



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)

2023

Interim Report



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CORPORATE INFORMATION

Executive Directors

Mr. Xiang Xin

(Chairman and Chief Executive Officer)

Mr. Chan Cheong Yee

Non-Executive Director

Ms. Chi Yee Shan Esa

Independent Non-Executive Directors

Ms. An Jing

Ms. Zhou Zan

Mr. Zhang, Yu Clement

(resigned on 6 January 2023)

Ms. Qin Han *(appointed on 6 January 2023)*

Alternate Director

Ms. Kung Ching, an alternate director to

Mr. Xiang Xin

Authorised Representatives

Mr. Xiang Xin

Ms. Chi Yee Shan Esa

Company Secretary

Ms. Chi Yee Shan Esa

Executive Committee

Mr. Xiang Xin *(Chairman)*

Mr. Chan Cheong Yee

Nomination Committee

Mr. Xiang Xin *(Chairman)*

Ms. An Jing

Ms. Zhou Zan

Audit Committee and Remuneration Committee

Ms. An Jing *(Chairman)*

Ms. Zhou Zan

Mr. Zhang, Yu Clement

(resigned on 6 January 2023)

Ms. Qin Han *(appointed on 6 January 2023)*

Registered Office

Sinclair Group Centre

3rd Floor Genesis Building, Genesis Close

P.O. Box 498, George Town

Grand Cayman KY1-1106

Cayman Islands

Principal Place of Business

26/F, No. 9 Des Voeux Road West

Sheung Wan, Hong Kong

Principal Share Registrar and Transfer Office

Suntera (Cayman) Limited

Suite 3204, Unit 2A, Block 3, Building D

P.O. Box 1586, Gardenia Court

Camana Bay

Grand Cayman, KY1-1100

Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

Union Registrars Limited

Suites 3301-04

33/F, Two Chinachem Exchange Square

338 King's Road

North Point

Hong Kong

CORPORATE INFORMATION

Investment Manager

Evergrande Securities (Hong Kong) Limited

Principal Bankers

Bank of China (Hong Kong) Limited

UBS AG

Custodians

China Everbright Securities (HK) Limited

UBS Securities Hong Kong Limited

Stock Code

1217

Website

www.1217.com.hk

FINANCIAL HIGHLIGHTS

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 2023 with comparative figures for the corresponding period of 2022 as follows:

	Six months ended 30 June	
	2023	2022
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Gross proceeds from disposal of securities	77,028	52,569
Revenue	10,254	6,060
Profit for the period and attributable to owners of the Company	7,136	2,212
Earning per share		
Basic	0.056 cents	0.017 cents
Diluted	N/A	N/A

Interim Dividend

To maintain the capital for operation and potential investment opportunities, the Board does not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

For the six months ended 30 June 2023, the Company recorded gross proceeds from disposal of securities are approximately HK\$77,028,000 (2022: HK\$52,569,000).

For the six months ended 30 June 2023, the Company's revenue approximately HK\$10,254,000, mainly including:

- (i) The dividend income from Hong Kong listed securities recorded approximately HK\$2,880,000.
- (ii) The net realised gain on disposal of investments of Hong Kong listed securities recorded approximately HK\$1,391,000.
- (iii) The net unrealized gains from investment at fair value through profit or loss were approximately HK\$5,969,000.

The Hong Kong listed securities and structured products were classified as financial assets at fair value through profit or loss.

The net profit for the six months ended 30 June 2023 was approximately HK\$7,136,000 while the net profit for the corresponding period of 2022 was approximately HK\$2,212,000. The net profit is due to the increase of the unrealised holding gains from financial assets at fair value through profit or loss by investing in Hong Kong securities.

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").

MANAGEMENT DISCUSSION AND ANALYSIS

Investing in Unlisted Companies

As at 30 June 2023, 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\$40,091,000, HK\$60,981,000, HK\$42,627,000, HK\$35,658,000 and HK\$48,735,000 respectively. For the six months ended 30 June 2023, 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 medium-term investment. For the half year ended 30 June 2023, the gross sales proceeds of investments is HK\$77,028,000 (2022: HK\$52,569,000).

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 solar cell technology as its own core to develop the strategy of “Production — Research — Preliminary Research” for the research and manufacturing of solar cell application products.

For “New Light”, the Company invests in Aesthetic Vision Limited (“Aesthetic”). Aesthetic’s major product is LED lighting. It possesses of LED ergonomics technology and the LED lighting products developed are energy-saving, environmentally friendly, long-lived and small in size.

MANAGEMENT DISCUSSION AND ANALYSIS

For “New Materials”, the Company invests in United Crown Future Company Limited (“United Overseas”). United Overseas’ business started from building decoration materials, as focusing on four core product concepts of green, health, environmental protection and convenience, and gradually expanded to all kinds of essential home decoration products.

For “New Health”, the Company invested in FengTian Capital Limited (“FengTian”). Fengtian is principally engaged in development and sales of health communication products.

For “New Capital”, the Company invested in Grand Far Sky Limited (“Grand Far Sky”). Grand Far Sky to enterprise increasing the market value of various mainly provides solutions on obtain management benefits. Grand Far Sky holds a full-storey office property at the central area of Shanghai, PRC as at 30 June 2023.

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

Investment Portfolios

As at 30 June 2023 and 31 December 2022, the Company holds the following listed investments and derivatives:

	30 June 2023 HK\$’000	31 December 2022 HK\$’000
Investments at fair value through profit or loss		
Equity securities listed in Hong Kong	141,874	130,970
Structured products, at fair value	155,017	–
	296,891	130,970
Current portion	296,891	130,970

The fair values of the equity securities listed in Hong Kong are based on bid prices as at 30 June 2023 and 31 December 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

Particulars of the Company's principal equity securities listed in Hong Kong as at 30 June 2023 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	Purchase cost	Market value as at 30 June 2023	Unrealised holding (loss)/gain during the period	Dividend	Target
							received during the period	company net assets attributable to the investments
				HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000

At 30 June 2023

Alibaba Group Holding Ltd (09988.hk)	1	689,000	Less than 0.01%	124,985	55,947	(3,479)	–	40,365
China Mobile Hong Kong Company Limited (0941.hk)	2	1,220,000	Less than 0.01%	60,159	78,141	15,006	2,427	80,295

- Alibaba Group Holding Ltd was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 9988). Its principal activities are to provide the technology infrastructure and marketing reach to help merchants, brands, retailers and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way. At 31 March 2023, the audited consolidated net assets was approximately of USD162,075 million (equivalent to HK\$1,272,289 million).
- China Mobile Hong Kong Company Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 941). It's principal activities are the provision of telecommunications and information related services in the mainland of China and in Hong Kong (for the purpose of preparing the consolidated financial statements, the mainland of China refers to the PRC excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan). At 31 December 2022, the audited consolidated net assets was approximately RMB1,301,423 million (equivalent to HK\$1,397,744 million).

MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2023, the investments of structured products held by the Company includes investments in notes linked with Hong Kong Hang Seng Index (matured during the year 2023). Particulars are as follows:

Structured Products	Issuer	Listed or not	Linked Objects	Issue Date	Maturity Date	Striking Price Level	Purchase cost HK\$'000	Market Value as at 30 June 2023 HK\$'000
As at 30 June 2023								
Index Linked Notes	Société Générale	Non-listed	Hang Seng Index	21 June 2023	25 September 2023	21,391.87 points	78,000	77,010
Stand Alone Global Notes	BNP Paribas	Non-listed	Hang Seng Index	24 January 2023	26 July 2023	24,004.39 points	78,000	78,007

The Company's structured products are measured at market prices for financial reporting purposes. As at 30 June 2023, the Company holds the following unlisted investments:

- (i) Topsun Creation Limited ("Topsun") was incorporated in Hong Kong and principally engaged in investment holding. Topsun directly holds 100% interests in a company incorporated in the PRC, which the principal activity was in relation to production of solar cell products as its major products. The Company holds 2,710 "B" non-voting shares in Topsun, representing 67.75% interests in the issued share capital of Topsun. No dividend was received during the period.
- (ii) Aesthetic Vision Limited ("Aesthetic") was incorporated in Hong Kong and principally engaged in investment holding. The principal assets of Aesthetic include its wholly-owned subsidiary incorporated in the PRC. Aesthetic possesses LED ergonomics technology and the LED lighting products developed by it have remarkable characteristics such as energy saving, environmental protection, long life and small size. The Company holds 8,500 "B" non-voting shares.

MANAGEMENT DISCUSSION AND ANALYSIS

- (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 it started its business from building decoration materials, as focusing on four core product concept of green, health, environmental protection and convenience, it has gradually expanded to all kind of essential home decoration products. 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”) was incorporated in Hong Kong and principally engaged in investment holding. The principal assets of FengTian include its 88% of equity shares of its subsidiary incorporated in the PRC with 100% equity interests. FengTian’s subsidiary principally engaged in development and sale of health communication products. The Company holds 2,200 voting shares in FengTian, representing 25% interest in the issued share capital of FengTian. No dividend was received during the period.
- (v) Grand Far Sky Limited (“Grand Far Sky”) was incorporated in Hong Kong and principally engaged in investment holding. Grand Far Sky holds 100% interests in a subsidiary incorporated in the PRC, of which the principle activity is asset management. The Company holds 5,400 “B” non-voting shares in Grand Far Sky, which represented 56.84% interests in the issued share capital of Grand Far Sky. Grand Far Sky holds a full-storey office property at the central area of Shanghai, PRC as at 30 June 2023. No dividend was received during the period.

Liquidity and Financial Position

As at 30 June 2023, the Company had cash and cash equivalents of approximately HK\$3,697,000. 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 2023. 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 2023 are set out in note 11 to the condensed financial statements of the interim report. The capital of the Company comprises only ordinary shares as at 30 June 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

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 2023, the Company has not pledged its assets and the Company did not have any significant contingent liabilities.

Employee Information

As at 30 June 2023, the Company had 21 (2022: 27) staff, including full time and part-time. The total remuneration paid to staff (including Directors' remuneration) was approximately of HK\$952,000 (2022: HK\$711,000). The total amount comprised salary, wages and allowance, medical and insurance coverage, pension scheme contributions, and discretionary bonus. 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.

Appreciation

On behalf of the Board, I would like to take this opportunity to express my appreciation and heartfelt thanks to those who have given their utmost supports and contributions to the Company during the period.

On behalf of the Board

CHINA INNOVATION INVESTMENT LIMITED

Xiang Xin

Chairman and Chief Executive Officer

Hong Kong, 18 August 2023

DISCLOSURE OF INTEREST

Disclosure of Interest by Directors

As at 30 June 2023, 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	Approximate 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 (resigned on 6 January 2023)	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 2023.

DISCLOSURE OF INTEREST

Save as disclosed above, as at 30 June 2023, 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 2023, 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%

Notes:

1. 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.

Save as disclosed above, as at 30 June 2023, 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 2023, 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 Director 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.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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, Ms. Qin Han 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, Ms. Qin Han 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 2023 has been reviewed by the Audit Committee.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Event after the Reporting Period

The Company does not have any significant event after the reporting period.

Purchase, Sale or Redemption of Listed Securities of the Company

During the six months ended 30 June 2023, 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 2023.

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Six months ended 30 June	
		2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Gross proceeds from disposal of securities		77,028	52,569
Revenue	3	10,254	6,060
Other income	3	19	88
Administrative and other operating expenses		(2,676)	(3,459)
Finance cost		(461)	(477)
Profit before taxation	4	7,136	2,212
Income tax expense	5	-	-
Profit for the period and attributable to owners of the Company		7,136	2,212
Total comprehensive profit for the period and attributable to owners of the Company		7,136	2,212
Earnings per share			
Basic	6	0.056 cents	0.017 cents
Diluted	6	N/A	N/A

CONDENSED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
NON-CURRENT ASSETS			
Right-of-use asset		–	447
Property, plant and equipment		342	384
Equity investments at fair value through other comprehensive income	7	228,092	228,092
		228,434	228,923
CURRENT ASSETS			
Investments at fair value through profit and loss	8	296,891	130,970
Prepayment, deposits and other receivables		41,379	197,478
Cash and bank balances	9	3,697	6,656
		341,967	335,104
CURRENT LIABILITIES			
Other payables and accruals		(8)	(475)
Lease liabilities	10	–	(295)
		(8)	(770)
NET CURRENT ASSETS		341,959	334,334
NET ASSETS		570,393	563,257
EQUITY			
Issued share capital	11	128,016	128,016
Reserves		442,377	435,241
TOTAL EQUITY		570,393	563,257
Net asset value per share	13	HK\$0.045	HK\$0.044

CONDENSED STATEMENT OF CHANGES IN EQUITY

	Issued share capital HK\$'000	Share premium account HK\$'000	Equity investment revaluation reserve HK\$'000	Share option reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2023 (Audited)	128,016	655,342	(109,933)	8,890	(119,058)	563,257
Total comprehensive income for the period	-	-	-	-	7,136	7,136
At 30 June 2023 (Unaudited)	128,016	655,342	(109,933)	8,890	(111,922)	570,393
At 1 January 2022 (Audited)	128,016	655,342	(56,432)	8,890	(124,814)	611,002
Total comprehensive income for the period	-	-	-	-	2,212	2,212
At 30 June 2022 (Unaudited)	128,016	655,342	(56,432)	8,890	(122,602)	613,214

CONDENSED STATEMENT OF CASH FLOWS

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Net cash used in operating activities	(5,378)	(6,456)
Net cash flows generated from investing activities	2,894	3,576
Net cash used in financing activities	(475)	(456)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,959)	(3,336)
Cash and cash equivalents at the beginning of the period	6,656	13,381
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,697	10,045
BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	3,697	10,045

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 interim 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 2022.

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 2022. 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 in this unaudited interim condensed financial statements.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

3 Revenue and Other income

	Six months ended 30 June	
	2023 HK\$'000	2022 HK\$'000
Revenue		
Bank interest income	14	2
Income from structured products	–	1,560
Dividend income from equity securities listed in Hong Kong	2,880	2,014
Net realised gains on disposal of investments at fair value through profit or loss	1,391	2,446
Unrealised holding gains from investment at fair value through profit or loss	5,969	38
	10,254	6,060
Other income		
Government Grant	–	32
Gain on exchange difference	19	56
	19	88
	10,273	6,148

4 Profit Before Taxation

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
The Company's profit before taxation is arrived at after charging:		
Depreciation of right-of-use asset	447	447
Depreciation of property, plant and equipment	42	–
Employee benefit expense, including Directors' remuneration		
— wages, salaries and welfare	925	696
— contribution to retirement benefits scheme	27	15
Interest expense on lease liabilities	5	28

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5 Income Tax Expense

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2023 and 30 June 2022 as the Company did not generate any assessable profits.

6 Earnings Per Share

The calculation of basic earnings per share is based on the earning attributable to owners of the Company of approximately HK\$7,136,000 (2022: HK\$2,212,000) and the weighted average number of 12,801,578,629 (2022: 12,801,578,629) shares in issue during the period.

No diluted earning per share are presented as the Company did not have any dilutive potential ordinary shares during the six months ended 30 June 2023 and 2022.

7 Equity Investment at Fair Value Through Other Comprehensive Income

The balance represented the Company's unlisted equity securities designated by the Company as at fair value through other comprehensive income.

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Unlisted equity securities	228,092	228,092

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

8 Investments at fair value through profit or loss

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Investment at fair value through profit or loss:		
Equity securities listed in Hong Kong	141,874	130,970
Structured products, at fair value	155,017	–
	296,891	130,970

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 2023 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	Purchase Cost	Market value as at 30 June 2023	Unrealised holding (loss)/gain during the period	Dividend income received during the period	Target company net assets attributable to the investments
At 30 June 2023								
Alibaba Group Holding Ltd (09988.hk)	1	689,000	Less than 0.01%	79,166	55,947	(3,479)	–	40,365
China Mobile Hong Kong Company Limited (0941.hk)	2	1,220,000	Less than 0.01%	60,159	78,141	15,006	2,427	80,295

- Alibaba Group Holding Ltd was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 9988). Its principal activities are to provide the technology infrastructure and marketing reach to help merchants, brands, retailers and other businesses to leverage the power of new technology to engage with their users and customers and operate in a more efficient way.
- China Mobile Hong Kong Company Limited was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange (stock code: 941). Its principal activities are the provision of telecommunications and information related services in the mainland of China and in Hong Kong (for the purpose of preparing the consolidated financial statements, the mainland of China refers to the PRC excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

As at 30 June 2023, the investments of structured products held by the Company includes investments in notes linked with a bundle of Hong Kong listed equities (matured during the year 2023). Particulars are as follows:

Structured Products	Issuer	Listed or not	Linked Objects	Issue Date	Maturity Date	Striking		Market Value
						Price Level	Purchase Cost	
						HK\$'000	HK\$'000	
As at 30 June 2023								
Index Linked Notes	Société Générale	Non-listed	Hang Seng Index	21 June 2023	25 September 2023	21,391.87 points	78,000	78,007
Stand Alone Global Notes	BNP Paribas	Non-listed	Hang Seng Index	24 January 2023	26 July 2023	24,004.39 points	78,000	77,010

The Company's structured products are measured at market prices for financial reporting purposes.

9 Cash and Bank Balances

Cash at banks earns interest at floating rates based on daily bank deposit rates. Fixed term deposits during the period are made for various periods from 1 day to 1 month depending on the immediate cash requirements of the Company and earn interest at respective short term time deposits rates. The carrying amount of the cash and bank balances approximate to their fair value.

At the end of the reporting period, no material bank and cash balances of the Company denominated in foreign currency (2022: Nil).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

10 Lease Liabilities

	Present value of minimum lease payments	
	30 June 2023 HK\$'000	31 December 2022 HK\$'000
Lease liabilities payable:		
Within one year	–	475
	–	475
Less: Amount due for settlement within 12 months shown under current liabilities	–	(475)
Amount due for settlement after 12 months shown under non-current liabilities	–	–

The Company leases a property to operate its office 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's treasury function.

The total cash outflows for leases including payments of principal and interest portion of lease liabilities for the period ended 30 June 2023 was HK\$480,000 (For the period ended 30 June 2022: HK\$480,000).

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

11 Share Capital

	30 June 2023 HK\$'000 (Unaudited)	31 December 2022 HK\$'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of HK\$0.01 each (31 December 2022: 100,000,000,000) (note)	1,000,000	1,000,000
Issued and fully paid:		
12,801,578,629 ordinary shares of HK\$0.01 each (31 December 2022: 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.

12 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

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).

The exercise price is determined by the Directors of the Company, and will not be less than the higher of closing price of the Company's shares on the date of grant, and the average closing price of the shares for the five business days immediately preceding the date of grant.

No share options were granted or lapsed during the period ended 30 June 2023 and 2022.

All share-based compensation will be settled in equity. The Company has no legal or constructive obligation to repurchase or settle the options other than by issuing the Company's ordinary shares.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

Movement of the options granted under the Scheme for the period ended 30 June 2023 and 30 June 2022 are as follows:

Grantee	Date of grant	Exercise period	Number of share options					Outstanding as at 30 June 2023	Exercise price per share option HK\$
			Outstanding as at 1 January 2023	Granted during the period	Lapsed during the period	Exercised during the year	Reclassified during the year		
Directors									
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	60,394,737	-	-	-	-	60,394,737	0.0497
Zhou Zan	4 April 2018	4 April 2018 to 3 April 2028	30,000,000	-	-	-	-	30,000,000	0.0497
An Jing	14 April 2020	14 April 2020 to 13 April 2030	30,000,000	-	-	-	-	30,000,000	0.0497
Zhang Yu Clement	14 April 2020	14 April 2020 to 13 April 2030	30,000,000	-	-	-	-	30,000,000	0.0497
			150,394,737	-	-	-	-	150,394,737	
Others	6 July 2014	6 July 2014 to 5 July 2024	378,473,685	-	-	-	-	378,473,685	0.0497
			528,868,422	-	-	-	-	528,868,422	

Grantee	Date of grant	Exercise period	Number of share options					Outstanding as at 30 June 2022	Exercise price per share option HK\$
			Outstanding as at 1 January 2022	Granted during the period	Lapsed during the period	Exercised during the year	Reclassified during the year		
Directors									
Xiang Xin	6 July 2014	6 July 2014 to 5 July 2024	60,394,737	-	-	-	-	60,394,737	0.0497
Zhou Zan	4 April 2018	4 April 2018 to 3 April 2028	30,000,000	-	-	-	-	30,000,000	0.0497
An Jing	14 April 2020	14 April 2020 to 13 April 2030	30,000,000	-	-	-	-	30,000,000	0.0497
Zhang Yu Clement	14 April 2020	14 April 2020 to 13 April 2030	30,000,000	-	-	-	-	30,000,000	0.0497
			150,394,737	-	-	-	-	150,394,737	
Others	6 July 2014	6 July 2014 to 5 July 2024	378,473,685	-	-	-	-	378,473,685	0.0497
			528,868,422	-	-	-	-	528,868,422	

For share options outstanding at the end of the period, the weighted average remaining contractual lives is 1.9 years (2022: 2.9 years).

There was no share options exercised during the periods ended 30 June 2023 and 2022.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

13 Net Asset Value Per Share

The net asset value per share of the Company is HK\$0.045 (31 December 2022: HK\$0.044). The calculation of net asset value per share is based on the net asset of the Company as at 30 June 2023 of approximately HK\$570,393,000 (31 December 2022: HK\$563,257,000) and 12,801,578,629 ordinary shares in issued (31 December 2022: 12,801,578,629) at the end of reporting period.

14 Related Party Transactions

	Six months ended 30 June	
	2023 HK\$'000 (Unaudited)	2022 HK\$'000 (Unaudited)
Investment management fee paid to Evergrande Securities (Hong Kong) Limited ("ESHK") (note a)	240	240
Rent paid to New Era Group (China) Limited ("NEG") (note b)	480	480
Rental deposit paid to NEG (note b)	160	160

Notes:

- (a) The Company entered into an investment management agreement with ESHK since 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.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

15 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Company's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

- (a) During the period, there were no transfer between Level 1 and Level 2, or transfers into or out of Level 3 (2022: Nil). The Company's policy is to recognise transfer between levels of fair value hierarchy as at the end of the reporting period in which they occur.
- (b) The total gains or losses recognised in other comprehensive income are presented in fair value changes of equity investments at fair value through other comprehensive income in the statement of profit or loss and other comprehensive income.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

(c) Level 3 fair value measurements as at 30 June 2023 and 31 December 2022

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of input	Fair value HK\$'000
Unlisted equity securities classified as equity investment at fair value through other comprehensive income	Market approach	Price-to-book multiple	2.48-4.08 (2022: 3.26-5.62)	Increase	192,434
		Discount of lack of marketability	15% (2022: 15%)	Decrease	
	Cost approach	Net asset value	Net asset value with reference to management accounts of the investee company	Increase	35,658

The Company's management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The management reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Company will normally obtain reference from appraisal report issued by engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

16 Contingent Liabilities

The Company did not have any significant contingent liabilities at 30 June 2023 and 2022.

17 Interim Dividends

The Directors do not recommend the payment of an interim dividend for the six months ended 30 June 2023 (2022: Nil).