



中國置業投資控股有限公司 *

CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
(incorporated in Bermuda with limited liability)
(Stock code: 736)

MEMORANDUM OF UNDERSTANDING REGARDING THE PROPOSED ACQUISITION OF MINE SITES IN HUBEI PROVINCE, THE PRC

The Board announces that on 29 July 2008, the Company has entered into a non-legally binding MOU with the Vendor, an independent third party, pursuant to which the Company may (subject to, inter alia, the entering into of the Formal Agreement) acquire from the Vendor 70% of the equity interest in Hungfu Industrial. Hungfu Industrial is currently 100% held by the Vendor. The principal assets of Hungfu Industrial are the exploitation rights and its related assets in Chenjiawan Copper Mine, the exploration rights in E Zhou Zhangqifang Iron and Copper Mine and E Zhou Liertang Iron Mine, all located in E Zhou, Hubei Province, the PRC.

The Proposed Acquisition may constitute a notifiable transaction for the Company under the Listing Rules and the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the Listing Rules where appropriate. Subject to the terms and conditions of the MOU and upon, among others, completion of the due diligence review, the parties to the MOU may enter into of the Formal Agreement. Further announcement will be made by the Company when the Formal Agreement is being entered into by the parties to the MOU.

As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

MEMORANDUM OF UNDERSTANDING

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Date:

29 July 2008

Parties:

- (1) Vendor; and
- (2) the Company

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Vendor is a third party independent of the Company and its connected persons (as defined in the Listing Rules).

Assets to be acquired

70% of the equity interest in Hungfu Industrial.

Terms of the MOU*1. Subject matter*

The Vendor currently owns 100% equity interest in Hungfu Industrial. Pursuant to the MOU, the Company may (subject to, inter alia, satisfaction of the due diligence review and entering into of the Formal Agreement) acquire 70% of the entire issued share capital of Hungfu Industrial.

2. Consideration and payment terms

The total consideration for the Proposed Acquisition will be subject to the valuation of the Target Sites and will, upon completion of the Proposed Acquisition, be satisfied by the issue of Consideration Shares to the extent not more than 30% of the then enlarged issue share capital of the Company and should the valuation of the Target Sites exceed the value of the Consideration Shares, the Company will settle the remaining consideration by the issue of a five years' convertible bonds. The issue price of the Consideration Shares is set at HK\$0.35 each.

The terms of the convertible bonds (including the conversion price and the term of the convertible bonds) have not been determined as at the date of the MOU. The details of the terms of the convertible bonds will be included in the Formal Agreement and will be announced upon entering into of the Formal Agreement.

3. *Conditions precedent of the Formal Agreement*

- (i) the obtaining of all relevant consents and approvals in relation to the sale and purchase of Hungfu Industrial by the Vendor to the Company;
- (ii) no representation or warranties have been breached by the Vendor under the MOU;
- (iii) the Company having obtained a PRC legal opinion prepared and issued by a PRC legal adviser nominated by the Company relating to the sale and purchase of Hungfu Industrial and the transactions contemplated thereunder, in a form and substance satisfied to the Company;
- (iv) the Company having obtained an auditors' report prepared and issued by the auditors nominated by the Company in a form and substance satisfied to the Company;
- (v) the Company having obtained a technical report prepared and issued by the technical adviser nominated by the Company relating to the Target Sites in a form and substance satisfied to the Company;
- (vi) the passing by the Shareholders of a resolution to approve the Formal Agreement and the transactions contemplated thereunder, including the allotment and issue of Consideration Shares and the conversion shares (if any) in accordance with the Listing Rules;
- (vii) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Consideration Shares and the conversion shares;
- (viii) if necessary, the Bermuda Monetary Authority granting consent to the issue of the Consideration Shares and the conversion shares; and
- (ix) the Company being satisfied with the due diligence review of the financial condition, legal and other affairs of Hungfu Industrial

4. *Profit guarantee*

The Vendor intends to guarantee to the Company under the Formal Agreement that the profit after tax of Hungfu Industrial as shown in the audited financial statements of Hungfu Industrial would not be less than RMB35 million based on an equity stake of 70% for the three years ending 31 December 2009, 2010 and 2011 respectively. The Vendor will compensate for any shortfall by way of cash in accordance with the Formal Agreement.

5. *Other guarantees*

Other guarantees by the Vendor include, among others:

- (i) the Vendor will not dispose the Consideration Shares in six months' time upon the completion of the Proposed Acquisition; and
- (ii) the warranties and representations given by the Vendor under the MOU remaining to be true and accurate in all material respects.

Other guarantees by the Company include, among others:

- (i) subject to the compliance of the Listing Rules, the Company will be responsible for the required capital in relation to the exploration of the Target Sites upon completion of the Proposed Acquisition;
- (ii) the warranties and representations in respect of the material items given by the Company under the MOU remaining to be true and accurate in all material respects.

Pursuant to the terms of the MOU, the Proposed Acquisition is subject to completion of the due diligence review and the negotiation and finalisation of the terms and conditions in relation thereof. Accordingly, the Proposed Acquisition may or may not proceed.

Subject to the terms and conditions of the MOU and upon completion of the due diligence review, the parties to the MOU may enter into the Formal Agreement. Further announcement will be made by the Company when the Formal Agreement is being entered into by the parties to the MOU.

GENERAL

The Proposed Acquisition may constitute a notifiable transaction for the Company under the Listing Rules and the Company shall comply with the relevant disclosures and/or shareholders' approval requirements of the Listing Rules where appropriate. Subject to the terms and conditions of the MOU and upon, among others, completion of the due diligence review, the parties to the MOU may enter into of the Formal Agreement. Further announcement will be made by the Company when the Formal Agreement is being entered into by the parties to the MOU.

As the Proposed Acquisition may or may not proceed, shareholders and potential investors of the Company should exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors
“Company”	China Properties Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange
“Consideration Shares”	the Shares to be allotted and issued, credited as fully paid, to the Vendor for settlement of the consideration of the Proposed Acquisition
“Director(s)”	the director(s) of the Company
“Formal Agreement”	a formal legally binding conditional sale and purchase agreement to be entered into by the parties to the MOU
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hungfu Industrial”	E Zhou Hongfu Industrial Limited*, a company established in the PRC which is interested in 100% of the mining rights in the Target Sites
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MOU”	the non-legally binding memorandum of understanding dated 29 July 2008 entered into between the Company and the Vendor in relation to the Proposed Acquisition
“PRC”	the People’s Republic of China
“Proposed Acquisition”	the proposed acquisition of 70% of the entire equity interest in Hungfu Industrial pursuant to the Formal Agreement
“Shares”	shares of HK\$0.01 each in the share capital of the Company

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Sites”	the Chenjiawan copper mining sites, E Zhou Zhangqifang iron & copper mining sites and E Zhou Liertang iron mining sites
“Vendor”	Mr. Dai Han Qing
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi yuan, the lawful currency of the PRC
“%”	per cent.

By Order of the Board
China Properties Investment Holdings Limited
Zhao Qing Ji
Chairman

Hong Kong, 29 July 2008

As at the date of this announcement, Mr. Zhao Qing Ji and Mr. Au Tat On are the executive Directors; and Mr. Wang Dong, Mr. Yeung Yuen Hei and Ms. Chan Mei Bo, Mabel are the independent non-executive Directors.

* *For identification purposes only*