

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



## **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)**

### **UPDATE ABOUT FALSE NEWS REPORTS (25)**

Reference is made to the announcements (the “**Announcements**”) of **China Innovation Investment Limited** (the “**Company**”) about the false news reports dated 24 November 2019, 25 November 2019, 5 December 2019, 12 December 2019, 17 December 2019, 27 December 2019, 30 December 2019, 17 February 2020, 27 February 2020, 2 June 2020, 17 June 2020, 22 June 2020, 1 July 2020, 8 October 2020, 11 October 2020, 9 November 2020, 1 February 2021, 2 February 2021, 5 February 2021, 4 March 2021, 8 April 2021, 11 April 2021, 30 July 2021 and 12 November 2021. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Company has learned from the executive director of the Company **Mr. Xiang Xin** (“**Mr. Xiang**”) and his alternate director **Ms. Kung Ching** (“**Ms. Kung**”) that the hearing for **the case concerning the Money Laundering Control Act** (the “**Case**”) was held on 25 November 2021 at the 14<sup>th</sup> Court of the Taipei District Court.

Mr. Xiang and Ms. Kung resolutely denied the charge. Their legal team replied to the charge on their behalf and asserted that they are innocent based on the following grounds.

**I. The share sale transactions of the Case are highly regulated and there is no direct or indirect evidence to prove that the transactions are fictitious.**

The subject matter of the Case is the share sale transactions in Hong Kong on 28 December 2015, which have been alleged by the prosecutors to be fictitious transactions, but there has not been any direct or indirect evidence to prove that the transactions are fictitious. On the contrary, it is noted the evidence that four law

enforcement/judicial authorities in Hong Kong unanimously confirmed Mr. Xiang and Ms. Kung being innocent after the Guotai Incident, including the Hong Kong SFC decided that Mr. Xiang and Ms. Kung were “not parties acting in concert” (not being accomplices) with Guotai Company, the Hong Kong Police Force issued a certificate of no criminal record, the Hong Kong Immigration Department issued APEC card with the approval of APEC, and the High Court of Hong Kong added Ms. Kung to the list of jurors after review. Such evidence is sufficient to prove that Mr. Xiang and Ms. Kung have never breached any law.

**II. The proceeds from the share sale transactions of the Case are not proceeds of crime from the legal perspective and are legally entitled to be used.**

The counterparty of the share sale transactions of the Case is QDII under Shanghai Haitong Securities (Haitong Guotai Fund) instead of Guotai Company. Shanghai Haitong Securities is legally obliged to examine the qualification of its clients to invest in Haitong Guotai Fund and the legitimacy of its source of funds. Mr. Xiang and Ms. Kung are entitled to rely on the review results of Shanghai Haitong Securities and Hong Kong Haitong International. Further, the share sale transactions of the Case were carried out by the largest shareholder of a listed company under strict supervision of the competent authority. Accordingly, from the legal perspective, the proceeds from the share sale transactions, with prior approval and post-event supervision, are not derived from crime, and are legally entitled to be used. More importantly in fact, Mr. Xiang and Ms. Kung purchased their properties in Taiwan without using any proceeds from the share sale.

**III. Mr. Xiang and Ms. Kung purchased their properties in Taiwan with their real names without concealment or a break in the flow of money.**

Mr. Xiang and Ms. Kung did not use the proceeds from share sale to purchase their properties in Taiwan. Instead, they remitted their own funds from their Hong Kong bank accounts held under their real names to their Taiwan bank accounts under their real names with the approval of Taiwan authorities and the Central Bank of Taiwan and used the funds from this account to purchase their properties under their real names. No dummy account was used, and the payment was completed within the bank system. There has not been any break in the flow of money. The transactions were carried out through professionals including lawyers, scriveners and notaries. Objectively speaking, there has not been any concealment of any “subject property”, and there is apparently no motive for money laundering at all.

**IV. Proceeds of a predicate offense of the Case does not exist , and there is no possibility of constituting money laundering.**

Instead of proceeds from illegal fund raising of Guotai Company, whether Mr. Xiang and Ms. Kung constitute proceeds of a predicate offense refers to whether the “proceeds from share sale” of the Case constitutes proceeds of predicate offense of money laundering. That portion of “proceeds from share sale” and the purchase of properties by Mr. Xiang and Ms. Kung in Taiwan are not consequent. Therefore, it is out of the scope of the criminal law of Taiwan. The decision of law enforcement authorities in Hong Kong and the Mainland China shall be upheld. As it does not constitute a “predicate offense”, proceeds of a predicate offense do not exist, and hence there is no possibility of constituting money laundering.

Last but not least, Mr. Xiang and Ms. Kung indicated that they have never been involved in politics, not even being voters in their entire life. Investing and paying taxes in Taiwan will never be their fault. They have been falsely accused for more than two years, and this imposes serious harm to their basic human rights. They demand justice from the court and rehabilitate their innocence.

The Company will make further announcements with any material developments in this matter or in accordance with other requirements of the Listing Rules.

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

Hong Kong, 26 November 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 non-executive director of the Company is Ms. **Chi Yee Shan Esa**, the independent non-executive directors of the Company are Ms. **An Jing**, Ms. **Zhou Zan** and Mr. **Zhang Yu, Clement**. Ms. Kung Ching is an alternate director to Mr. Xiang Xin.*