>note 1</i>)	Interest of controlled corporation	3,817,807,905(L)	29.82%
Shanghai Haitong Securities Asset Management Co., Ltd. (<i>note 2</i>)	Trustee	756,680,000(L)	5.91%

Notes:

- Harvest Rise Investments Limited is a private company wholly and beneficially owned by China Technology Education Trust Association (the "Trust Association"). Accordingly, the Trust Association is interested in the Shares and the underlying Shares of the Company held by Harvest Rise Investments Limited. The Trust Association is a society registered under the provisions of section 5A(1) of the Societies Ordinance (Cap. 151), Laws of Hong Kong in 2005, which is a charitable society providing charity and financial aid to technology education and employment in Hong Kong and Mainland China. Mr. Xiang is a chairman of the Trust Association.

2. According to the disclosure of interest of the Stock Exchange, Shanghai Haitong Securities Asset Management Co., Ltd. is the trustee wholly and beneficially owned by Haitong Guotai No. 1 Targeted Asset Management Plan (Haitong Guotai). On 30 March 2021, the Company issued the annual report as of 31 December 2020, on page 30, which mentioned that the subject information disclosed about Haitong Guotai and Guotai Investment is not accurate. The so-called Haitong Guotai should refer to Shanghai Haitong Securities Asset Management Co., Ltd., and the so-called Guotai Investment should be deleted. The company takes this to make a clarification.

Save as disclosed above, as at 30 June 2021, the Company has not been notified by any persons (other than Directors or chief executive of the Company) who had interests or short positions in the Shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate governance practice

The Board is committed to establish and maintain high standards of corporate governance so as to enhance corporate transparency and protect the interests of the Company's shareholders. The Company devotes to best practice on corporate governance, and to comply with the extent practicable, with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

During the six months ended 30 June 2021, the Company has complied with the code provisions in the Code, save for deviation from relevant Codes as follows.

- The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.
- The non-executive Directors of the Company are not appointed for a specific term, but are subject to retirement by rotation in accordance with the Company's Articles of Association and shall be eligible for re-election.

During the period, Mr. Xiang Xin was the Chairman of the Board and the Chief Executive Officer of the Company. This deviates from code provision A.2.1 of the Code which requires that the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

After evaluation of the current situation of the Company and taking into account of the experience and past performance of Mr. Xiang, the Board is of the opinion that it is appropriate and in the best interests of the Company at the present stage for Mr. Xiang to hold both positions as the Chairman and the Chief Executive Officer of the Company as it helps to maintain the continuity of the policies and the stability of the operations of the Company.

None of the existing non-executive Directors are appointed for a specific term. This constitutes a deviation from code provision A.4.1 of the Code. However, all Directors (including independent non-executive Directors) are subject to retirement by rotation in accordance with the Company's Articles of Association. As such, the Board considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the Code.

EXECUTIVE COMMITTEE

The Company established an Executive committee (the "Executive Committee") on 3 August 2007 and delegated with powers from the Board to deal with all matters relating to the daily operations of the Company. The Executive Committee consists of all executive Directors of the Company, namely Mr. Xiang Xin and Mr. Chan Cheong Yee. Mr. Xiang Xin is the chairman of the Executive Committee. The Executive Committee held periodical meetings during the financial year to review, discuss and evaluate the business performance and operational matters of the Company.

REMUNERATION COMMITTEE

The Company established a Remuneration committee (the "Remuneration Committee") in 2006 in accordance with the terms of reference set out in the Code. The Remuneration Committee consists of three independent non-executive Directors, namely Ms. An Jing, Mr. Zhang, Yu Clement and Ms. Zhou Zan. Ms. An Jing is the chairman of the Remuneration Committee. The Remuneration Committee determines the policy for the remuneration of executive Directors, assesses performance of executive Directors and approves the terms of executive Directors' service contracts.

NOMINATION COMMITTEE

The Company established an Nomination committee (the “Nomination Committee”) on August 2007 in accordance with the terms of reference set out in the Code. The Nomination Committee consists of three Directors of the Company, namely Mr. Xiang Xin, Ms. An Jing and Ms. Zhou Zan. Mr. Xiang Xin is the chairman of the Nomination Committee.

The primary functions of the Nomination Committee are to make recommendations to the Board regarding the appointment of members of the Board. The Nomination Committee is responsible for identifying the individuals suitably qualified to become board members and select or make recommendations to the board on the selection of individuals nominated for directorships.

AUDIT COMMITTEE

The Company established an Audit committee (the “Audit Committee”) on 28 August 2002 in accordance with the terms of reference set out in the Code. The Audit Committee consists of three independent non-executive Directors, namely Ms. An Jing, Mr. Zhang, Yu Clement and Ms. Zhou Zan. Ms. An Jing is the chairman of the Audit Committee. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management systems of the Company and to provide advice and comments to the Board, to oversee the audit process and to perform other duties and responsibilities as may be assigned by the Board from time to time.

The Company’s unaudited condensed financial statements for the six months ended 30 June 2021 has been reviewed by the Audit Committee.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the six months ended 30 June 2021, the Company had not purchased, sold or redeemed the Company’s any listed securities.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) set out in Appendix 10 of the Listing Rules as the code of conduct regarding securities transactions by Directors.

Having made specific enquiry of all Directors, the Directors of the Company have complied with the required standard set out in the Model Code.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the six months ended 30 June 2021.

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

Hong Kong, 20 August 2021

As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin (Chairman) and Mr. Chan Cheong Yee; the independent non-executive Directors of the Company are Ms. An Jing, Mr. Zhang, Yu Clement and Ms. Zhou Zan. Ms. Kung Ching is an alternate director to Mr. Xiang Xin.