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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)

PROPOSED CAPITAL REORGANIZATION AND CHANGE IN BOARD LOT SIZE

The Board proposes to implement the Capital Reorganization which will involve (i) reduction in the par value of each issued Share from HK\$0.05 to HK\$0.00002, (ii) subdivision of each authorized but unissued Share into 2,500 Reduced Shares of HK\$0.00002 each, (iii) reduction of the authorised share capital of the Company from HK\$300,000,000 to HK\$10,000,000 by canceling 14,500,000,000 unissued Reduced Shares, (iv) consolidation of the Reduced Shares on the basis that every 50 issued and unissued Reduced Shares of HK\$0.00002 each will be consolidated into one Consolidated Share of HK\$0.001 each.

The Board also proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 1,000 Consolidated Shares after the Capital Reorganization becoming effective.

The Capital Reorganization is subject to the Shareholders' approval at the SGM and no Shareholders are required to abstain from voting on the resolution in relation to the Capital Reorganization. A circular containing further details of the Capital Reorganization and the notice of the SGM will be dispatched to the Shareholders as soon as practicable.

CAPITAL REORGANIZATION

The Directors proposed to reorganize the capital of the Company in the following manner:

1. reduction in the par value of each issued Share from HK\$0.05 to HK\$0.00002;
2. subdivision of each authorized but unissued Share into 2,500 Reduced Shares of HK\$0.00002 each;

3. reduction of the authorised share capital of the Company from HK\$300,000,000 to HK\$10,000,000 by canceling 14,500,000,000 unissued Reduced Shares;
4. consolidation of the Reduced Shares on the basis that every 50 issued and unissued Reduced Shares of HK\$0.00002 each will be consolidated into one Consolidated Share of HK\$0.001 each.

Fractional Consolidated Shares will be disregarded and not issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefits of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

Effects of the Capital Reorganization

As at the date of this announcement, the authorised share capital of the Company is HK\$300,000,000 divided into 6,000,000,000 Shares of HK\$0.05 each, of which 1,823,789,499 Shares have been allotted and issued as fully paid or credited as fully paid. Upon the Capital Reorganization becoming effective, on the basis that the Company does not allot and issue any further Shares prior thereto, the authorised share capital of the Company shall become HK\$10,000,000 divided into 10,000,000,000 Consolidated Shares of HK\$0.001 each, of which 36,475,789 Consolidated Shares will be in issue.

On the assumption that no further Shares will be issued after the release of this announcement, a credit of HK\$91,152,999.16 will arise as a result of the Capital Reduction. Such credit will be transferred to the contributed surplus account of the Company, which as at 31 March 2010 had a balance of approximately RMB18.7 million (equivalent to approximately HK\$21.1 million). The aggregate balance standing to the credit of the contributed surplus account after the Capital Reorganization will be applied to set off to the same extent the accumulated losses of the Company. As at 31 March 2010, the Company had accumulated losses of approximately RMB151.6 million (equivalent to approximately HK\$171.3 million).

The Consolidated Shares will rank *pari passu* in all respects with each other in accordance with the Company's memorandum and bye-laws. Other than the expenses to be incurred in relation to the Capital Reorganization, the implementation thereof will not alter the underlying assets, business operations, management or financial position of the Company or the interests or rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may be entitled.

Conditions of the Capital Reorganization

The Capital Reorganization is conditional upon:

- (i) the passing of an ordinary resolution by the Shareholders to approve the Capital Reorganization at the SGM;
- (ii) compliance with the relevant legal procedures and requirements under Bermuda laws to effect the Capital Reorganization; and
- (iii) the Stock Exchange granting the listing of, and the permission to deal in, the Consolidated Shares to be in issue.

Listing Application

An application will be made by the Company to the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares to be in issue upon the Capital Reorganization becoming effective.

CHANGE IN BOARD LOT SIZE

The Board also proposes to change the board lot size for trading in the shares of the Company from 10,000 Shares to 1,000 Consolidated Shares after the Capital Reorganization becoming effective.

REASONS FOR THE CAPITAL REORGANIZATION AND CHANGE IN BOARD LOT SIZE

The Company is prohibited from issuing new shares at below their par value under the Company's bye-laws and the Companies Act 1981 of Bermuda. The reduced par value of the Consolidated Shares will give the Company greater flexibility in pricing any future issue of shares. It is expected that the Share Consolidation would bring about a corresponding increase in the trading price of the Consolidated Shares. It is also expected that the change in board lot size would increase the trading amount for each board lot. As a result, the Share Consolidation and change in board lot size would enable the Company to comply with the trading requirements under the Listing Rules. Accordingly, the Board is of the view that the Capital Reorganization and change in board lot size are in the interest of the Company and the Shareholders as a whole.

ARRANGEMENT ON ODD LOT TRADING

In order to facilitate the trading of odd lots (if any) of the Consolidated Shares, the Company will appoint a securities firm to provide matching service, on a best effort basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lot arrangement will be set out in the circular to be dispatched to the Shareholders in relation to the Share Consolidation.

EXCHANGE OF SHARE CERTIFICATES

Subject to the Capital Reorganization becoming effective, which is expected to be on 11 October 2010, Shareholders may, on or after 11 October 2010 until 16 November 2010 (both days inclusive), submit share certificates for existing Shares to the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, to exchange, at the expense of the Company, for certificates of the Consolidated Shares (on the basis of 50 existing Shares for one Consolidated Share) within the prescribed time. Thereafter, certificates of Shares will remain effective as documents of title but will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) per certificate issued or cancelled, whichever is higher, payable by Shareholders.

CONVERTIBLE BONDS AND SHARE OPTIONS

As at the date of this announcement, there are (i) outstanding principal amount of HK\$27 million under the 2012 Convertible Bonds and (ii) outstanding options granted under the Share Option Scheme to subscribe for 14,108,000 new Shares. The auditor of the Company and an independent merchant bank will be engaged by the Company in accordance with the terms of the Share Option Scheme and the 2012 Convertible Bonds instrument respectively to certify in writing as to the adjustments (if any) required to be made in respect of the outstanding options and outstanding 2012 Convertible Bonds as a result of the Capital Reorganization. The Company will make a further announcement about the adjustments in due course.

EXPECTED TIMETABLE

Set out below is the expected timetable for the implementation of the Capital Reorganization and change in board lot size:

Despatch of circular with notice of SGM. Friday, 17 September 2010

Date of SGM 10:30 a.m. on Friday, 8 October 2010

Effective date for the Capital Reorganization. Monday, 11 October 2010

First day for free exchange of existing
share certificates for new share certificates Monday, 11 October 2010

Original counter for trading in Shares in board
lots of 10,000 Shares temporarily closes 9:30 a.m. Monday, 11 October 2010

Temporary counter for trading in Consolidated
Shares in board lots of 200 Consolidated Shares
(in the form of existing share certificates) opens 9:30 a.m. Monday, 11 October 2010

Original counter for trading in Consolidated Shares in
new board lots of 1,000 Consolidated Shares
(in the form of new share certificates) re-opens 9:30 a.m. Monday, 25 October 2010

Parallel trading in Consolidated Shares in the form of
new share certificates and existing
share certificates commences 9:30 a.m. Monday, 25 October 2010

Designated broker starts to stand in
the market to provide matching services for
odd lots of Consolidated Shares Monday, 25 October 2010

Temporary counter for trading in Consolidated
Shares in board lots of 200 Consolidated Shares
(in the form of existing share certificates) closes 4:00 p.m. Friday, 12 November 2010

Parallel trading in Consolidated Shares in
the form of new share certificates and
existing share certificates closes Friday, 12 November 2010

Designated broker ceases to stand in
the market to provide matching
services for odd lots of Consolidated Shares Friday, 12 November 2010

Last day for free exchange of existing
share certificates for new share certificates Tuesday, 16 November 2010

SGM AND CIRCULAR

The Capital Reorganization is subject to the Shareholders' approval at the SGM and no Shareholders are required to abstain from voting on the resolution in relation to the Capital Reorganization. A circular containing further details of the Capital Reorganization and the notice of the SGM will be dispatched to the Shareholders as soon as practicable.

DEFINITIONS

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

“2012 Convertible Bonds”	the convertible bonds with outstanding principal amount of HK\$27 million issued by the Company to Gold Trinity International Limited as set out in the Company’s circular dated 30 June 2009
“Board”	the board of Directors
“Capital Reduction”	the proposed reduction of the par value of each issued Share from HK\$0.05 to HK\$0.00002 by canceling paid up capital to the extent of HK\$0.04998 on each issued Share
“Capital Reorganization”	the proposed capital reorganization of the Company comprising (i) the Capital Reduction, (ii) the Subdivision (iii) the reduction of the authorized share capital of the Company from HK\$300,000,000 to HK\$10,000,000; and (iv) Share Consolidation
“Consolidated Shares”	ordinary share(s) of HK\$0.001 each in the share capital of the Company after the Capital Reorganization becoming effective
“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
“Directors”	the directors of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“HK\$” or “HK Dollar”	Hong Kong dollars, the lawful currency of Hong Kong from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Reduced Shares”	ordinary share(s) of HK\$0.00002 each in the share capital of the Company after the Capital Reduction and Subdivision but before Share Consolidation

“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Capital Reorganization
“Shareholder(s)”	holder(s) of the existing shares of the Company
“Shares”	the shares of HK\$0.05 each in the share capital of the Company
“Share Consolidation”	the proposed consolidation of every 50 Reduced Shares into one Consolidated Share
“Share Option Scheme”	the share option scheme adopted by the Company on 4 October 2002
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“Subdivision”	The proposed subdivision of each authorized but unissued Share into 2,500 Reduced Shares of HK\$0.00002 each

By Order of the Board of
CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED
Xu Dong
Chairman

Hong Kong, 9 September 2010

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

* *For identification purpose only*