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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)

PROGRESS ON COOPERATION FRAMEWORK AGREEMENT IN RELATION TO THE INVESTMENT IN CIVIL AND MILITARY DUAL-USE MULTI-MEDIA SYSTEM INTEGRATION ENTERPRISE BEIJING GUANHUA GLORY AV SYSTEM INTEGRATION CO., LTD.

Reference is made to the announcement of the Company dated 21 May 2008 regarding the Cooperation Framework Agreement in relation to the investment in Beijing Guanhua.

On 21 May 2008, the Company entered into the Cooperation Framework Agreement with Beijing Guanhua, pursuant to which the Company shall invest in Beijing Guanhua subject to the fulfillment of certain conditions as stated in the Announcement.

As at the date of this announcement, the Company has engaged Beijing Xinghua Accounting Firm Co., Ltd. (北京興華會計師事務所) to conduct a due diligence on Beijing Guanhua. The Directors believe that it is in the interest of the shareholders of the Company to invest in 北京冠華天視數碼科技有限公司 (“北京冠華天視”), a subsidiary of Beijing Guanhua. Specific negotiation in connection with the possible investment in 北京冠華天視 is currently underway between the Company and Beijing Guanhua. Announcement(s) will be made in respect of any further development.

The Directors wish to reiterate that the subject transaction may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

Reference is made to the announcement of the Company dated 21 May 2008 (the “Announcement”) regarding the Cooperation Framework Agreement in relation to the investment in Beijing Guanhua. Terms used herein shall have the same meanings as defined in the Announcement unless otherwise stated herein.

On 21 May 2008, the Company entered into the Cooperation Framework Agreement with Beijing Guanhua, pursuant to which the Company shall invest in Beijing Guanhua subject to the fulfillment of certain conditions.

As at the date of this announcement, the Company has engaged Beijing Xinghua Accounting Firm Co., Ltd. (北京興華會計師事務所) to conduct a due diligence on Beijing Guanhua. The Directors believe that it is in the interest of the shareholders of the Company to invest in 北京冠華天視數碼科技有限公司 (“北京冠華天視”), a subsidiary of Beijing Guanhua. Specific negotiation in connection with the possible investment in 北京冠華天視 is currently underway between the Company and Beijing Guanhua. Announcement(s) will be made in respect of any further development.

Further announcement(s) will be made by the Company in respect of any material development on the possible transaction and actions which will be taken to comply with the disclosure and/or approval requirements under the Listing Rules.

The Directors wish to reiterate that the subject transaction may or may not proceed. Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 21 August 2008

As at the date of this announcement, the executive Directors of the Company are Mr. Xiang Xin (Chief Executive Officer), Mr. Chan Cheong Yee and Mr. Wong Chak Keung; the non-executive Directors are Mr. Wang Qing Yu (Chairman) and Mr. Ng Kwong Chue Paul; the independent non-executive Directors are Mr. David Wang Xin, Mr. Zang Hong Liang and Mr. Lee Wing Hang.