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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)

UPDATE ABOUT FALSE NEWS REPORTS (29)

Update of the Case of Mr. Xiang and Ms. Kung in Taiwan

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, 12 November 2021, 26 November 2021, 30 January 2022, 24 February 2022 and 25 March 2022. Unless otherwise defined, capitalized terms used in this announcement shall have the same meanings as those defined in the Announcements.

In response to enquiries from certain banks and shareholders, we would like to provide the following explanations on the progress of the case in Taiwan concerning **Mr. Xiang Xin** (“**Mr. Xiang**”), an executive director of the Company, and **Ms. Kung Ching** (“**Ms. Kung**”), an alternate director of Mr. Xiang.

Mr. Xiang and Ms. Kung being named as suspected “espionage” by the Taiwan prosecutors on 24 November 2019, and were restricted from leaving Taiwan for two years under investigation. On 12 November 2021, the **Taipei District Prosecutors Office** (the “**Taipei District Prosecutors**”) decided that there was insufficient evidence to directly recognize Mr. Xiang and Ms. Kung as “espionage” suspects based on Wang Liqiang's allegations, and issued a decision not to prosecute them.

However, on 28 January 2022, the Company was informed that the **Taiwan High Prosecutors Office** (“**THPO**”) had referred the case back to the Taipei District Prosecutors for improvement of the mutual legal assistance procedures to continue the investigation of the “espionage” case. We are very puzzled by the decision of THPO, as after two years of continuous investigations, THPO has failed to identify any facts proving that Mr. Xiang and Ms. Kung to be "espionage", and we doubt the meaning of “improving mutual legal assistance”.

What is even more incomprehensible is that, on 8 April 2021, when the restriction on leaving on Mr. Xiang and Ms. Kung concerning the "Espionage" case was about to expire, THPO charge them with the impromptu charge of “money laundering” with the intention of keeping them in Taiwan in long term. On 24 February 2022, after over 10 months of trial at the **Taipei District Court** (“**Taipei District Court**”), Mr. Xiang and Ms. Kung were acquitted by the Court.

The acquittal verdict by the Taipei District Court clearly recognized four facts: Firstly, Mr. Xiang did not foresee that the solicitation of investment in Huangshan Real Estate by Happy New World might involve illegal fund raising; Secondly, Mr. Xiang did not foresee that the business operated by Guotai Company and its subsidiaries constitute illegal fund raising; Thirdly, Mr. Xiang did not conspire with Guotai Company and assist in money laundering of the share capital and pocket the illegal proceeds; Lastly, Mr. Xiang remitted money to Taiwan for purchase of the real estate was not for the purpose of avoiding seizure and creating a breakpoint in the transaction.

However, THPO appealed against the acquittal of the Taipei District Court and requested the Taiwan High Court to refer the case to the Hong Kong Government for mutual legal assistance. The Company has difficulty understanding this: Firstly, there is no mutual legal assistance agreement between Taiwan and Hong Kong, barring the Hong Kong Government from providing mutual legal assistance (e.g. the case of Chan Tongkai); Secondly, since the THPO alleged that Mr. Xiang and Ms. Kung were suspected of "espionage", how could the government under the “Communist Party” be asked to provide any money-flow evidence of "espionage"? Thirdly, as the appeal process has already begun, the prosecution seem to have the order reversed and asked the court to assume the obligation to complete the search for evidence before the trial; Fourthly, the Hong Kong Police Department is the host agency for mutual legal assistance, and the Hong Kong branch of the Egmont Group under the Hong Kong Police Department has already written to the Ministry of Justice of Taiwan stating that it has “no information”, and the Hong Kong Securities and Futures Commission and the Hong Kong Inland Revenue Department have already made relevant rulings, leaving no merit for the Taiwan High Court to seek mutual legal assistance; Fifthly, the Taipei District Court has decided that Mr. Xiang has no intention to commit money laundering, nor has he concealed any facts or create any breakpoint on the money-flow, which does not meet the money laundering accusation; Lastly, the Hong Kong Mutual Legal Assistance in Criminal Matters Ordinance does not apply to Hong Kong and any local government in China, and it is the consensus of the Hong Kong Government that Taiwan is a part of China, thus it would not provide mutual legal assistance to Taiwan under such circumstances.

At present, Mr. Xiang and Ms. Kung are still trapped in Taiwan and are forced to wait for the lengthy legal proceedings. Their rights to go home, work, access to families and rights to medical care are all being deprived, and they cannot even visit their elderly

father who is paralyzed by this incident. With their basic human rights violated, we sincerely hope that justice will be done in Taiwan soon.

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
Chi Yee Shan Esa
Company Secretary

Hong Kong, 15 December 2022

*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**.*