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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)

2023 ANNUAL RESULTS ANNOUNCEMENT

The directors of China Innovation Investment Limited (the “Company”) announced the audited annual results of the Company for the year ended 31 December 2023 as follows:

RESULTS

Turnover for the year ended 31 December 2023 amounted to approximately HK\$387,620,000, while turnover for the year ended 31 December 2022 amounted to approximately HK\$451,249,000.

The net realised loss on disposal of investments at fair value through profit or loss for the year ended 31 December 2023 was approximately HK\$3,149,000 comparing to the net realised gain on disposal of investments at fair value through profit or loss of approximately HK\$10,594,000 for the same period in 2022.

The Company recorded a net profit attributable to equity shareholders of approximately HK\$2,193,000 for the year ended 31 December 2023, comparing to net profit attributable to equity shareholders of approximately HK\$5,756,000 for the same period in 2022. Such profit was mainly come from net unrealised holding gains arised from investments at fair value through profit or loss during the year.

As at 31 December 2023, the net assets of the Company were approximately HK\$547,668,000 (2022: HK\$563,257,000), with a net asset value per share of approximately HK\$0.043 (2022 HK\$0.044). The decrease of net asset of the Company mainly come from other comprehensive expense of approximately HK\$17,871,000 to the fair value changes of equity investments at fair value through other comprehensive income due to adverse worldwide economic condition in 2023.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
Turnover	4	<u>387,620</u>	<u>451,249</u>
REVENUE	4	9,509	(2,067)
Other income	4	22	14,317
Administrative and other operating expenses		(7,261)	(6,449)
Finance costs		<u>(77)</u>	<u>(45)</u>
PROFIT BEFORE TAX		2,193	5,756
Income tax expense	5	<u>–</u>	<u>–</u>
PROFIT FOR THE YEAR	6	2,193	5,756
OTHER COMPREHENSIVE EXPENSE			
<i>Item that will not be reclassified to profit or loss:</i>			
Fair value changes of equity investments at fair value through other comprehensive income		<u>(17,871)</u>	<u>(53,501)</u>
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		<u>(15,678)</u>	<u>(47,745)</u>
EARNINGS PER SHARE	7	HK cents	HK cents
– Basic		<u>0.017</u>	<u>0.045</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	Notes	2023 HK\$'000	2022 HK\$'000
NON-CURRENT ASSETS			
Property, plant and equipment		362	384
Right-of-use assets		2,202	447
Equity investments at fair value through other comprehensive income	9	<u>210,221</u>	<u>228,092</u>
Total non-current assets		<u>212,785</u>	<u>228,923</u>
CURRENT ASSETS			
Investments at fair value through profit or loss	10	137,382	130,970
Prepayments, deposits and other receivables		159,473	197,478
Cash and bank balances	11	<u>40,578</u>	<u>6,656</u>
Total current assets		<u>337,433</u>	<u>335,104</u>
CURRENT LIABILITIES			
Other payables and accruals		315	295
Lease liabilities		<u>854</u>	<u>475</u>
Total current liabilities		<u>1,169</u>	<u>770</u>
NET CURRENT ASSETS		<u>336,264</u>	<u>334,334</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		549,049	563,257
NON-CURRENT LIABILITY			
Lease liabilities		<u>1,381</u>	<u>–</u>
NET ASSETS		<u>547,668</u>	<u>563,257</u>
EQUITY			
Share capital	12	128,016	128,016
Reserves		<u>419,652</u>	<u>435,241</u>
TOTAL EQUITY		<u>547,668</u>	<u>563,257</u>

Notes:

1. CORPORATE INFORMATION

China Innovation Investment Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Sinclair Group Centre, 3rd Floor Genesis Building, Genesis Close P.O. Box 498, George Town, Grand Cayman KY1-1106, Cayman Islands. The principal place of business is situated at 26/F, 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 year and is principally engaged in investments. Its principal investment objective is to achieve medium and long term capital appreciation by investing in listed and unlisted companies mainly in Hong Kong and the People’s Republic of China (the “PRC”).

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Company has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) for the first time, which are mandatorily effective for the annual period beginning on or after 1 January 2023 for the preparation of the financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform – Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year had no material impact on the Company’s financial positions and performance for the current and prior years and/or on the disclosures set out in these financial statements.

***Impacts on application of Amendments to HKAS 1 and HKFRS Practice Statement 2
Disclosure of Accounting Policies***

The Company has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “Practice Statement”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments had no material impact on the Company’s financial positions and performance but has affected the disclosure of the Company’s accounting policies set out in the financial statements.

Revised HKFRSs in issue but not yet effective

The Company has not early applied the following amendments to standards and interpretation that have been issued but are not yet effective:

	Effective for accounting periods beginning on or after
Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)	1 January 2024
Amendments to HKAS 1 – Non-current Liabilities with Covenants	1 January 2024
Amendments to HKAS 7 and HKFRS 7 – Supplier Finance Arrangements	1 January 2024
Amendments to HKAS 21 – Lack of Exchangeability	1 January 2025
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA
Amendments to HKFRS 16 – Lease Liability in a Sale and Leaseback	1 January 2024

The directors of the Company anticipate that the application of all other amendments to HKFRSs will not have material impact on the financial statements in the foreseeable future.

3. OPERATING SEGMENT INFORMATION

The Company's operating segment is investments which involve investing in listed and unlisted companies to achieve medium and long term capital appreciation. Since this is the only operating segment of the Company from which its revenue and non-current assets are entirely derived, no further analysis thereof is presented.

Geographical information

The Company's revenue is solely generated from, and non-current assets are located in, Hong Kong, based on the location of the relevant entities' operations.

4. TURNOVER, REVENUE AND OTHER INCOME

Turnover represents the gross sales proceeds from disposal/redemption of investments at fair value through profit or loss.

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Turnover		
Gross sales proceeds from disposal/redemption of investments at fair value through profit or loss	<u>387,620</u>	<u>451,249</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Revenue		
Bank interest income	534	5
Income from structured products	–	4,685
Dividend income from equity securities listed in Hong Kong	5,712	4,871
Net realised (losses) gains on disposal of investments at fair value through profit or loss	(3,149)	10,594
Net unrealised holding gains (losses) from investments at fair value through profit or loss	<u>6,412</u>	<u>(22,222)</u>
	<u>9,509</u>	<u>(2,067)</u>
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Other income		
Compensation income (<i>note 9</i>)	–	14,230
Government grants (<i>note</i>)	–	87
Sundry income	<u>22</u>	<u>–</u>
	<u>22</u>	<u>14,317</u>

Note: During the year ended 31 December 2022, the Company received and recognised government grants amounting to approximately HK\$87,000 in accordance with the Employment Support Scheme provided by the Hong Kong government. The Company did not have any unfulfilled conditions relating to the grant during the year ended 31 December 2022.

5. INCOME TAX EXPENSE

Hong Kong Profits Tax is calculated at a rate of 16.5% (2022: 16.5%) for the years ended 31 December 2023 and 2022. No provision for Hong Kong profits tax has been provided for the years ended 31 December 2023 and 2022 since the Company has no assessable profit in Hong Kong for both years.

The reconciliation between the income tax expense and the profit before tax is as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Profit before tax	<u>2,193</u>	<u>5,756</u>
Tax at the statutory tax rate of 16.5% (2022: 16.5%)	362	950
Income not subject to tax	(120)	(84)
Expense not subject to tax	14	6
Utilisation of tax losses previously not recognised	<u>(256)</u>	<u>(872)</u>
Income tax expense	<u><u>–</u></u>	<u><u>–</u></u>

As at 31 December 2023, the Company had unused tax losses of approximately HK\$71,726,000 (2022: HK\$73,276,000) available for offset against future profits. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit stream. The tax losses may be carried forward indefinitely. There were no other significant temporary differences arising during the year or at the end of the reporting period.

6. PROFIT FOR THE YEAR

The Company's profit for the year is arrived at after charging:

	2023	2022
	HK\$'000	HK\$'000
Auditor's remuneration	300	295
Investment management fee	480	480
Employee benefits expenses (including directors' remuneration):		
Salaries, allowances and benefits in kind	2,053	1,460
Pension scheme contributions	63	33
Share-based payments	89	–
Total employee benefits expenses	2,205	1,493
Depreciation of property, plant and equipment	86	35
Depreciation of right-of-use assets	888	893
Net exchange loss	321	254

7. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share attributable to owners of the Company is based on the profit for the year attributable to owners of the Company of approximately HK\$2,193,000 (2022: HK\$5,756,000) and the weighted average number of ordinary shares of 12,801,578,629 (2022: 12,801,578,629) in issue during the year.

Diluted earnings per share

The computation of diluted earnings per share does not assume the exercise of the Company's share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2023 and 2022. Since the Company has no other dilutive potential ordinary share for both years, no diluted earnings per share has been presented.

8. DIVIDENDS

The directors of the Company did not recommend the declaration of any dividend for the years ended 31 December 2023 and 2022.

9. EQUITY INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

	2023 HK\$'000	2022 HK\$'000
Unlisted equity securities	<u>210,221</u>	<u>228,092</u>

Particulars of the Company's equity investments at fair value through other comprehensive income as at 31 December 2023 disclosed pursuant to the Chapter 21 of the Listing Rules are as follows:

Name of investee company	Place of incorporation	Issued and fully paid shares held by the Company	Number of shares issued in investee company	Proportion investee's capital owned	Principal activities	2023			2022		
						Accumulated fair value adjustment since		Dividend income received during the year	Net assets attributable to the Company		Carrying Amount
						Cost	acquisition	Fair value	HK\$'000	HK\$'000	
United Crown Future Company Limited ("United Overseas")	The British Virgin Islands (the "BVI")	1,621 class B ordinary shares*	1,200 class A ordinary shares and 1,877 class B ordinary shares	52.68% (2022: 52.68%)	Investment holding (note i)	78,700	(37,745)	40,955	- (2022: nil)	109,248	42,627
Aesthetic Vision Limited ("Aesthetic")	Hong Kong	8,500 class B ordinary shares*	1,000 class A ordinary shares and 9,000 class B ordinary shares	85.00% (2022: 85.00%)	Investment holding (note ii)	78,349	(24,416)	53,933	- (2022: nil)	122,985	60,981
Topsun Creation Limited ("Topsun")	Hong Kong	2,710 class B ordinary shares*	690 class A ordinary shares and 3,310 class B ordinary shares	67.75% (2022: 67.75%)	Investment holding (note iii)	77,925	(41,776)	36,149	- (2022: nil)	54,253	40,091
Grand Far Sky Limited ("Grand Far Sky")	Hong Kong	5,400 class B ordinary shares*	2,500 class A ordinary shares and 7,000 class B ordinary shares	56.84% (2022: 56.84%)	Investment holding (note iv)	64,390	(20,141)	44,249	- (2022: nil)	81,114	48,735
FengTian Capital Limited ("FengTian")	Hong Kong	3,470 non-voting shares	8,800 ordinary shares	39.43% (2022: 39.43%) (note)	Investment holding (note v)	38,661	(3,726)	34,935	- (2022: nil)	43,010	35,658
						<u>338,025</u>	<u>(127,804)</u>	<u>210,221</u>		<u>410,610</u>	<u>228,092</u>

* The Class B shares rank pari passu with the Class A shares in all aspects except for their non-voting rights. Class B shares have no voting rights.

Note: During the year ended 31 December 2022, the major shareholder of FengTian transferred 1,270 shares to the Company as a compensation to the Company due to poor performance of FengTian in the past few years. As a result, the Company recognised a compensation income of approximately HK\$14,230,000, which was the fair value of the 1,270 shares received by the Company as of date of transfer.

These companies are not treated as associates or subsidiaries because the Company is not in a position to control or exercise any significant influence over the financial and operating policies of these companies or to participate in their operations. The investments are intended to be held for the medium to long-term. Classification of these investments as equity investments at fair value through other comprehensive income can avoid the volatility of the fair value changes of these investments to the profit or loss. Therefore, the unlisted equity investments of the Company are measured at fair value through other comprehensive income for financial reporting purposes. The fair value of the unlisted equity investments of the Company is determined by independent professional valuer. The valuations are based on market approach and cost approach.

Background information of the investee companies

Notes:

(i) United Overseas

United Overseas is incorporated in the British Virgin Islands and principally engaged in investment holding. The principal asset of United Overseas is the direct 100% equity interest in a company incorporated in the PRC, of which is principally engaged in development and sales of building decoration materials as well as home decoration products. The principal activities and assets in United Overseas' group has not been changed during the years 2023 and 2022.

(ii) Aesthetic

Aesthetic is incorporated in Hong Kong and is principally engaged in investment holding. The principal asset of Aesthetic is the direct 100% equity interest in a company established in the PRC, which is principally engaged in development and sales of LED lighting products. 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. The principal activities and assets in Aesthetic's group has not been changed during the years 2023 and 2022.

(iii) Topsun

Topsun is incorporated in Hong Kong and is principally engaged in investment holding. The principal asset of Topsun is the direct 100% equity interest in a company established in the PRC, which is principally engaged in conducting development and sales of solar cell products. The principal activities and assets in Topsun's group has not been changed during the years 2023 and 2022.

(iv) **Grand Far Sky**

Grand Far Sky is incorporated in Hong Kong and is principally engaged in investment holding. The principal asset of Grand Far Sky is the direct 100% equity interest in a company established in the PRC, which is principally engaged in the asset management. The principal activities and assets in Grand Far Sky's group has not been changed during the years 2023 and 2022.

(v) **FengTian**

FengTian is incorporated in Hong Kong and is principally engaged in investment holding. The principal asset of FengTian is the direct 88% equity interest in a company established in the PRC, which is principally engaged in development and sales of health communication products. The principal activities and assets in FengTian's group has not been changed during the years 2023 and 2022.

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2023	2022
	HK\$'000	HK\$'000
Investments at fair value through profit or loss		
Equity securities listed in Hong Kong	<u>137,382</u>	<u>130,970</u>
Analysed as:		
Current portion	137,382	130,970
Non-current portion	<u>–</u>	<u>–</u>
	<u>137,382</u>	<u>130,970</u>

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 31 December 2023 and 2022 disclosed pursuant to the Chapter 21 of the Listing Rules are as follows:

Listed equity securities	Note	Number of shares held	Proportion of investee's capital owned	Cost HK\$'000	Market value HK\$'000	Accumulated unrealised holding (losses) gains	Unrealised holding (losses) gains during the year HK\$'000	Dividend income received during the year HK\$'000	Net assets attributable to the investments HK\$'000
						as at 31 December 2022 and 1 January 2023 HK\$'000			
At 31 December 2023									
Alibaba Group Holding Limited	1	689,000	less than 0.01%	79,166	52,088	(19,740)	(7,338)	-	41,786
China Mobile Limited	2	1,220,000	less than 0.01%	60,159	79,056	2,976	15,921	5,095	85,593
At 31 December 2022									
Alibaba Group Holding Limited	1	689,000	less than 0.01%	79,166	59,426	2,756	(22,496)	-	38,506
China Mobile Limited	2	1,220,000	less than 0.01%	60,159	63,135	-	2,976	2,406	84,109

Notes:

- Alibaba Group Holding Limited (stock code: 9988) was incorporated in the Cayman Islands and its shares are listed on the Stock Exchange. It's 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 December 2023, the unaudited consolidated net assets was approximately USD159,421 million (equivalent to HK\$1,244,847 million).
- China Mobile Limited (stock code: 0941) was incorporated in the Hong Kong and its shares are listed on the Stock Exchange. The principal activities are the provision of telecommunications and information related services in the PRC and in Hong Kong. At 30 September 2023, the unaudited consolidated net assets was approximately RMB1,319,229 million (equivalent to HK\$1,437,413 million).

11. CASH AND BANK BALANCES

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits during the year 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.

12. SHARE CAPITAL

	2023	2022
	HK\$'000	HK\$'000
Authorised:		
100,000,000,000 ordinary shares of HK\$0.01 each	<u>1,000,000</u>	<u>1,000,000</u>
Issued and fully paid:		
12,801,578,629 ordinary shares of HK\$0.01 each	<u><u>128,016</u></u>	<u><u>128,016</u></u>

A summary of the movements in the issued share capital of the Company is as follows:

	Number of	Amount
	shares	HK\$'000
	'000	
At 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	<u><u>12,801,579</u></u>	<u><u>128,016</u></u>

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the two years ended 31 December 2023 and 2022.

The externally imposed capital requirements is that for the Company to maintain its listing on the Stock Exchange it has to have a public float of at least 25% of the shares. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the year ended 31 December 2023 and 2022.

13. NET ASSET VALUE PER SHARE

As at 31 December 2023 and 2022, the net asset value per share of the Company was HK\$0.043 and HK\$0.044, respectively. The calculation of net asset value per share is based on the net asset value of the Company as at 31 December 2023 of approximately HK\$547,668,000 (2022: HK\$563,257,000) and 12,801,578,629 (2022: 12,801,578,629) ordinary shares in issue at the end of each reporting period.

14. EVENTS AFTER THE REPORTING PERIOD

On 26 January 2024, the Company and Allurefem Holding Limited (“Allurefem”), a Hong Kong listed company (stock code: 8305.HK), entered into a subscription agreement (the “Subscription Agreement”), pursuant to which Allurefem agreed to issue, and the Company agreed to subscribe for three-year secured bonds with an aggregate principal amount of HK\$40,000,000 with a coupon rate of 5% (the “Bonds”).

On the same day, Advanced Pacific Enterprises Limited (the “Pledger”), being the controlling shareholder of Allurefem, executed a share charge over 535,500,000 shares of Allurefem in favour of the Company, pursuant to which the Pledger agreed to charge 535,500,000 shares of Allurefem (“Charged Shares”) held by it, accounting for 51% of issued shares of Allurefem, to the Company to secure the punctual payment and performance of Allurefem under the Bonds. As long as the Bonds remain unredeemed, the Company can enjoy 50% of the dividends on the Charged Shares. Please refer to the Company’s announcement dated 26 January 2024 for the details of the subscription.

BUSINESS REVIEW

As an investment company, 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"). By investing in listed and unlisted companies which have high quality, the Company strive for medium and long term gains from capital appreciation in the course of securitisation of corporate assets invested, and apply the same as key operation strategy and income source.

Leveraging on many years' experience and well-connected network in the People's Republic of China ("PRC"), the Company 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.

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 invests in FengTian Capital Limited ("FengTian"). FengTian is principally engaged in development and sales of health communication products.

For "New Capital", the Company invests in Grand Far Sky Limited ("Grand Far Sky"). Grand Far Sky was principally engaged in asset management to derive benefits from management. Grand Far Sky possessed a full-storey office property at the central area of Shanghai, PRC.

In 2023, the Company continued to comply with the listing rules when conducted investment activities under the established investment objectives and investment strategies, and controlled risks and seized opportunities carefully.

Investing in unlisted companies

As at 31 December 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\$36,149,000, HK\$53,933,000, HK\$40,955,000, HK\$34,935,000 and HK\$44,249,000 respectively.

Investing in listed companies

The Company also invested in listed companies in Hong Kong on short term basis. For the year ended 31 December 2023, there were no additions to or disposals of investments in listed companies.

Value Investment Opportunities in Innovative Models

In recent years, the Company has focused on and invested in free economic business models, such as investing in photovoltaic buildings, which does not charge rent from users, but collects power generation revenue from power companies; investing in debt notes and charge customers no interest, but receive index-linked growth returns... and so on. The Company focuses on investing in such innovative projects and has become a unique highlight in the market.

During the year, all the subsidiary companies of Topsun, Aesthetic, United Overseas, FengTian and Grand Far Sky actively responded to the new PRC's national policy of "Common Prosperity" and participated in the "Common Prosperity Plan" initiated by China Technology Education Trust Association which is a Charitable Society registered in Hong Kong. For more details, please refer to its website at www.19988.com. It promises to provide enterprises with one-stop solution relating to clothing, food, housing and transportation belong to 16 major categories of daily necessities products, in order to help our business customers to increase sales and end-users' consumption. Therefore, it has created a new paradigm of free economic business model.

INVESTMENT PORTFOLIOS

As at 31 December 2023, the Company held certain unlisted equity securities which are disclosed in note 9 to this results announcement.

- (i) Topsun Creation Limited (“Topsun”) was incorporated in Hong Kong and principally engaged in investment holding. Topsun directly held 100% interest in a company incorporated in the PRC, which the principal activity was in relation to solar cell products as its major products. The Company holds 2,710 “B” non-voting shares in Topsun, representing 67.75% interest in the issued share capital of Topsun. No dividend was received during the year.
- (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 in Aesthetic, representing 85% interest in the issued share capital of Aesthetic. No dividend was received during the year.
- (iii) United Crown Future Company Limited (“United Overseas”) was incorporated in British Virgin Islands and principally engaged in investment holding. United Overseas started its business from building decoration materials, as focusing on four core product concepts of green, health, environmental protection and convenience, it has gradually expanded to all kinds of essential home decoration products. The Company holds 1,621 “B” non-voting shares in United Overseas, representing 52.68% interest in the issued share capital of United Overseas. No dividend was received during the year.
- (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 principally engaged in development and sales of health communication products. The Company held 3,470 non-voting shares, representing 39.43% equity interest in the issued share capital of FengTian. No dividend was received during the year.
- (v) Grand Far Sky Limited (“Grand Far Sky”) was incorporated in Hong Kong and principally engaged in investment holding. Grand Far Sky holds a 100% interest in a subsidiary incorporated in the PRC, of which the principal activity is asset management. The Company holds 5,400 “B” non-voting shares in Grand Far Sky, which represented 56.84% interest in the issued share capital of Grand Far Sky. No dividend was received during the year. Grand Far Sky possessed a full-storey office property at the central area of Shanghai, PRC.

LIQUIDITY AND FINANCIAL POSITION

As at 31 December 2023, the Company had cash and bank balances of approximately HK\$40,578,000. Most of the cash and bank balances were mainly denominated in Hong Kong dollars.

For the year 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 is zero (ratio of net debt to shareholders' funds) as at 31 December 2023. Taking into consideration the existing financial resources to the Company, it is anticipated that the Company should have adequate financial resources to meet its ongoing operating and development requirements.

FOREIGN CURRENCY FLUCTUATION

During the year, the Company conducted its business transactions principally in US dollars 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.

RELATED PARTY TRANSACTIONS

- (i) Save as those disclosed elsewhere in the financial statements, the Company had the following material transactions with related parties during the year:

	<i>Notes</i>	2023 HK\$'000	2022 HK\$'000
Investment management fee paid to Evergrande Securities (Hong Kong) Limited (“ESHK”)	<i>(a)</i>	480	480
Rental paid to New Era Group (China) Limited (“NEG”)	<i>(b)</i>	960	960

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 over which Mr. Xiang Xin, a director of the Company has control.
- (ii) Compensation of key management personnel:

	2023 HK\$'000	2022 HK\$'000
Short term employee benefits	720	720
Pension scheme contributions	–	–
Share-based payments	89	–
	809	720

CHARGE ON COMPANY ASSETS AND CONTINGENT LIABILITIES

As at 31 December 2023, the Company has not pledged its assets and the Company did not have significant contingent liabilities.

PROSPECTS

In the past year, the combined effect of China's real estate crisis, weak consumer and business confidence, continued increase in local government debt, and slowing global economic growth momentum have hindered China's strong economic recovery after the COVID-19 epidemic. Affected by the Federal Reserve's multiple rounds of interest rate hikes, Hong Kong dollar interest rates hit a record high in the past decade. The high interest rate environment has made the performance of Hong Kong's entire capital market unsatisfactory.

However, the company believes that difficulties are always temporary, and they are an important driving force for the transformation of old models into innovative ones, and become an incubator for new productivity.

Looking forward, the Company will continue to explore investment opportunities, especially identify those regarding innovative business models. Through the fulfilment of its social responsibilities, the Company will make effort in unleashing the power of investment for good.

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 year ended 31 December 2023.

CAPITAL STRUCTURE

For movement of capital structure of the Company, please refer to note 12 to the results announcement.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the year, the Company had not purchased, sold or redeemed any of its listed securities.

CORPORATE GOVERNANCE REPORT

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 the extent practicable, comply with the relevant requirements under the Hong Kong Companies Ordinance, the Hong Kong Securities and Futures Ordinance, the Listing Rules and the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Listing Rules, except for the deviations as stated below:

- The roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual.

During the year 2023, Mr. Xiang Xin is the Chairman of the Board and the Chief Executive Officer of the Company. This deviates from code provision C.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.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has 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 and its code of conduct regarding director's securities transactions throughout the Year.

The Company also has established written guidelines on no less exacting terms than the Model Code for securities transactions by employees who are likely to be in possession of any unpublished inside information of the Company.

EMPLOYEE INFORMATION

As at 31 December 2023, the Company had 18 (2022: 21) staff, including full time and part-time. The total remuneration paid to staff (including Directors' remuneration) was approximately of HK\$2,205,000 (2022: HK\$1,493,000). The total amount comprised salaries, 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.

AUDITORS

The figures in respect of the Company's statement of financial position, statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been agreed by the Company's auditors, McMillian Woods (Hong Kong) CPA Limited, to the amounts set out in the Company's audited financial statements for the year ended 31 December 2023. The work performed by McMillian Woods (Hong Kong) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no opinion or no assurance has been expressed by McMillian Woods (Hong Kong) CPA Limited on the preliminary announcement.

The Audit Committee reviews the annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's annual reports.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company will be published on the Stock Exchange's and the Company's websites in due course.

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

Hong Kong, 22 March 2024

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 are Ms. An Jing, Ms. Zhou Zan and Ms. Qin Han. Ms. Kung Ching is an alternate Director to Mr. Xiang Xin.