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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 PLACING OF CONVERTIBLE BONDS AND TERMINATION OF PREVIOUS PLACING AGREEMENT**

**Placing Agent**

**Cheong Lee Securities Limited**

#### **PROPOSED PLACING OF CONVERTIBLE BONDS**

On 20 September 2010 after trading hours, 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, not less than six independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$100,000,000.00.

The net proceeds from the placing of the Convertible Bonds (after deducting related expenses) are estimated to be of approximately HK\$96.5 million. The Company intends to use the net proceeds for financing the possible acquisition of Pure Power Holdings Limited as disclosed in the Company's announcement dated 21 June 2010 and general working capital of the Group.

The Placing is conditional upon (i) the approval from the Shareholders at the SGM, (ii) the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of and permission to deal in the Conversion Shares and (iii) the Capital Reorganization becoming effective. If such conditions are not fulfilled, the Placing will not proceed.

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.

### **TERMINATION OF PREVIOUS PLACING AGREEMENT**

On 20 September 2010 after trading hours, in anticipation of entering into the Placing Agreement, the Company and the Placing Agent entered into the Termination Agreement to terminate the Previous Placing Agreement relating to the placing of convertible bonds up to the principal amount of HK\$600 million as set out in the Company's circulars dated 3 September 2009 and 23 July 2010.

### **INTRODUCTION**

On 20 September 2010 after trading hours, 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, not less than six independent Placees to subscribe in cash for the Convertible Bonds of up to an aggregate principal amount of HK\$100,000,000.00.

### **THE PLACING AGREEMENT**

#### **Date**

20 September 2010

#### **Parties**

- (1) The Company; and
- (2) Cheong Lee Securities Limited as 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 non-refundable handling fee of HK\$100,000.00 upon signing of the Placing Agreement and a placing commission of 3% 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.

## **Placees**

The Placing Shares will be placed to not less than six Placees (who will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. Further announcement will be made by the Company if the Placing Agent fails to identify at least six Placees. As at the date of this announcement, the Directors are unable to determine whether any such investors will become a substantial shareholder of the Company as a result of completion of the Placing and full conversion of the Convertible Bonds.

## **Conditions**

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

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

If any of the above conditions is not fulfilled on or before 20 December 2010 (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).

## **Completion**

Completion shall take place on the third Business Day after fulfillment of the above conditions (or such other time and date as the Placing Agent and the Company may agree in writing).

## **Termination**

The Placing Agreement contains provisions entitling the Placing Agent to terminate the Placing Agreement on the occurrence of various force majeure events including, inter alia, material adverse change in, political, economic, fiscal, financial, regulatory or stock market conditions, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange, any material adverse change in conditions of local, national or international securities markets, any new law or regulation or change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong or any other jurisdiction relevant to the Group, a change or development occurs involving a prospective change of taxation or exchange control (or the implementation of exchange control) in Hong Kong or elsewhere, any litigation or claim being instigated against any member of the Group, any material breach of any

of the representations and warranties set out in the Placing Agreement, any adverse change in the financial position of the Company, any 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 15 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.

## **PRINCIPAL TERMS OF THE CONVERTIBLE BONDS**

### **Principal amount**

Up to an aggregate principal amount of HK\$100,000,000.00.

### **Conversion Price**

The Conversion Price shall be the higher of (i) the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of conversion and (ii) the Conversion Floor Price.

The Conversion Price was determined after arm's length negotiations between the Company and the Placing Agent after considering the market conditions, the recent market prices of the Shares and the business prospects of the Company.

The recent market prices of the Company's Shares are close to the lowest in the past 12 months. If the Conversion Price is set with reference to the recent market prices, there will still be a substantial dilution to the existing Shareholders should the Share prices rise in the future. The Directors consider that a floating conversion price with reference to the market price for the Convertible Bonds under the current market conditions is fair and reasonable and in the interest of the Company and its Shareholders as a whole because it enables the Company to capture the upside benefit should the market prices of the Shares rise in the future. In such event the dilution effect to the existing Shareholders will be reduced.

### **Interest**

The Convertible Bonds do not bear any interest.

**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 100% of its outstanding principal amount in cash.

**Status and denomination**

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 Bond is in registered form in the denomination of HK\$100,000.00 each.

No application will be made for the listing of the Convertible Bonds.

**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 be freely transferable in integral multiples of HK\$100,000.00 subject to compliance with all conditions of the Convertible Bonds.

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. 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.

**Redemption**

The Convertible Bonds may be 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 the Company prior to the maturity date of the Convertible Bonds. Any Convertible Bonds outstanding on the maturity date shall be redeemed by the Company at 100% of the outstanding principal amount.

## **Conversion Shares**

Based on the Conversion Price of HK\$0.041, being the closing price per Share as quoted on the Stock Exchange on the date of the Placing Agreement, a maximum number of 2,439,024,390 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 111.7% of the existing issued share capital of the Company and approximately 52.8% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the Conversion Floor Price of HK\$1.00 and assuming the Capital Reorganization becoming effective, a maximum number of 100,000,000 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent approximately 228.9% of the existing issued share capital of the Company and approximately 69.6% of the issued share capital of the Company as enlarged by the issue of the Conversion 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.

The conversion rights attaching to the Convertible Bonds shall only be exercisable so long as the public float of at least 25% of the issued share capital of the Company as enlarged by the issue of Conversion Shares can be maintained and it does not trigger a mandatory offer obligation under Rule 26 of the Takeovers Code on the part of the Bondholder and any parties acting in concert with it (as defined under the Takeovers Code). 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.

## **Specific mandate**

The Conversion Shares will be issued under a specific mandate to be sought from the Shareholders at the SGM.

Application will be made to the Stock Exchange for the approval for the listing of, and permission to deal in, the Conversion Shares.

## **Events of default**

The Convertible Bonds will contain events of default provisions which provide that on the occurrence of certain events of default specified in the Convertible Bonds, each of the Bondholders shall be entitled to demand for immediate repayment of the principal amount outstanding under the relevant Convertible Bonds.

## EFFECT OF PLACING ON SHAREHOLDING

For illustrative purpose only, set out below are (i) the shareholding structure of the Company as at the date of this announcement; (ii) the shareholding structure of the Company assuming full exercise of the conversion rights attached to the Convertible Bonds at the Conversion Price of HK\$0.041 being the closing price of the Shares on the date of the Placing Agreement and before Capital Reorganization becoming effective and (iii) the shareholding structure of the Company assuming full exercise of the conversion rights attached to the Convertible Bonds at the Conversion Floor Price of HK\$1.00 and after Capital Reorganization becoming effective:

	As at the date hereof		Assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$0.041 and before Capital Reorganization becoming effective		Assuming full conversion of the Convertible Bonds at the Conversion Floor Price of HK\$1.00 and after Capital Reorganization becoming effective	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Yu Wai Fong	102,526,071	4.69	102,526,071	2.22	2,050,521	1.43
Gold Trinity International Limited ( <i>Note</i> )	113,207,861	5.18	113,207,861	2.45	2,264,157	1.58
Public Shareholders	1,968,055,567	90.12	1,968,055,567	42.57	39,361,111	27.40
Placees	<u>0</u>	<u>0.00</u>	<u>2,439,024,390</u>	<u>52.76</u>	<u>100,000,000</u>	<u>69.60</u>
Total	<u>2,183,789,499</u>	<u>100.00</u>	<u>4,622,813,889</u>	<u>100.00</u>	<u>143,675,790</u>	<u>100.00</u>

*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\$27 million at the conversion price of HK\$0.073 per conversion share.

## REASONS FOR AND BENEFITS OF THE PLACING USE OF THE PROCEEDS

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.

In view of the current market conditions, the Directors consider that termination of the Previous Placing Agreement and entering into the Placing will enable the Company to raise capital for its future business developments. The Placing would allow immediate cash inflow into the Group without any interest burden and without any immediate dilution of existing shareholdings.

The Directors consider the terms of the Placing Agreement are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will bear all costs and expenses of approximately HK\$3.5 million in connection with the Placing. The net proceeds of approximately HK\$96.5 million from the Placing will be principally used for financing the possible acquisition of Pure Power Holdings Limited as disclosed in the Company's announcement dated 21 June 2010 and general working capital of the Group.

## **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

The Company has conducted the following equity fund raising activities for the 12 months immediately before the date of this announcement:

<b>Date of announcement</b>	<b>Event</b>	<b>Net proceeds</b>	<b>Intended use of proceeds</b>	<b>Actual use of proceeds as at the date of this announcement</b>
26 March 2010	Top-up Subscription of new shares	Approximately HK\$48.5 million	For the possible acquisition announced by the Company on 24 March 2010 and general working capital.	Used as intended
27 May 2010	Top-up Subscription of new shares	Approximately HK\$26.6 million	For the possible acquisition set out in the Company's announcement dated 24 March 2010 and for general working capital.	Used approximately HK\$20.2 million for the related professional fees and general working capital of the Group
14 June 2010	Top-up Subscription of new shares	Approximately HK\$18.8 million	For the possible acquisition set out in the Company's announcement dated 24 March 2010 if the same shall materialize and for general working capital	Used as intended
5 August 2010	Top-up placing and new share placing	Approximately HK\$20.3 million	For the possible acquisition set out in the Company's announcement dated 24 March 2010 if the same shall materialize and for general working capital	Used as intended



6 September 2010	New share placing	Approximately HK\$19.4 million	For the development of the mine as set out in the Company's announcements dated 27 August 2010 and/or general working capital of the Group	Held as deposit at bank
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## 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 and no Shareholder is required to abstain from voting at the SGM.

**Since completion of the Placing is subject to certain conditions to be fulfilled, the Placing may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares.**

## TERMINATION OF PREVIOUS PLACING AGREEMENT

On 20 September 2010 after trading hours, in anticipation of entering into the Placing Agreement, the Company and the Placing Agent entered into the Termination Agreement to terminate the Previous Placing Agreement dated 15 August 2009 (as amended by a letter of confirmation dated 19 June 2010) relating to the placing of convertible bonds up to the principal amount of HK\$600 million on a best effort basis as set out in the Company's circulars dated 3 September 2009 and 23 July 2010. Pursuant to the Termination Agreement, the parties thereto shall have no obligations and liabilities towards each other under the Previous Placing Agreement.

## DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Bondholder(s)”	the holder(s) of the Convertible Bonds

“Capital Reorganization”	the proposed capital reorganization set out in the Company’s circular dated 15 September 2010
“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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Conversion Floor Price”	being HK\$1.00
“Conversion Price”	being the higher of (i) the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of conversion and (ii) the Conversion Floor Price
“Conversion Shares”	the Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds
“Convertible Bonds”	the zero coupon convertible redeemable bonds in the maximum principal amount of HK\$100,000,000.00 to be issued by the Company to the Placees pursuant to the Placing Agreement
“Director(s)”	director(s) of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Placee”	any individual, institutional or other professional investor procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agreement

“Placing”	the placing of the Convertible Bonds by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Cheong Lee Securities Limited
“Placing Agreement”	the conditional placing agreement entered into between the Placing Agent and the Company dated 20 September 2010 in relation to the placing of the Convertible Bonds
“Previous Placing Agreement”	the placing agreement entered into between the Placing Agent and the Company dated 15 August 2009 (as amended on 19 June 2010) in relation to the placing of convertible bonds up to the principal amount of HK\$600 million on a best effort basis
“SGM”	a special general meeting of the Company to be convened to consider and, if thought fit, to approve the Placing Agreement and the transaction contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.05 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	The Code on Takeovers and Mergers of Hong Kong
“Termination Agreement”	The agreement entered into between the Placing Agent and the Company dated 20 September 2010 in relation to the termination of the Previous Placing Agreement

“HK\$”

Hong Kong dollars, the lawful currency of Hong Kong

“%”

per cent.

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

Hong Kong, 20 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*