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CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

中國置業投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 736)

**(1) MAJOR TRANSACTION
FOR DISPOSAL OF INTERESTS IN REAL PROPERTY;
(2) PROFIT WARNING;
AND
(3) RESUMPTION OF TRADING**

THE SALE AND PURCHASE AGREEMENT

On 22 June 2009 (after trading hours), the Vendor entered into the Sale and Purchase Agreement with the Purchasers pursuant to which the Purchasers have agreed to acquire and the Vendor has agreed to sell the Property for a Consideration of RMB40.00 million (equivalent to approximately HK\$45.45 million).

The Consideration was settled by the Purchasers in the following manner: (a) RMB30.50 million (equivalent to approximately HK\$34.66 million) was paid by the Purchasers on the date of signing of the Sale and Purchase Agreement to repay the bank indebtedness of RMB30.50 million (equivalent to approximately HK\$34.66 million) in respect of the mortgage under which the Property is subject to; and (b) the balance of RMB9.50 million (equivalent to approximately HK\$10.79 million) was paid in cash by the Purchasers to the Vendor on the date of signing of the Sale and Purchase Agreement.

GENERAL

The Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval.

A circular containing, among other matters, details of the Disposal, the valuation report of the Property and notice of SGM, will be despatched to the Shareholders in compliance with the Listing Rules.

* *For identification purpose only*

PROFIT WARNING

The Board wishes to inform holders of the Company's shares and securities and potential investors that it is expected that the audited consolidated net loss of the Group for the year ended 31 March 2009 to show a significant increase as compared to the unaudited consolidated net loss of the Group for the six months ended 30 September 2008. Such decline was primarily attributable to the loss resulting from the change of fair value on the Group's investment properties in the PRC.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

Trading of the Shares has been suspended with effect from 9:30 a.m. on 23 June 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30 a.m. on 29 June 2009.

THE SALE AND PURCHASE AGREEMENT

Date: 22 June 2009 (after trading hours)

Parties: (1) Vendor : Shanghai Xiang Chen Hang Place The Industry Co. Limited, a subsidiary which is owned as to 100% by the Group

(2) Purchasers : Hu Xi Niu, Hu Zhi Shu, Hu Biao, Hu Sui Bian, Hu Sui Dan, Hu Bin, Zhu Chang Jun, Zhou Mei Hong[#]

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Purchasers is an Independent Third Party.

Assets to be disposed

Pursuant to the Sale and Purchase Agreement, the Purchasers have agreed to acquire and the Vendor has agreed to sell the Property.

Consideration

The Consideration for the Property shall be the sum of RMB40.00 million (equivalent to approximately HK\$45.45 million).

The Consideration was settled by the Purchasers in the following manner: (a) RMB30.50 million (equivalent to approximately HK\$34.66 million) was paid by the Purchasers on the date of signing of the Sale and Purchase Agreement to repay the bank indebtedness of RMB30.50 million (equivalent to approximately HK\$34.66 million) in respect of the mortgage under which the Property is subject to; and (b) the balance of RMB9.50 million (equivalent to approximately HK\$10.79 million) was paid in cash by the Purchasers to the Vendor on the date of signing of the Sale and Purchase Agreement.

The Consideration was determined at arms length negotiation between Vendor and Purchasers with reference to an indicative preliminary valuation conducted by Castores Magi (Hong Kong) Limited on the Property.

The Consideration for the Property was agreed between the Vendor and the Purchasers after arm's length negotiations after considering the preliminary valuation of the Property. As such, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal to be fair and reasonable and on normal commercial terms and are in the interests of the Company and the Shareholders as a whole.

Conditions precedent

Completion shall be conditional upon and subject to:

- (a) all necessary consents, approvals and authorizations in relation to the transactions contemplated under the Sale and Purchase Agreement having been obtained by the Vendor of the Property;
- (b) there being no matter, fact or circumstance which constituted or is likely to constitute any breach of the provision or the warrants given by the Vendor of the Property;
- (c) the Company obtaining all necessary consents and approvals including the passing of the necessary ordinary resolution(s) at the SGM by the Shareholders approving the Disposal;
- (d) the Purchasers having satisfied with the results of its due diligence review of the Property; and
- (e) the Vendor providing a written confirmation to the satisfaction of the Purchaser that the mortgage of the Property have been discharged.

Save for conditions (a), (c) and (e) above which are not waivable, the Purchaser may waive any of the above conditions. If the conditions have not been satisfied on or before 31 December 2009, or such later date as the Vendor and the Purchasers may agree, the Sale and Purchase Agreement shall cease and determine.

Completion

Completion shall take place at 4:00 p.m. on the date falling ten Business Days after the fulfilment (or waiver) of the conditions or such later date as may be agreed between the Vendor and the Purchasers.

INFORMATION ON THE PROPERTY

The Property is the whole of basement level one and ground level of a commercial unit situated at Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC, which was acquired by the Group on 21 August 2006. The total gross floor area of the Property is approximately 3,732.33 square meter. The Property is currently leased to a tenant who is an Independent Third Party. The gross rental income received for the Property for each of the two financial years ended 31 March 2009 immediately preceding the Disposal amount to approximately RMB6.3 million and RMB5.1 million respectively. The net profit (before taxation and extraordinary items) of the Property for each of the two financial years ended 31 March 2009 amount to approximately RMB3.8 million and RMB2.8 million respectively. The net profit (after taxation and extraordinary items) of the Property for each of the two financial years ended 31 March 2009 amount to approximately RMB2.8 million and RMB1.9 million respectively. Upon disposal of the Property, the Company shall no longer receive rental income from the Property and shall no longer necessary to pay the expenses for interests of bank indebtedness, rates, management expenses etc.

The Property is currently mortgaged to a bank for RMB30.50 million (equivalent to approximately HK\$34.66 million). The Company will apply the proceeds from the Disposal to repay the bank indebtedness of RMB30.50 million and procure the release of the mortgage upon Completion. The Property will be sold free of encumbrances. The Company will cease to have any obligations over the Property after Completion.

FINANCIAL EFFECT OF THE DISPOSAL

The Property has been preliminary valued by Castores Magi (Hong Kong) Limited, an independent professional valuer, at approximately HK\$54.61 million (equivalent to approximately RMB48.06 million) as at 30 April 2009 on a market basis by reference to comparable market transactions. The net book value of the Company's interests in the Property as at 30 September 2008 was approximately HK\$108.78 million. Based on the consideration for the Property of RMB40.00 million (equivalent to approximately HK\$45.45 million) and after deducting the expenses in relation to the Disposal, it is expected that a net loss will accrue to the Company and the net asset value of the Group will be decreased by approximately HK\$63.33 million.

REASONS FOR THE DISPOSAL

The Group is principally engaged in property investment.

The Property has been preliminarily valued by Castores Magi (Hong Kong) Limited at approximately HK\$54.61 million (equivalent to approximately RMB48.06 million) as at 30 April 2009 and the value of the Property has decreased substantially since the Group acquired the Property in 2006.

Before the Disposal, the Property consisted of the whole of basement level one and ground level and advertising space of the commercial unit situated at Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC. Pursuant to a letter dated 20 March 2009 issued by the Vendor, the advising space of the Property was demolished by virtue of safety consideration and reduction of maintenance costs. As such, the rental income arising from the Property is expected to decrease substantially in the coming years.

Although there is recent improvement in the market sentiment of Shanghai property market, the Board is not optimistic on the overall trend of the property market in the PRC in the long run due to unforeseeable and uncontrollable factors during the period of global recession. The Directors consider that in view of the slower economic growth of the PRC and uncertainty in the economic recovery period, the prospect of the real property market in Shanghai will continue to be affected. As the property concerned is situated in the outskirts of Putuo District, Shanghai and have throughout the years deteriorated, the Board believes that the profitability potential of the Property will be reduced in the medium and long terms and the foreseeable increase in the property value of the Property is limited.

On the other hand, the Disposal provides a good opportunity for the Company to realise part of the investment and to strengthen the cash position and provide immediate cash flow for the Group. The Property was pledged to a bank to secure banking facilities of RMB30.50 million (equivalent to approximately HK\$34.66 million). The proceeds from the Disposal will be utilised to repay the bank indebtedness and procure the release of the mortgage. Upon completion of the Disposal, the mortgage loan granted to the Company in respect of the Property will be released. The Company also intends to apply the proceeds as general working capital of the Group and to finance the acquisition of the entire equity interest of Main Pacific Group Limited, details of which are set out in the announcement of the Company dated 11 June 2009.

The estimated net proceeds before tax receivable by the Group for the Disposal will be in the amount of approximately RMB38.8 million (equivalent to approximately HK\$44.09 million). The Directors intend to utilise the net proceeds from the Disposal as to RMB30.50 million (equivalent to approximately HK\$34.66 million) for the repayment of bank indebtedness secured by the Property and as to the remaining approximately RMB8.3 million (equivalent to approximately HK\$9.43 million) for general working capital of the Group.

The Directors consider that the Consideration is reasonable and the Disposal represents a good opportunity for the Group to realise the Property and to reduce the bank indebtedness of the Group which in turn release the interest burden of the Group in the future. Taking into account of the valuation of the Property, the Board is of the view that the terms of the Disposal are fair and reasonable and the Disposal is in the interests of the Company and the Shareholders as a whole.

GENERAL

The Disposal constitutes a major transaction on the part of the Company under Chapter 14 of the Listing Rules and is subject to the Shareholders' approval at the SGM. No Shareholders are required to abstain from voting in the SGM in respect of the resolution(s) to approve the Disposal.

A circular containing, among other matters, details of the Disposal, the valuation report of the Property and notice of SGM, will be despatched to the Shareholders in compliance with the Listing Rules.

PROFIT WARNING

The Board wishes to inform holders of the Company's shares and securities and potential investors that based on preliminary assessment of the management accounts of the Group and the information currently available to the Company, it is expected that the audited consolidated net loss of the Group for the year ended 31 March 2009 to show a significant increase as compared to the unaudited consolidated net loss of the Group for the six months ended 30 September 2008. Such decline was primarily attributable to the loss resulting from the change of fair value on the Group's investment properties in the PRC.

The information contained herein is only a preliminary assessment by the management of the Company based on the information available to them. As the results of the Group for the year ended 31 March 2009 have not been finalised and the exact amount of such loss is subject to confirmation with the independent valuer of the Company, the Board is not in a position to quantify the financial impact on the Group at this stage. Further details of the audited annual results of the Group will be disclosed in the annual report for the year ended 31 March 2009, which are expected to be despatched to the Shareholder on or before the end of July 2009.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

RESUMPTION OF TRADING

Trading of the Shares has been suspended with effect from 9:30 a.m. on 23 June 2009 pending the release of this announcement. Trading of the Shares will resume at 9:30 a.m. on 29 June 2009.

DEFINITIONS

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

“associates”	has the meaning ascribed to this term under the Listing Rules
“Board”	the board of Directors
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which licensed banks are generally open for business in Hong Kong throughout their normal business hours
“Company”	China Properties Investment Holdings Limited, a company incorporated in Bermuda with limited liability and the issued Shares of which are listed on the Stock Exchange
“Completion”	completion of the sale and purchase of the Property in accordance with the terms and conditions of the Sale and Purchase Agreement
“connected persons”	has the meaning ascribed to this term under the Listing Rules
“Consideration”	the aggregate consideration of RMB40.00 million (equivalent to approximately HK\$45.45 million) payable by the Purchasers to the Vendor for the Disposal and to be satisfied in the manner as described in this announcement
“Directors”	the directors of the Company
“Disposal”	the disposal of the Property by the Vendor as contemplated under the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	any person or company and their respective ultimate beneficial owner(s) which, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, are third parties independent of the Company and its connected persons (as defined in the Listing Rules)

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property”	the whole of basement level one and ground level of the commercial unit situated at Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC
“Purchasers”	Hu Xi Niu, Hu Zhi Shu, Hu Biao, Hu Sui Bian, Hu Sui Dan, Hu Bin, Zhu Chang Jun, Zhou Mei Hong [#]
“Sale and Purchase Agreement”	the conditional sale and purchase agreement dated 22 June 2009 entered into between the Purchasers and the Vendor in relation to the sale and purchase of the Property
“SGM”	the special general meeting of the Company to be held and convened for the purpose of considering and, if thought fit, approving the Sale and Purchase Agreement and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Vendor”	Shanghai Xiang Chen Hang Place The Industry Co. Limited, a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

For the purpose of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB0.88 = HK\$1. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate at all.

The English translation of Chinese names or words in this announcement is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words.

By Order of the Board
China Properties Investment Holdings Limited
Yu Wai Fong
Chairman

Hong Kong, 26 June 2009

As at the date of this announcement, the executive Directors are Ms. Yu Wai Fong and Mr. Au Tat On, and the independent non-executive Directors are Mr. Lam Man Yui, Mr. Lai Wai Yin, Wilson and Ms. Cao Jie Min.

This announcement will remain on the “Latest Company Announcements” page of the website of Stock Exchange and the website of the Company for at least 7 days from the date for its posting.