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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 RIGHTS ISSUE ON THE BASIS OF THIRTY RIGHTS SHARES FOR EVERY ONE EXISTING SHARE HELD ON THE RECORD DATE**

#### **Underwriter**

Radland International Limited

#### **PROPOSED RIGHTS ISSUE**

The Company proposes to raise approximately HK\$338.27 million, before expenses, by issuing 4,974,493,440 Rights Shares to the Qualifying Shareholders by way of the Rights Issue at subscription price of HK\$0.068 per Rights Share on the basis of thirty Rights Shares for every one existing Share held on the Record Date.

As at the date of this announcement, Ms. Yu (a non-executive Director) is interested in 2,050,521 Shares, representing approximately 1.24% of the issued share capital of the Company. Ms. Yu has undertaken that she will accept or procure the acceptance of 61,515,630 Rights Shares, being the rights entitlement which will be provisionally allotted to her as the holder of 2,050,521 Shares under the Rights Issue on the Acceptance Date.

The Company intends to apply the net proceeds from the Rights Issue for (i) the reduction of liabilities of the Company, including but not limited to the possible early redemption of the Convertible Bonds with outstanding principal amount of HK\$180 million; or/and (ii) the general corporate and working capital requirements of the Group, including but not limited to the exploitation of copper and molybdenum of a mine located in Inner Mongolia, the PRC; or/and (iii) financing any future investment opportunities identified/to be identified by the Company.

**The Rights Issue is conditional, inter alia, upon fulfillment of the conditions set out under the section headed “Conditions of the Rights Issue” of this announcement. In particular, the Rights Issue is subject to the Underwriter not terminating the Underwriting Agreement in accordance with the terms set out therein. Accordingly the Rights Issue may or may not proceed. Any Shareholders or potential investors contemplating selling or purchasing Shares and/or nil-paid Rights Shares up to the date when the conditions of the Rights Issue are fulfilled will bear the risk that the Rights Shares could not become unconditional and may not proceed. Shareholders and potential investors are reminded to exercise caution when dealing in the securities of the Company.**

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder. Ms. Yu, a non-executive Director, held 2,050,521 Shares, representing approximately 1.24% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ms. Yu and her associates (if any) are therefore required to abstain from voting in favour of the Rights Issue and the transactions contemplated thereunder.

An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendations to the Shareholders in respect of the Rights Issue and the transactions contemplated thereunder. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A circular containing, among other things, (i) further details of the proposed Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## **PROPOSED RIGHTS ISSUE**

### **ISSUE STATISTICS**

Basis of the Rights Issue:                   Thirty Rights Shares for every one existing Share held on the Record Date

Number of Shares in issue:               165,816,448 Shares

Number of Rights Shares:               4,974,493,440 Rights Shares (assuming there is no new Shares being issued/no Shares being repurchased by the Company and no conversion on the Convertible Bonds from the date of this announcement to the Record Date)

Subscription Price:                   HK\$0.068 per Rights Share with nominal value of HK\$0.001 each

As at the date of this announcement, there are outstanding Convertible Bonds with an aggregate principal amount of HK\$180,000,000 convertible into 42,352,941 new Shares at the conversion price of HK\$4.25 per conversion share (subject to adjustments). As at the date of this announcement, the CB Holder has signed an irrevocable undertaking to the Company and pursuant to such undertaking, the CB Holder has undertaken with the Company that it shall not exercise any of its conversion right under the outstanding Convertible Bonds up to and including the Record Date.

Based on the above, the number of Rights Shares that may be issued under the Rights Issue would be 4,974,493,440.

Save for the Convertible Bonds, the Company has no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Assuming no Convertible Bonds are being converted on or before the Record Date, the 4,974,493,440 nil-paid Rights Shares proposed to be provisionally allotted represent approximately 3.000% of the Company's issued share capital as at the date of this announcement and approximately 96.77% of the Company's issued share capital as enlarged by the issue of the 4,974,493,440 Rights Shares.

### **QUALIFYING SHAREHOLDERS**

To qualify for the Rights Issue, a Shareholder must:

1.    be registered as a member of the Company at the close of business on the Record Date; and
2.    be a Qualifying Shareholder.

In order to be registered as members of the Company at the close of business on the Record Date, owners of Shares must lodge any transfers of Shares (together with the relevant Share certificates) with the Company's branch share registrar in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Wednesday, 30 March 2011.

## **CLOSURE OF REGISTER OF MEMBER**

The register of members of the Company will be closed from Thursday, 31 March 2011 to Wednesday, 6 April 2011, both dates inclusive. No transfer of Shares will be registered during this period.

## **RIGHTS OF OVERSEAS SHAREHOLDERS**

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

In compliance with necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders (if any). If, based on legal advice, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholders on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place, the Rights Issue will not be available to such Overseas Shareholders. Further information in this connection will be set out in the Prospectus Documents containing, among other things, details of the Rights Issue, to be despatched to the Qualifying Shareholders on the Posting Date. The Company will send copies of the Prospectus to the Non-Qualifying Shareholders for their information only, but will not send any PAL and EAF to them on the Posting Date.

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expenses, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefits of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

## **SUBSCRIPTION PRICE**

The Subscription Price for the Rights Shares is HK\$0.068 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of Rights Shares and, where applicable, application for excess Rights Shares under the Rights Issue or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

- (a) a discount of approximately 83.61% to the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.92% to the theoretical ex-rights price of approximately HK\$0.079 per Share based on the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day; and
- (c) a discount of approximately 85.22% to the average closing price of approximately HK\$0.460 per Share for the five consecutive trading days up to and including the Last Trading Day.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and trading liquidities of the Shares prior to the Last Trading Day. The Directors (excluding the independent non-executive Directors who will give their view on the Rights Issue after taking into account the advice of the independent financial adviser) consider the terms of the Rights Issue, including the Subscription Price which has been set as a deeper discount to the recent closing prices of the Shares with an objective of encouraging existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future, to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.066.

## **BASIS OF PROVISIONAL ALLOTMENT**

The basis of the provisional allotment shall be thirty Rights Share for every one existing Share held on Record Date, being 4,974,493,440 Rights Shares (assuming there is no new Shares being issued/no Shares being repurchased by the Company and no conversion on the Convertible Bonds from the date of this announcement to the Record Date). Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

## **STATUS OF THE RIGHTS SHARES**

The Rights Shares, when allotted and fully paid, will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

## **FRACTIONS OF RIGHTS SHARES (IF ANY)**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any unsold fractions of Rights Shares will be made available for excess application.

## **APPLICATION FOR EXCESS RIGHTS SHARES**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Applications for excess Rights Shares may be made by completing the EAFs for application for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for. The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for topping-up odd lots holdings to whole lot holdings; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess Rights Shares based on a pro-rata basis based on the number of the excess Rights Shares applied by them, with board lots allocation to be made on a best effort basis.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Investors whose Shares are held by their nominee(s) and who would like to have their names registered on the register of members of the Company, must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 30 March 2011.

## **SHARE CERTIFICATES AND REFUND CHEQUES FOR RIGHTS ISSUE**

Subject to the fulfillment of the conditions of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before 4 May 2011. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before 4 May 2011 by ordinary post to the applicants at their own risk.

## **APPLICATION FOR LISTING**

The Company will apply to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 1,000), which are registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy, investor compensation levy or any other applicable fees and charges in Hong Kong.

### **UNDERTAKING OF MS. YU WAI FONG (A NON-EXECUTIVE DIRECTOR)**

As at the date of this announcement, Ms. Yu (a non-executive Director) is interested in 2,050,521 Shares, representing approximately 1.24% of the issued share capital of the Company. Ms. Yu has undertaken that she will accept or procure the acceptance of 61,515,630 Rights Shares, being the rights entitlement which will be provisionally allotted to her as the holder of 2,050,521 Shares under the Rights Issue prior to 4:00 p.m. on the Acceptance Date.

### **CONDITIONS OF THE RIGHTS ISSUE**

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the passing by the Independent Shareholders of ordinary resolution(s) to approve the Underwriting Agreement, the allotment and issue of the Rights Shares and the transactions contemplated hereunder at the SGM;
- (b) the delivery to the Stock Exchange for authorization and the registration by the Registrar of Companies in Hong Kong of one copy of each of the Prospectus Documents duly certified by two Directors (or by their agents duly authorised in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Record Date or otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (c) the filing of one copy of the Prospectus Documents signed by one Director (for and on behalf of all Directors) with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus Documents;
- (d) the posting of the Prospectus Documents to the Qualifying Shareholders and the posting of the Prospectus stamped “For information only” to the Non-Qualifying Shareholders in each case, on the 1st Business Day after the Record Date;

- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having revoked, listing of and permission to deal in the Rights Shares (in their nil-paid and fully-paid forms) by no later than the first day of their dealings; and
- (f) if required, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares on or before the Acceptance Date;

If the above conditions are not satisfied and/or waived in whole or in part by the Underwriter by 13 May 2011 or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save for any antecedent breach of the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

## **THE UNDERWRITING AGREEMENT**

Date: 16 February 2011 (after trading hours)

Underwriter: Radland International Limited

Total number of Rights Shares: 4,974,493,440 Rights Shares (assuming there is no new Shares being issued/no Shares being repurchased by the Company and no conversion on the Convertible Bonds from the date of this announcement to the Record Date)

Total number of Rights Shares being underwritten by the Underwriter: The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being 4,912,977,810 Rights Shares (assuming there is no new Shares being issued/no Shares being repurchased by the Company and no conversion on the Convertible Bonds from the date of this announcement to the Record Date) subject to the terms and conditions of the Underwriting Agreement

Commission: 3% of the aggregate Subscription Price of the Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiations between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Rights Issue, and the current and expected market condition. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

## **TERMINATION OF THE UNDERWRITING AGREEMENT**

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to the Company by the Underwriter at any time prior to 4:00 p.m. on the 1st Business Day following the Acceptance Date if:

- (a) the Underwriter shall become aware of the fact that, or shall have reasonable cause to believe that any of the warranties in the Underwriting Agreement was untrue, inaccurate, misleading or breached, and in each case the same is (in the absolute opinion of the Underwriter) material in the context of the Rights Issue; or
- (b) there shall be:
  - 1. any new law or regulation is enacted, or there is any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority, whether in Hong Kong or elsewhere;
  - 2. any change in local, national or international financial, political, industrial or economic conditions;
  - 3. any change of an exceptional nature in local, national or international equity securities or currency markets;
  - 4. any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict;
  - 5. any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange;
  - 6. any suspension in the trading of the Shares on the Stock Exchange for a continuous period of 7 trading days (as defined in the Listing Rules); or
  - 7. any change or development involving a prospective change in taxation or exchange controls in Hong Kong or elsewhere;

which is/are, in the absolute opinion of the Underwriter:–

- (i) likely to have a material adverse effect on the business, financial position or prospects of the Company taken as a whole; or
- (ii) likely to have a material adverse effect on the success of the Rights Issue or the level of Rights Shares to be taken up; or
- (iii) so material as to make it inappropriate, inadvisable or inexpedient to proceed further with the Rights Issue;

If the Underwriter exercises such right, the Rights Issue will not proceed.

Upon giving any of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and no party thereunder shall have any claim against any other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement and the Company shall not be liable to pay any underwriting commission.

## **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES**

**The Shares will be dealt in on an ex-rights basis from 29 March 2011. Dealings in the Rights Shares in the nil-paid form will take place from 11 April 2011 to 18 April 2011 (both dates inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from 11 April 2011 to 18 April 2011 (both dates inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from 11 April 2011 to 18 April 2011 (both dates inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

## **EXPECTED TIMETABLE**

The expected timetable for the Rights Issue is set out below:

**2011  
(Hong Kong time)**

|   |                                  |
|---|----------------------------------|
| Expected date of despatch of the Circular and form of proxy of the SGM .....              | not later than Friday, 11 March  |
| Latest time for return of form of proxy for the SGM<br>(not less than 48 hours) .....     | 10:30 a.m. on Saturday, 26 March |
| SGM .....   | 10:30 a.m. on Monday, 28 March   |
| Announcement of results of the SGM to be published<br>on the Stock Exchange website ..... | Monday, 28 March                 |
| Last day of dealings in the Shares on a cum-rights basis .....                            | Monday, 28 March                 |

|   |   |
|---|---|
| First day of dealings in the Shares on an ex-rights basis .....   | Tuesday, 29 March                           |
| Latest time for lodging transfer of the Shares in order<br>to be qualified for the Rights Issue .....   | 4:30 p.m. on Wednesday, 30 March            |
| Register of members closes (both dates inclusive) .....   | Thursday, 31 March to<br>Wednesday, 6 April |
| Record Date.....  | Wednesday, 6 April                          |
| Register of members re-opens.....   | Thursday, 7 April                           |
| Prospectus Documents expected to be despatch .....  | Thursday, 7 April                           |
| First day of dealings in nil-paid Rights Shares .....   | Monday, 11 April                            |
| Latest time for splitting nil-paid Rights Shares.....   | 4:30 p.m. on Wednesday, 13 April            |
| Last day of dealings in nil-paid Rights Shares .....  | Monday, 18 April                            |
| Latest time for acceptance of and payment for<br>the Rights Shares and application and<br>payment for excess Rights Shares .....  | 4:00 p.m. on Thursday, 21 April             |
| Rights Issue expected to become unconditional .....   | Tuesday, 26 April                           |
| Announcement of results of acceptance and<br>excess application of the Rights Shares.....   | Tuesday, 3 May                              |
| Refund cheques in respect of wholly or partially<br>unsuccessful applications for excess Rights Shares<br>expected to be posted on or before .....  | Wednesday, 4 May                            |
| Certificates for the Rights expected to be<br>despatched on or before.....  | Wednesday, 4 May                            |
| Dealings in fully-paid Rights Shares commence.....  | Friday, 6 May                               |
| <i>All times and dates in this announcement refer to Hong Kong local times and dates. Dates or deadlines<br/>specified in expected timetable above are indicative only and may be extended or varied by the Company.<br/>Any changes to the expected timetable will be published or notified to the Shareholders as and when<br/>appropriate.</i> |   |

## SHAREHOLDING STRUCTURE OF THE COMPANY

Set out below is the shareholding structure of the Company (extracted from the Disclosure of Interests forms field in the website of the Stock Exchange) immediately before and after completion of the Rights Issue:

|   | Immediately after completion<br>of the Rights Issue |            |  |            | No Shareholders take<br>up the Rights Shares<br>(save as and except for<br>the non-executive<br>Director) |            |
|---|---|------------|--|------------|---|------------|
|   | As at the date of<br>this announcement              |            | All Shareholders<br>take up all the<br>Rights Shares |            | Number<br>of Shares   | %          |
|   | Number<br>of Shares                                 | %          | Number<br>of Shares                                  | %          |   |            |
| Ms. Yu Wai Fong<br>(Non-executive Director)<br>(Note 1) | 2,050,521   | 1.24       | 63,566,151   | 1.24       | 63,566,151  | 1.24       |
| The Underwriter (Note 2)                                | –   | –          | –  | –          | 4,912,977,810   | 95.58      |
| Public Shareholders                                     | 163,765,927   | 98.76      | 5,076,743,737  | 98.76      | 163,765,927   | 3.18       |
| Total   | <b>165,816,448</b>                                  | <b>100</b> | <b>5,140,309,888</b>                                 | <b>100</b> | <b>5,140,309,888</b>  | <b>100</b> |

*Note:*

1. As at the date of this announcement, Ms. Yu Wai Fong (a non-executive Director) has undertaken that she will accept or procure the acceptance of 61,515,630 Rights Shares, being the rights entitlement which will be provisionally allotted to it as the holder of 2,050,521 Shares under the Rights Issue on the Acceptance Date;
2. The Underwriter has sub-underwritten its underwriting obligations under the Underwriting Agreement to sub-underwriters such that each of the Underwriter and the sub-underwriters (together with their respective parties acting in concert as defined in The Hong Kong Code on Takeovers and Mergers) will not own 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Underwriter and the sub-underwriters and their respective ultimate beneficial owners are Independent Third Parties.

As stipulated in the Underwriting Agreement, in the event that the Underwriter or any of the sub-underwriters mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, (i) the Underwriter will not and shall procure that the sub-underwriters will not own 30% or more of the issued share capital of the Company immediately after the Rights Issue; and (ii) the Underwriter shall and shall cause the sub-underwriters to procure independent placees to take up such number of Rights Shares as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

## REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

The Group is principally engage 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 the Inner Mongolia, the PRC.

The gross proceeds of the Rights Issue will be approximately HK\$338.27 million. The estimated net proceeds of the Rights Issue will be approximately HK\$326.49 million and the Company intends to apply such net proceeds from the Rights Issue for (i) the reduction of liabilities of the Company, including but not limited to the possible early redemption of the Convertible Bonds with outstanding principal amount of HK\$180 million; or/and (ii) the general corporate and working capital requirements of the Group, including but not limited to the exploitation of copper and molybdenum of a mine located in Inner Mongolia, the PRC; or/and (iii) financing any future investment opportunities identified/to be identified by the Company.

The Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the Board considers that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

## FUND RAISING EXERCISE OF THE COMPANY

| <b>Date of announcement</b>         | <b>Fund raising activity</b> | <b>Net proceeds raised (approximately)</b> | <b>Proposed use of the net proceeds</b>  | <b>Actual use of the net proceeds</b> |
|-------------------------------------|------------------------------|--|--|---------------------------------------|
| 27 January 2011                     | Placing of New Shares        | Approximately HK\$10.5 million             | (i) For early redemption of the convertible bonds as states in the announcement of the company dated 16 November 2010; and (ii) for general working capital of the Group   | Held as deposit at bank               |
| 20 September 2010/ 25 November 2010 | Placing of convertible bonds | Approximately HK\$96.5 million             | For financing the possible acquisition as set out in the Company's announcement dated 21 June 2010 and general working capital and for early redemption part of the convertible bonds set out in the Company's announcement dated 25 November 2010 | Used as intended                      |

| <b>Date of announcement</b> | <b>Fund raising activity</b>         | <b>Net proceeds raised<br/>(approximately)</b> | <b>Proposed use of the net proceeds</b>  | <b>Actual use of the net proceeds</b> |
|-----------------------------|--------------------------------------|--|--|---------------------------------------|
| 6 September 2010            | New share placing                    | Approximately HK\$19.4 million                 | For the development of the mine as set out in the Company's announcement dated 27 August 2010 and/or general working capital of the Group            | 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                      |
| 14 June 2010                | Top-up Subscription                  | 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                      |
| 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 as intended                      |
| 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                      |

Save for the above, the Company has not conducted any other fund raising exercise in the past twelve months immediately preceding the date of this announcement.

## **POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS**

As a result of the Rights Issue, the conversion price of the Convertible Bonds may be adjusted in accordance with the respective terms and conditions of the Convertible Bonds and the Listing Rules or guidelines issued by the Stock Exchange from time to time. The Company will instruct its auditors or an independent financial adviser to certify the adjustments, if any, to the Convertible Bonds will inform the CB Holders of the adjustments, if any, accordingly. Further announcement will be made by the Company in respect of such adjustments as and when appropriate.

## **GENERAL**

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on approval by Shareholders in general meeting by a resolution on which any controlling Shareholders and their associates or, where there are no controlling shareholders, Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall abstain from voting in favour of the Rights Issue. Ms. Yu, a non-executive Director, held 2,050,521 representing approximately 1.24% of the issued share capital of the Company as at the date of this announcement. Accordingly, Ms. Yu and her associates (if any) are therefore required to abstain from voting in favour of the Rights Issue.

An independent board committee of the Company comprising all the independent non-executive Directors will be appointed to make recommendations to the Independent Shareholders in respect of the Rights Issue. An independent financial adviser will be appointed to advise the independent board committee of the Company and the Independent Shareholders in this regard.

A SGM will be convened and held for the Shareholders to consider and if thought fit to approve the proposed Rights Issue. A circular containing, among other things, (i) further details about the proposed Rights Issue; (ii) a letter of recommendation from the independent board committee of the Company to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the independent financial adviser to the independent board committee of the Company and the Independent Shareholders in respect of the Rights Issue; and (iv) the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

Upon the approval of the Rights Issue by the Independent Shareholders at the SGM, the Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders as soon as practicable and the Prospectus will be despatched to the Non-Qualifying Shareholders for information only.

## **DEFINITION**

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

|                     |   |
|---------------------|---|
| “Acceptance Date”   | 21 April 2011 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares) |
| “associate(s)”      | has the meaning ascribed thereto under the Listing Rules  |
| “Board”             | the board of Directors  |
| “Business Day”      | a day (other than a Saturday, Sunday and public holiday) on which banks are generally open for business more than five hours in Hong Kong   |
| “CB Holder(s)”      | holder(s) of the Convertible Bonds and as at the date of this announcement, all the outstanding Convertible Bonds are held by Star Lucky Group Limited  |
| “CCASS”             | the Central Clearing and Settlement System established and operated by HKSCC  |
| “Circular”          | the circular to be despatched to the Shareholders in relation to the Rights Issue (together with the notice of the SGM)   |
| “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, the shares of which are listed on the main board of the Stock Exchange                        |
| “Convertible Bonds” | the outstanding convertible redeemable bonds in the aggregate principal amount of HK\$180,000,000 due 2013 with conversion price of HK\$4.25 per conversion share   |
| “Director(s)”       | director(s) of the Company  |
| “EAF(s)”            | the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter                       |
| “Group”             | the Company and its subsidiaries  |

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| “HKSCC”                       | Hong Kong Securities Clearing Company Limited  |
| “HK\$”                        | Hong Kong dollar, the lawful currency of Hong Kong   |
| “Hong Kong”                   | the Hong Kong Special Administrative Region of the People’s Republic of China  |
| “Independent Shareholder(s)”  | any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates  |
| “Independent Third Party(ies) | third parties independent of and not connected with the Directors, chief executive and substantial shareholders of the Company or any of its subsidiaries, or any of their respective associates   |
| “Last Trading Day”            | 16 February 2011, being the date of the Underwriting Agreement, which is a Stock Exchange trading day  |
| “Listing Rules”               | the Rules Governing the Listing of Securities on the Stock Exchange  |
| “Ms. Yu”                      | Ms. Yu Wai Fong, a non-executive Director of the Company   |
| “Non-Qualifying Shareholders” | those Overseas Shareholders whom the Directors, based on legal advice provided by the Company’s legal advisers, consider it necessary or expedient not to offer the Rights Issue to such shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place |
| “Overseas Shareholder(s)”     | Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong  |
| “PAL(s)”                      | the renounceable provisional allotment letter(s) proposed to be issued to the Qualifying Shareholders in connection with the Rights Issue  |
| “Posting Date”                | 7 April 2011 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders  |

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| “PRC”                     | the People’s Republic of China   |
| “Prospectus”              | the prospectus to be despatched to the Shareholders containing details of the Rights Issue   |
| “Prospectus Documents”    | the Prospectus, PAL and EAF  |
| “Qualifying Shareholders” | Shareholders, other than the Non-Qualifying Shareholders   |
| “Record Date”             | 6 April 2011 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined   |
| “Registrar”               | the branch share registrar of the Company in Hong Kong, being Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong   |
| “Rights Issue”            | the proposed issue by way of rights of thirty (30) Rights Shares for every one (1) existing Share in issue and held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents |
| “Rights Shares”           | Shares to be issued and allotted under the Rights Issue, being 4,974,493,440 Shares  |
| “SFO”                     | The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)  |
| “SGM”                     | the special general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Rights Issue   |
| “Share(s)”                | ordinary share(s) of HK\$0.001 each in the share capital of the company  |
| “Shareholder(s)”          | the holder(s) of issued Shares   |
| “Stock Exchange”          | The Stock Exchange of Hong Kong Limited  |
| “Subscription Price”      | HK\$0.068 per Rights Share with nominal value of HK\$0.001 each  |
| “Underwriter”             | Radland International Limited  |

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| “Underwriting Agreement” | the underwriting agreement dated 16 February 2011 (after trading hours) entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue |
| “Underwritten Shares”    | 4,912,977,810 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement   |
| “%” or “per cent.”       | percentage or per centum  |

By order of the Board of  
**China Properties Investment Holdings Limited**  
**Xu Dong**  
*Chairman*

Hong Kong, 16 February 2011

*As at the date of this announcement, the executive Directors are, Mr. Xu Dong and Mr. Au Tat On, the non-executive director of the Company 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*