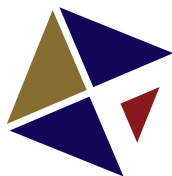


*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purpose only and does not constitute an invitation or offer to acquire, purchase, or subscribe for securities.*



## **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)

### **PROPOSED PLACING OF CONVERTIBLE BONDS AND RESUMPTION OF TRADING**

**Placing agent**

**Cheong Lee Securities Limited**

#### **PLACING OF THE CONVERTIBLE BONDS**

On 15 August 2009, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$600,000,000.

Pursuant to the Placing Agreement, the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to place, on a best effort basis, the 2-year zero coupon Convertible Bonds up to an aggregate principal amount of HK\$600,000,000. The Convertible Bonds will be placed to not less than six Placees, which is expected to be individuals, corporate, institutional investors or other investors procured by the Placing Agent. Further announcement will be made by the Company if the Placing Agent fails to identify at least six Placees.

Based on the Conversion Price of HK\$0.118, a maximum number of 5,084,745,762 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 167.79% of the existing issued share capital of the Company; and
- (ii) approximately 62.66% of the issued share capital of the Company as enlarged by the issue of the Convertible Shares.

The net proceeds from the placing of the Convertible Bonds (after deducting related expenses) are estimated to be of approximately HK\$584.5 million. The Company intends to use the funds raised from the placing of the Convertible Bonds for: (i) financing the possible acquisition of World Petroleum Inc. which was announced by the Company on 18 August 2009 (the “**Acquisition**”), including the possible deposits and/or cash consideration and the related professional fees; and (ii) general working capital of the Group.

A SGM will be held to consider and, if thought fit, passing the resolutions to approve the Placing Agreement and the transaction contemplated thereunder, including the placing of the Convertible Bonds and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement, the placing of the Convertible Bonds together with the notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. As far as the Directors are aware of, no Director or Shareholder has a material interest in the placing of the Convertible Bonds.

## **RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 August 2009, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 19 August 2009.

## **INTRODUCTION**

On 15 August 2009, the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best effort basis, the independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$600,000,000.

## **PLACING AGREEMENT DATED 15 AUGUST 2009**

### **Parties:**

Issuer:                      the Company

Placing agent:            the Placing Agent

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owner(s) are Independent Third Parties.

Pursuant to the Placing Agreement, the Placing Agent will receive a placing commission of 2.5% on the total subscription price of the Convertible Bonds being placed. The placing commission was determined after arm's length negotiations between the Company and the Placing Agent.

### **Principal terms of the Convertible Bonds**

Pursuant to the Placing Agreement, the Company has conditionally agreed to issue and the Placing Agent has conditionally agreed to place, on a best effort basis, the 2-year zero coupon Convertible Bonds up to an aggregate principal amount of HK\$600,000,000. The Convertible Bonds will be placed to not less than six Placees, who are expected to be individuals, corporate, institutional investors or other investors procured by the Placing Agent. Further announcement will be made by the Company if the Placing Agent fails to identify at least six Placees.

The Directors are currently unable to determine whether any Placee will become a substantial shareholder (as defined in the Listing Rules) of the Company as a result of conversion of the Convertible Bonds. The Placing Agent will notify the Company in the event that a substantial shareholder of the Company is evolved as a result of the conversion of the Convertible Bonds.

### **Principal amount of the Convertible Bonds:**

Up to an aggregate principal amount of HK\$600,000,000.

### **Minimum amount of the Convertible Bonds to be placed for each tranche:**

The amount of the Convertible Bonds to be placed for each tranche shall not be less than HK\$10,000,000.

### **Conversion Price:**

HK\$0.118 per Conversion Share, which is subject to adjustments for, subdivision or consolidation of shares, rights issues and other dilutive events which may have adverse effects on the rights of the Bondholders. Any adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank. The Company will publish an announcement upon any adjustment to the Conversion Price as required under the Listing Rules.

The Conversion Price represents:

- (i) a discount of approximately 38.54% to the closing price of HK\$0.192 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 33.48% to the average closing price of approximately HK\$0.177 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and

- (iii) a discount of approximately 28.40% to the average closing price of approximately HK\$0.165 per Share as quoted on the Stock Exchange for the last ten consecutive trading days up to and including the Last Trading Day.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent, after considering, among other things, (i) the latest published net asset value per Share of approximately HK\$0.076 as at 31 March 2009; (ii) the reset price of HK\$0.121 of the convertible bonds of the Company as set out in the Company's announcement dated 3 August 2009; (iii) the 90-days average price of the Shares of approximately HK\$0.120 prior to the date of the Placing Agreement; and (iv) the size of the Convertible Bonds being approximately the total market capitalisation of the Company as at the Last Trading Day; and (v) the potential dilution effect of the Convertible Bonds.

**Interest:**

Nil.

**Maturity date:**

The Convertible Bonds will mature on the date falling on the second anniversary of the date of issue of the Convertible Bonds. Any unredeemed and unconverted Convertible Bond(s), shall be redeemed at 90% of its outstanding principal amount in cash.

**Status:**

The Convertible Bonds constitute general and unsecured obligations of the Company and shall rank equally among themselves at least pari passu with all other present and future unsecured and unsubordinated obligations of the Company except for obligations accorded preference by mandatory provisions of applicable law.

The Company shall comply with the public float requirements under the Listing Rules at all times and take appropriate steps/measures to ensure sufficient public float of the Shares at all times.

**Conversion Shares:**

Based on the Conversion Price of HK\$0.118, a maximum number of 5,084,745,762 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (iii) approximately 167.79% of the existing issued share capital of the Company; and
- (iv) approximately 62.66% of the issued share capital of the Company as enlarged by the issue of the Convertible Shares.

The Conversion Shares shall rank pari passu in all respects with the Shares in issue on the date of allotment and issue of such Conversion Shares.

**Voting:**

The Bondholders will not be entitled to attend or vote at any meetings of the Company by reason only of being the Bondholders.

**Transferability:**

The Convertible Bonds (and any part thereof) may not be transferred without the prior written consent of the Company. The Convertible Bonds may not be transferred by the Bondholders to any connected person (as defined in the Listing Rules) of the Company without consent of the Company and approval of the Stock Exchange. The Company will comply with the Listing Rules to make necessary announcement(s), where appropriate, if and when the Bondholders make any transfer of the Convertible Bonds to other parties requiring disclosure.

**Early redemption:**

Subject to mutual agreement by the parties, the Convertible Bonds may be early redeemed at 100% of the outstanding principal amount of the Convertible Bonds (in whole or in part) at any time and from time to time at the option of either party prior to the maturity date of the Convertible Bonds with written notice.

**Specific mandate:**

The Convertible Shares will be issued under a specific mandate proposed to be sought from the Shareholders at the SGM. Application will be made to the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The Convertible Bonds will not be listed on any stock exchange.

**Conditions precedent:**

Completion of the placing of the Convertible Bonds is conditional upon the satisfaction of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting the listing of and permission to deal in, all of the Conversion Shares; and
- (ii) the passing by the Shareholders at the SGM of an ordinary resolution of the Company approving the Placing Agreement and the transactions contemplated thereunder.

If any of the above conditions precedent is not fulfilled on or before the date falling 180 days after the date of the SGM (or such other time and date as the Placing Agent and the Company shall agree in writing), the Placing Agreement shall lapse and become null and void and both the Company and the Placing Agent will be released from all obligations under the Placing Agreement (save for liabilities for any antecedent breaches thereof).

Subject to the fulfillment of the above conditions precedent, completion for each tranche of the Convertible Bonds of the Placing Agreement shall take place on the third Business Day (or such other time and date as the Placing Agent and the Company may agree in writing). Further announcement will be made by the Company upon completion of the Placing.

The Placing Agreement contains provisions entitling the Placing Agent to terminate the Placing Agreement on the occurrence of, inter alia, any occurrence of adverse change in market conditions which makes it inexpedient or inadvisable to proceed with the placing of the Convertible Bonds or any suspension in the trading of the Company's securities on the Stock Exchange for a period of more than 30 consecutive Business Days, excluding any suspension in connection with the clearance of this announcement, the circular or other documents in connection with the placing of the Convertible Bonds.

If the Placing Agreement is so terminated, the obligations of all parties under the Placing Agreement shall terminate forthwith and no party shall have any claim against any other party in respect of any matter arising out of or in connection with the Placing Agreement except for any antecedent breach of any obligation under the Placing Agreement.

#### **USE OF PROCEEDS FROM THE PLACING OF THE CONVERTIBLE BONDS**

The net proceeds from the placing of the Convertible Bonds (after deducting related expenses) are estimated to be of approximately HK\$584.5 million. The Company intends to use the funds raised from the placing of the Convertible Bonds for: (i) financing the possible acquisition of World Petroleum Inc. which was announced by the Company on 18 August 2009 (the "**Acquisition**"), including the possible deposits and/or cash consideration and the related professional fees; and (ii) general working capital of the Group.

Should the proceeds from the placing of the Convertible Bonds be inadequate for the Acquisition, the Company may consider other means of fund raising activities, including both equity and/or debt financing.

#### **REASONS FOR THE PLACING OF THE CONVERTIBLE BONDS**

The Group is principally engaged in (i) the properties investment business, comprising the rental of investment properties and the provision of the property management services; and (ii) the exploitation of copper and molybdenum in a mine located in Inner Mongolia, the PRC.

The Board is aware of that: (i) the placing of the Convertible Bonds will increase the long term debt of the Company; and (ii) the conversion of the rights attached to the Convertible Bonds will result in massive dilution of the shareholdings of the existing Shareholders. Nevertheless, as balanced by the fact that (iii) the overall public float of the Shares would not be immediately affected; (iv) other means of fund raising (such as rights issue) in the capital market or loans and other banking facilities from banks and financial institutions may not be immediately readily available to the Company; (v) the placing of the Convertible Bonds would allow immediate cash inflows into the Group without any interest burden, the Directors consider that the placing of the Convertible Bonds provides the lowest cost of funding and certainty of repayment schedule under the prevailing market condition. Since the Convertible Bonds could also be redeemed by the Company at 90% of the then outstanding principal amount of the Convertible Bonds held by the Bondholders at maturity, the Board (including the independent non-executive Directors) is of the view that the terms of the Convertible Bonds are fair and reasonable and the placing of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole.

#### **FUND RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS**

<b>Date of announcement</b>	<b>Description</b>	<b>Net proceeds</b>	<b>Intended use of proceeds as announced</b>	<b>Actual use of proceeds</b>
21 May 2009 & 22 May 2009	Top-up subscription of new shares	HK\$45.10 million	General working capital and/or finance possible acquisition of mine	Used as intended
6 July 2009	Top-up subscription of new shares	HK\$36.07 million	General working capital and to repay the debt liabilities of the Group.	Used as intended

Save for the above, the Company has not conducted any fund raising activity during the past twelve months prior to the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

For illustrative purpose only, set out below are (i) the existing shareholding structure of the Company; and (ii) the shareholding structure of the Company assuming the exercise in full of the conversion rights attached to the Convertible Bonds in the maximum aggregate principal amount of HK\$600,000,000:

Shareholders	As at the date of this announcement		After the allotment and issue of the maximum number of Conversion Shares upon full conversion of the Convertible Bonds at the Conversion Price	
	No. of Shares	%	No. of Shares	%
Ms. Yu Wai Fong, the Director	512,630,358	16.92	512,630,358	6.32
Gold Trinity International Limited ( <i>Note</i> )	504,132,231	16.64	504,132,231	6.21
Public Shareholders				
– Bondholders	–	–	5,084,745,762	62.66
– Other public Shareholders	2,013,667,833	66.44	2,013,667,833	24.81
<b>Total</b>	<b>3,030,430,422</b>	<b>100.00</b>	<b>8,115,176,184</b>	<b>100.00</b>

*Note:*

*Gold Trinity International Limited is wholly-owned by Mr. Han Wei (韓衛), a director of a wholly-owned subsidiary of the Company. As at the date of this announcement, Gold Trinity International Limited is the holder of the convertible bonds issued by the Company on 27 July 2009 in an outstanding principal amount of HK\$163 million at the conversion price of HK\$0.121 per conversion share.*

## GENERAL

A SGM will be held to consider and, if thought fit, passing the resolutions to approve the Placing Agreement and the transaction contemplated thereunder, including the placing of the Convertible Bonds and the issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement, the placing of the Convertible Bonds together with the notice of the SGM will be despatched to the Shareholders as soon as practicable in accordance with the Listing Rules. As far as the Directors are aware of, no Director or Shareholder has a material interest in the placing of the Convertible Bonds.

**As the completion of the Placing is subject to the fulfillment of a number of conditions precedent which are detailed in this announcement, the Placing Agreement may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**



## **SUSPENSION AND RESUMPTION OF TRADING IN SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 17 August 2009, pending the publication of this announcement. Application has been made by the Company to the Stock Exchange for resumption of trading in the Shares with effect from 9:30 a.m. on 19 August 2009.

## **DEFINITIONS**

In this announcement, unless the context otherwise requires, capitalised terms used shall have the following meanings:

“Board”	the board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds
“Business Day(s)”	a day (excluding Saturday and Sunday) on which licensed banks are generally open for business in Hong Kong throughout their regular business hours
“Company”	China Properties Investment Holdings Limited (中國置業投資控股有限公司*), a company incorporated in Bermuda with limited liability and the issued shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules and the word “connected” shall be construed accordingly
“Conversion Price”	HK\$0.118 per Conversion Share
“Conversion Share(s)”	5,084,745,762 new Shares to be allotted and issued by the Company upon exercise of the conversion rights attached to all the Convertible Bonds in full at the Conversion Price
“Convertible Bonds”	the 2-year zero coupon convertible redeemable bonds in the maximum principal amount of HK\$600,000,000 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties and their ultimate beneficial owner(s) which are independent of the Company and its connected persons
“Last Trading Day”	14 August 2009, being the last day on which the Shares were traded on the Stock Exchange prior to the suspension of trading in the Shares pending the publication of this announcement
“Listing Committee”	the listing sub-committee of the board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placees”	the placees of the Convertible Bonds to be procured by the Placing Agent for and on behalf of the Company, which shall be Independent Third Parties
“Placing”	the placing of the Convertible Bonds by the Placing Agent pursuant to the terms of the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited
“Placing Agreement”	the conditional placing agreement dated 15 August 2009 entered into between the Company and the Placing Agent in relation to the placing of the Convertible Bonds by the Placing Agent for and on behalf of the Company
“PRC”	the People’s Republic of China
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, approve the Placing Agreement and the transaction contemplated thereunder, including the placing of the Convertible Bonds and the issue of the Conversion Shares
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“World Petroleum Inc.”	Prime Season Holdings Limited, a company incorporated under the laws of the British Virgin Islands (to be renamed as World Petroleum Inc.)
“%”	per cent.

By order of the Board  
**China Properties Investment Holdings Limited**  
**Au Tat On**  
*Executive Director*

Hong Kong, 18 August 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 the Stock Exchange and the website of the Company for at least 7 days from the date of its posting.*

\* *For identification purpose only*