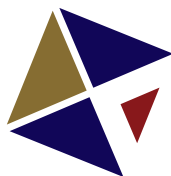

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Properties Investment Holdings Limited (the “Company”), you should at once hand this circular and accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer, registered institution in securities or other agent through whom the sales or transfer was effected for transmission to the purchaser or the transferee.

This circular is not an offer of, nor is it intended to invite offers for, securities of the Company.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, 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 circular.



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 AND REFRESHMENT OF GENERAL MANDATE

Underwriter to the Rights Issue

Radland International Limited

Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders

寶
橋
BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

It should be noted that the Shares will be dealt in on an ex-rights basis from Tuesday, 29 March 2011. Dealings in the Rights Shares in the nil-paid form will take place from Monday, 11 April 2011 to Monday, 18 April 2011 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any persons dealing in the nil-paid Rights Shares during the period from Monday, 11 April 2011 to Monday, 18 April 2011 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 32 to 56 of this circular and a letter of recommendation from the Independent Board Committee to the Independent Shareholders is set out on pages 30 to 31 of this circular.

A notice convening the First SGM to be held at the Meeting Room, 2/F, Traders Hotel, 508 Queen's Road West, Western District, Hong Kong at 9:00 a.m. on Monday, 28 March 2011 is set out on pages 77 to 78 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

A notice convening the Second SGM to be held at the Meeting Room, 2/F, Traders Hotel, 508 Queen's Road West, Western District, Hong Kong at 9:00 a.m. on Wednesday, 4 May 2011 is set out on pages 79 to 81 of this circular. Whether or not you are able to attend the meeting in person, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

It should be noted that the Underwriting Agreement in respect of the Rights Issue contains provisions entitling the Underwriter by notice in writing to the Company at any time prior to 4:00 p.m. on the 1st Business Days following the Acceptance Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 18 to 19 of this circular. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 16 to 17 of this circular being fulfilled or waived (as applicable). In the event that such conditions have not been satisfied and/or waived in whole or in part by the Underwriter on or before Friday, 13 May 2011, all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

* For identification purpose only

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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 forms of proxy for the SGMs.	not later than Friday, 11 March
Latest time for return of form of proxy for the First SGM (not less than 48 hours before the First SGM)	9:00 a.m. on Saturday, 26 March
Expected date of the First SGM	9:00 a.m. on Monday, 28 March
Announcement of results of the First SGM to be published on the website of the Stock Exchange	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 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 Wednesday, 6 April
Record Date	Wednesday, 6 April
Register of members re-opens	Thursday, 7 April
Prospectus Documents expected to be despatched	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 the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Thursday, 21 April
Rights Issue expected to become unconditional	Tuesday, 26 April

EXPECTED TIMETABLE

Latest time for return of form of proxy for the Second SGM (not less than 48 hours before the Second SGM)	9:00 a.m. on Monday, 2 May
Announcement of results of acceptance and excess application of the Rights Shares	Tuesday, 3 May
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted on or before.	Wednesday, 4 May
Certificates for the Rights Shares expected to be despatched on or before.	Wednesday, 4 May
Expected date of the Second SGM.	9:00 a.m. on Wednesday, 4 May
Announcement of results of the Second SGM to be published on the website of the Stock Exchange	Wednesday, 4 May
Dealings in fully-paid Rights Shares commence	Friday, 6 May

Notes:

All times and dates in this Circular refer to Hong Kong local times and dates. Dates or deadlines specified in this Circular for events in the expected timetable above regarding the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Underwriter, and subject to the approval by the Stock Exchange of such amendments. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
 - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
 - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event as soon as possible.

DEFINITIONS

In this circular, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Acceptance Date”	Thursday, 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)
“Announcement”	the announcement of the Company dated 16 February 2011 in relation to the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Branch Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Business Day”	a day (other than a Saturday, Sunday and public holidays) on which banks are generally open for business more than five hours in Hong Kong
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“CB Holder(s)”	holder(s) of the Convertible Bonds
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“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
“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Convertible Bonds”	the convertible redeemable bonds in the aggregate principal amount of HK\$180,000,000 due 2013 convertible into 42,352,941 new Shares at the conversion price of HK\$4.25 per conversion share

* For identification purpose only

DEFINITIONS

“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
“Existing Issue Mandate”	the general mandate to issue up to 27,763,289 new Shares granted by the Shareholders to the Directors at the special general meeting of the Company held on 20 January 2011
“First SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Rights Issue
“Group”	the Company and its subsidiaries
“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 Board Committee”	an independent committee of the Board, comprising all the independent non-executive Directors to be formed to make recommendations to the Independent Shareholders in relation to the fairness and reasonableness of the Rights Issue and the Refreshment of General Mandate
“Independent Financial Adviser”	Bridge Partners Capital Limited, a licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Refreshment of General Mandate
“Independent Shareholder(s)”	any Shareholder other than controlling Shareholders and their associates or, where there are no controlling Shareholders, any Shareholder other than Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates

DEFINITIONS

“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
“Issue Mandate”	the new mandate proposed to be sought at the Second SGM to authorize the Directors to allot, issue and deal with Shares not exceeding 20% of the issued share capital of the Company as at the date of passing of the relevant resolution(s) at the Second SGM
“Last Trading Day”	Wednesday, 16 February 2011, being the date of the Underwriting Agreement, which is a Stock Exchange trading day
“Latest Practicable Date”	7 March 2011, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mine”	the molybdenum mine located at Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC
“Ms. Yu”	Ms. Yu Wai Fong, a non-executive Director
“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

DEFINITIONS

“Posting Date”	Thursday, 7 April 2011 or such other date as the Underwriter may agree in writing with the Company, as the date of dispatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“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”	Wednesday, 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
“Refreshment of General Mandate”	the proposed refreshment of the Existing Issue Mandate
“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
“Second SGM”	the special general meeting of the Company to be convened to consider and, if thought fit, approve the proposed Refreshment of General Mandate
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Share Option Holder(s)”	holder(s) of the Share Options

DEFINITIONS

“Share Options”	the outstanding options granted under the share option scheme of the Company on 28 November 2007 to exercisable into for 282,160 new Shares
“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
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Underwriter”	Radland International Limited
“Underwriting Agreement”	the underwriting agreement dated 16 February 2011 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

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Xu Dong

Mr. Au Tat On

Non-executive Director:

Ms. Yu Wai Fong

Independent non-executive Directors:

Mr. Tse Kwong Wah

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

Registered office:

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head Office and principal
place of business:*

Room 2001, 20/F

Lippo Centre, Tower Two

89 Queensway

Hong Kong

11 March 2011

To the Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF THIRTY RIGHTS SHARES FOR
EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE
AND
REFRESHMENT OF GENERAL MANDATE**

INTRODUCTION

On 16 February 2011, the Board announced that the Company proposed to raise approximately HK\$338.27 million, before expenses, by issuing 4,974,493,440 Rights Shares to the Qualifying Shareholders by way of Rights Issue at subscription price of HK\$0.068 per Rights Share on the basis of thirty (30) Rights Shares for every one (1) existing Share held on the Record Date.

* *For identification purpose only*

LETTER FROM THE BOARD

The implementation of the Rights Issue is subject to the fulfillment of a number of conditions precedent. There is no certainty that the transaction, either in whole or in part, can be executed. Shareholders are therefore urged to exercise extreme caution in dealing in the Shares.

Upon completion of the Rights Issue, the Board considers that it is in the best interests for the Company to have additional options when considering fund raising activities in the future. The Board proposes to refresh the Existing Issue Mandate for the Directors to allot, issue and deal with the Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company.

The Independent Board Committee has been formed to advise the Independent Shareholders in respect of the Rights Issue and the Refreshment of General Mandate, and the Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

The purpose of this circular is to provide you, among other things, (i) further details of the proposed Rights Issue; (ii) further details of the proposed Refreshment of General Mandate; (iii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue and the Refreshment of General Mandate; (iv) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the Rights Issue and the Refreshment of General Mandate; and (v) the notices convening the SGMs at which the ordinary resolutions will be proposed to consider and, if thought fit, to approve the Rights Issue and the Refreshment of General Mandate.

(I) RIGHTS ISSUE

Issue statistics

Basis of the Rights Issue:	Thirty (30) Rights Shares for every one (1) 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, no conversion on the Convertible Bonds and no exercise of the Share Options on or before the Record Date).
Subscription Price:	HK\$0.068 per Rights Share with nominal value of HK\$0.001 each

As at Latest Practicable Date, 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). The CB Holder has signed an

LETTER FROM THE BOARD

irrevocable undertaking to the Company and pursuant to which, the CB Holder shall not exercise any of its conversion right under the outstanding Convertible Bonds up to and including the Record Date.

As at Latest Practicable Date, there are outstanding Share Options of 282,160 exercisable into 282,160 new Shares at the exercise price of HK\$150 (subject to adjustments). The Share Option Holders have signed an irrevocable undertaking to the Company and pursuant to which, the Share Option Holders shall not exercise any of the Share Options 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 and the Share Options, 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 and no Share Options are being exercised 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 Latest Practicable Date and approximately 96.77% of the Company's issued share capital as enlarged by the issue of the 4,974,493,440 Rights Shares.

As at the Latest Practicable Date, the Directors have not received any information from any substantial Shareholders (there are no substantial Shareholders as at the Latest Practicable Date) of their intention to take up the Rights Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

Basis of provisional allotment

The basis of the provisional allotment shall be thirty (30) Rights Shares for every one (1) existing Share held on the Record Date, being 4,974,493,440 Rights Shares (assuming there is no new Shares being issued/no Shares being repurchased by the Company, no conversion on the Convertible Bonds and no exercise of the Share Options on or before 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.

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.

LETTER FROM THE BOARD

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 Branch Registrar, 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 members

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.

As at the Latest Practicable Date and according to the register of members of the Company, there were three Shareholders with registered addresses in three jurisdictions outside Hong Kong, namely, the British Virgin Islands ("BVI"), the PRC and Taiwan.

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, 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 benefit 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.

The Company has made due enquiries pursuant to Rule 13.36(2) of the Listing Rules regarding the feasibility of extending the Rights Issue to the Overseas Shareholder in BVI and found that it would be lawful for the Company to offer the Rights Shares to the Shareholder with registered address in BVI, even though the Prospectus Documents will not be registered

LETTER FROM THE BOARD

in BVI. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholder with registered address located in BVI as shown on the register of members of the Company as at the Record Date.

Based on the advice provided by the legal advisers on the laws of the PRC, it would be lawful for the Company to offer the Rights Shares to those Shareholders with registered addresses in the PRC, even though the Prospectus Documents will not be registered in the PRC. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses located in the PRC as shown on the register of members of the Company as at the Record Date.

Based on the advice provided by the legal advisers on the laws of Taiwan, it would be lawful for the Company to offer the Rights Shares to those Shareholders with registered addresses in Taiwan, even though the Prospectus Documents will not be registered in Taiwan. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses located in Taiwan as shown on the register of members of the Company as at the Record Date.

The Company will continue to ascertain whether there is any other Overseas Shareholders on the Record Date and will, if necessary, make further enquiries with legal adviser(s) in other overseas jurisdiction(s) regarding the feasibility of extending the Rights Issue to such other Overseas Shareholders on the Record Date and make relevant disclosures in the Prospectus.

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;
- (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;
- (d) a discount of approximately 89.54% to the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and

LETTER FROM THE BOARD

- (e) a discount of approximately 21.84% to the theoretical ex-rights price of approximately HK\$0.087 per Share based on the closing price of HK\$0.65 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

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 consider the terms of the Rights Issue, including the Subscription Price which has been set at 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.

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.

There are no restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

LETTER FROM THE BOARD

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 Branch Registrar for completion of the relevant registration by 4:30 p.m. on Wednesday, 30 March 2011.

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.

Share certificates and refund cheques for the Rights Shares

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 Wednesday, 4 May 2011. One share certificate will be issued for all the Rights Shares allotted to the applicant. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Wednesday, 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.

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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 (a non-executive Director)

As at the Latest Practicable Date, 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 to the Company 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 First 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 authorized 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, the 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;

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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.

Underwriting Agreement

Date	:	16 February 2011
Underwriter	:	Radland International Limited, to the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Underwriter and its ultimate beneficial owners are Independent Third Parties
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, no conversion of the Convertible Bonds and no exercise of the Share Options on or before 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, no conversion of the Convertible Bonds and no exercise of the Share Options on or before 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

Shareholding structure of the Company

Set out below is the shareholding structure of the Company (extracted from the Disclosure of Interests forms posted on the website of the Stock Exchange) immediately before and after completion of the Rights Issue (assuming no further Shares will be issued or repurchased after the Latest Practicable Date):

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

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Note:

1. Ms. Yu (a non-executive Director) has undertaken to the Company 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 Takeovers Code) 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. The Underwriter has sub-underwritten its underwriting obligations as follows:-

Sub-underwriters	Sub-underwriting participation of Rights Shares
Dynasty Securities Limited	1,424,726,810
Kingston Securities Limited	1,031,726,000
Get Nice Securities Limited	1,031,726,000
Chenlong Group Limited*	178,095,000
Great Panorama International Limited*	178,095,000
Smart Jump Corporation*	178,095,000
Pearl Decade Limited*	178,095,000
Sino Wealthy Limited*	178,095,000
Dollar Group Limited*	178,095,000
Winning Horse Limited*	178,095,000
Mascotte Holdings Limited*	178,134,000
Total	<u>4,912,977,810</u>

Note: The Companies marked with "*" above, the ordinary course of businesses of which do not include underwriting.

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 places 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. As at 28 February 2011, the Company had approximately HK\$9.5 million of cash and bank balances.

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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 as to (i) not more than HK\$180 million for 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; and (ii) the remaining for financing any future investment opportunities identified/to be identified by the Company (including but not limited to the possible acquisition of the oilfield in Nevada). Should the said possible acquisition is not materialized, the Company will apply those proceeds for 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. According to the circular of the Company dated 17 September 2010, the total estimated investment on the Mine is estimated to be approximately RMB26 million. As set forth in the paragraph headed “Financial and Trading Prospect” of this letter, the Company received proposals from independent contractors regarding the development of the Mine recently, the Board is now assessing whether the Company shall co-operate with the contractors to develop the Mine such that the costs for the development of the Mine would be minimized and the internal resources of the Company could reallocate to other potential projects. Accordingly, the Company has arranged professionals to perform study on the feasibility of the proposals provided by the independent contractors, the relevant costs amounted to not more than HK\$1 million. In the event that the proposal provided by the independent contractors unable to minimize the costs for the development of the Mine, the Company shall finance the cost of development through its internal resources.

As at the Latest Practicable Date, the Company and the vendors are still in negotiation on the timetable for the payment of the remaining deposits. Recently, the Company received a draft foreign legal opinion from the Nevada lawyer confirming the legality on the target group structure and the preliminary reserves from the competent person report issued by a technical expert. The Company is in the process of finalizing and consolidating the materials required for disclosure purpose.

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.

(II) REFRESHMENT OF GENERAL MANDATE

Background of and reasons for the Refreshment of General Mandate

At the special general meeting of the Company held on 20 January 2011, the Shareholders approved, among other things, an ordinary resolution to grant to the Directors the Existing Issue Mandate to allot up to 27,763,289 Shares. 27,000,000 Shares has been issued under the Existing Issue Mandate as a result of the placing of new Shares as announced on 27 January 2011 (the “**Placing**”), representing approximately 97.25% of the Existing Issue Mandate.

There has not been any refreshment of the Existing Issue Mandate since the special general meeting of the Company held on 20 January 2011. Accordingly, after the issue of the aforesaid new Shares as a result of the Placing, there are insufficient new Shares that may be further issued and allotted under the Existing Issue Mandate.

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On 16 February 2011, the Company announced 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 (30) Rights Shares for every one (1) existing Share held on the Record Date. Dealings in the Rights Shares on the Stock Exchange are expected to be effective from 6 May 2011.

The issued share capital of the Company is expected to be increased substantially upon the completion of the Rights Issue (which is subject to, among other things, the approval of the Independent Shareholders in the First SGM), the Board considers that (i) it is necessary to propose a refreshment of the Existing Issue Mandate to take into account the additional number of Shares that may be authorised for issue given that the number of Shares have been increased substantially as a result of the Rights Issue; (ii) the proposed refreshment of the Existing Issue Mandate will enable the Group to conduct fund raising activities as and when opportunities arise; and (iii) as the granting of specific mandates may cause undue delay (if the Group wishes to carry out timely acquisitions) given that the grant of specific mandates will require the separate approval of the Independent Shareholders.

As at the Latest Practicable Date, the Existing Issue Mandate has been utilized and the Board proposes to refresh the Existing Issue Mandate to reflect the additional number of Shares that may be authorised for issue after the completion of the Rights Issue (which is subject to, among other things, the approval of the Independent Shareholders in the First SGM) to allow the Company to conduct fund raising activities in the event that the Company is able to identify placing agent(s)/suitable subscriber(s).

In view of the foregoing, the Board considers that it is in the best interests for the Company to have additional options when considering fund raising activities in the future. Given that equity financing (i) does not incur any interest paying obligations on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer and it is not guaranteed that the underwriter could fulfill the capital requirements of the Company; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises, the Board proposes to refresh the Existing Issue Mandate for the Directors to allot, issue and deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the Second SGM. The Company would exercise due and careful consideration when choosing the best financing method available to the Group.

As at the Latest Practicable Date, the Company does not have any concrete plan or intention to raise capital by using the Issue Mandate. However, based on the preliminary capital requirement forecasted by the Company pursuant to the memorandum of understanding for the possible acquisition of the oilfield in Nevada, which are detailed in the announcements of the Company dated 22 June 2010, 20 September 2010, 22 September 2010, 30 November 2010, 20 December 2010, 21 December 2010 and 20 October 2010, a refundable deposit of up to US\$150 million shall be paid to the vendors and up to US\$19 million was paid before the Latest Practicable Date. Based on the aforesaid, it is important for the Company to obtain the Issue

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Mandate from the Independent Shareholders such that the Company can have additional options when conducting fund raising activities. As at the Latest Practicable Date, the Company and the vendors are still in negotiation on the timetable for the payment of the remaining deposits.

It is expected that, after the completion of the Rights Issue, the number of Shares of the Company in issue will be increased to 5,140,309,888 Shares. Subject to the passing of the proposed resolution for the Refreshment of General Mandate and on the basis that, save as and except for the Rights Shares, no new Share will be issued or repurchased by the Company prior to the date of the Second SGM, the Company will be allowed under the Issue Mandate to issue a maximum of 1,028,061,977 new Shares. In the event that the Rights Issue is not completed, subject to the passing of the proposed resolution for the Refreshment of General Mandate and on the basis that, no new Share will be issued or repurchased by the Company prior to the date of the Second SGM, the Company will be allowed under the Issue Mandate to issue a maximum of 33,163,289 new Shares.

Potential dilution to shareholding of the existing public Shareholders

For illustrative purpose only, the table below sets out the shareholding structure of the Company in the event that the Rights Issue is completed/not completed.

- (i) Assuming there is no new Shares being issued/no Shares being repurchased by the Company on or before the Record Date and the Rights Issue is completed (based on the Disclosure of Interests posted on the website of the Stock Exchange):

	Immediately after completion of the Rights Issue (assuming all the Qualifying Shareholders take up their assured entitlement of Rights Shares)		Immediately after completion of the Rights Issue, (Except Ms. Yu) assuming no Qualifying Shareholders take up their assured entitlement		After full utilization of the Issue Mandate (assuming all the Qualifying Shareholders take up their assured entitlement of Rights Shares)		After full utilization of the Issue Mandate (Except Ms. Yu, assuming no Qualifying Shareholders take up their assured entitlement)		
	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%	
Shareholders									
Ms. Yu (Non-executive Director)	63,566,151	1.24	63,566,151	1.24	63,566,151	1.03	63,566,151	1.03	
Underwriter (note)	-	-	4,912,977,810	95.58	-	-	4,912,977,810	79.65	
Public									
Shareholders	5,076,743,737	98.76	163,765,927	3.18	5,076,743,737	82.30	163,765,927	2.65	
New Shares available to be issued under the Issue Mandate									
	-	-	-	-	1,028,061,977	16.67	1,028,061,977	16.67	
Total	5,140,309,888	100.00	5,140,309,888	100.00	6,168,371,865	100.00	6,168,371,865	100.00	

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Note: 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 Takeovers Code) 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.

The table above illustrates that (i) the shareholding of the existing public Shareholders would be decreased from approximately 98.76% based on the assumption that all the Qualifying Shareholders take up their assured entitlement of Rights Shares to approximately 82.30% upon full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate and assuming that, other than the Rights Shares, no new Shares are issued or repurchased by the Company prior to the Second SGM), which represents a dilution of approximately 16.46 percent points; and (ii) the shareholding of the existing public Shareholders would be decreased from approximately 3.18% based on the assumption that no the Qualifying Shareholders take up their assured entitlement of Rights Shares (except Ms. Yu) to approximately 2.65% upon full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate and assuming that, other than the Rights Shares, no new Shares are issued or repurchased by the Company prior to the Second SGM), which represents a dilution of approximately 0.53 percent points.

(ii) Assuming there is no new Shares being issued/ no Shares being repurchased by the Company on or before the Record Date and the Rights Issue is not completed (based on the Disclosure of Interests posed on the website of the Stock Exchange):

Shareholder	As at the Latest Practicable Date		After full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Ms. Yu (<i>Non-executive Director</i>)	2,050,521	1.24	2,050,521	1.03
Public Shareholders	163,765,927	98.76	163,765,927	82.30
New Shares available to be issued under the Issue Mandate	-	-	33,163,289	16.67
	165,816,448	100.00	198,979,737	100.00

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The table above illustrates that the shareholding of the existing public Shareholders would be decreased from approximately 98.76% as at the Latest Practicable Date to approximately 82.30% upon full utilization of the Issue Mandate (subject to the passing of the proposed resolution for the Refreshment of General Mandate and assuming that no Shares are issued or repurchased by the Company prior to the Second SGM), which represents a dilution of approximately 16.46 percent points.

Period during which the Issue Mandate will remain effective

The Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting is required to be held; and (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company.

FINANCIAL AND TRADING PROSPECT

As extracted from the interim report of the Company dated 29 November 2010, after completion of the acquisition of further 40% interest of the Mine at the total consideration of HK\$300 million, of which HK\$90 million was settled in cash and HK\$210 million by the issuance of the Convertible Bonds, the Company will effectively hold 91% of the indirect interest in the Mine. As referred to in the circular of the Company dated 17 September 2010, the Group has started the preparation work for open pit mining, ore processing and other ancillary works and completed the evaluation on the geological and hydrological environment of the Mine and it is anticipated that the Mine will be able to commence commercial production around 18 months after the completion of the development stage, which is expected to be in 2012. Recently, the Company received proposals from independent contractors regarding the development of the Mine, the Board is now assessing whether the Company shall co-operate with the contractors to develop the Mine such that the costs for the development of the Mine would be minimized and the internal resources of the Company could reallocate to other potential projects. In the event that the Company decides to engage a contractor for the development of the Mine, the Company shall publish an announcement to inform the Shareholders on the status of the development of the Mine. In view of the continual economic growth in the PRC, it is expected that demand for non-ferrous metals (such as copper and molybdenum) will be sustainably high in long run. The Company hence considers that it is beneficial for the Group to penetrate further into the non-ferrous metals industry in order to strengthen the Group's income source. In the meantime, the Group will continue with its existing properties investment business which provide steady income source for the Group. Going forward, the Group will continue to look for other investment opportunities in any other steam in the long run (i.e. possible acquisition of the oilfield in Nevada) so as to broaden the source of income of the Group and diversify the Group's business portfolio. As at the Latest Practicable Date, save for disclosed herein, the Company has no agreement, arrangement, understanding, intention or negotiation about acquiring any other new business.

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FUND RAISING EXERCISE OF THE COMPANY

Date of announcement	Fund raising activity	Net proceeds raised (<i>approximately</i>)	Proposed use of the net proceeds	Actual use of the net proceeds
27 January 2011	Placing of New Shares	Approximately HK\$10.5 million	For early redemption of the convertible bonds as stated in the announcement of the company dated 16 November 2010; and for general working capital of the Group	Used as approximately HK\$1 million for professional fees and working capital and the remaining balance is 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
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

LETTER FROM THE BOARD

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
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 Latest Practicable Date.

POSSIBLE ADJUSTMENTS TO THE CONVERTIBLE BONDS

As a result of the Rights Issue, the conversion price of the outstanding 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 outstanding 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, the 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, is interested in 2,050,521 Shares representing approximately 1.24% of the issued share capital of the Company as at Latest Practicable Date. Accordingly, Ms. Yu and her respective associates are therefore required to abstain from voting in favour of the Rights Issue.

Upon the approval of the Rights Issue by the Independent Shareholders at the First 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.

In accordance with Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the Directors (excluding independent non-executive Directors) and the chief executive of the Company and their respective associates shall

LETTER FROM THE BOARD

abstain from voting in favour of the relevant resolution(s) regarding the Refreshment of General Mandate to be proposed at the Second SGM. As at the Latest Practicable Date, there is no controlling Shareholder and therefore the Directors and their respective associates (including Ms. Yu, being the non-executive Director and interested in 2,050,521 Shares) shall abstain from voting in favour of the relevant resolution(s) regarding the Refreshment of General Mandate. Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders in respect of the Refreshment of General Mandate at the Second SGM will be taken by way of poll. As at the Latest Practicable Date, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates had indicated that they have no intention to vote against the resolution(s) regarding the Refreshment of General Mandate at the Second SGM.

The Independent Board Committee comprising Mr. Tse Kwong Wah, Mr. Lai Wai Yin, Wilson and Ms. Cao Jie Min has been formed to make recommendations to the Independent Shareholders in respect of the Rights Issue and the Refreshment of General Mandate. An Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

FIRST SGM

The notice convening the First SGM is set out on pages 77 to 78 of this circular. The First SGM will be convened at the Meeting Room, 2/F, Traders Hotel, 508 Queen's Road West, Western District, Hong Kong at 9:00 a.m. on Monday, 28 March 2011 for the purpose of, considering and, if thought fit, approving the Rights Issue.

A form of proxy for use at the First SGM is enclosed. Whether or not you are able to attend the First SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Branch Registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the First SGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the First SGM or any adjournment thereof should you so wish.

SECOND SGM

The notice convening the Second SGM is set out on pages 79 to 81 of this circular. The Second SGM will be convened at the Meeting Room, 2/F, Traders Hotel, 508 Queen's Road West, Western District, Hong Kong at 9:00 a.m. on Wednesday, 4 May 2011 for the purpose of, considering and, if thought fit, approving the Refreshment of General Mandate.

A form of proxy for use at the Second SGM is enclosed. Whether or not you are able to attend the Second SGM in person, please complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Branch Registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the Second SGM. Completion and return of a form of proxy will not preclude you from attending and voting in person at the Second SGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

RECOMMENDATION

You are advised to read carefully the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on pages 30 to 31 and pages 32 to 56 respectively of this circular.

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Rights Issue and the Issue Mandate are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue and the Refreshment of General Mandate are in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the proposed resolution(s) approving the Rights Issue at the First SGM and the proposed resolution(s) approving the Refreshment of General Mandate at the Second SGM.

Accordingly, the Directors believe that the terms of the Rights Issue and the Issue Mandate are fair and reasonable and in the interests of the Group and the Shareholders as a whole, and therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution(s) approving the Rights Issue at the First SGM and the proposed resolution(s) approving the Refreshment of General Mandate at the Second SGM.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is the text of the letter of recommendation, prepared for the purpose of incorporation in this circular, from the Independent Board Committee to the Independent Shareholders regarding the Rights Issue and the Refreshment of General Mandate.



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)

11 March 2011

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED RIGHTS ISSUE
ON THE BASIS OF THIRTY RIGHTS SHARES FOR
EVERY ONE EXISTING SHARE HELD
ON THE RECORD DATE
AND
REFRESHMENT OF GENERAL MANDATE**

We refer to the circular of the Company dated 11 March 2011 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalized terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Company as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue and the Issue Mandate are fair and reasonable insofar as the Independent Shareholders are concerned. The Independent Financial Adviser has been appointed to advise the Independent Shareholders and the Independent Board Committee in this respect.

Having taken into account the principal reasons and factors considered by, and the advice of the Independent Financial Adviser as set out in its letter of advice to the Independent Shareholders and the Independent Board Committee on pages 32 to 56 of the Circular, we are of the opinion that the Rights Issue and the Refreshment of General Mandate are in the interests of the Company

* *For identification purpose only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

and the Shareholders as a whole and the terms of the Rights Issue and Issue Mandate are fair and reasonable insofar as the Company and the Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution(s) to be proposed at the First SGM to approve the Rights Issue and the ordinary resolution(s) to be proposed at the Second SGM to approve the Refreshment of General Mandate.

Yours faithfully,

For and on behalf of

Independent Board Committee

Mr. Tse Kwong Wah

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice to the Independent Board Committee and the Independent Shareholders from Bridge Partners relating to the Rights Issue and the Refreshment of General Mandate prepared for the purpose of incorporation in this circular:



BRIDGE PARTNERS

BRIDGE PARTNERS CAPITAL LIMITED

Bridge Partners Capital Limited
Unit 605, 6/F, Grand Millennium Plaza
181 Queen's Road Central
Central, Hong Kong

11 March 2011

*To the independent board committee
and the independent shareholders of China Properties Investment Holdings Limited*

Dear Sirs,

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
THIRTY RIGHTS SHARES FOR EVERY ONE EXISTING SHARE
HELD ON THE RECORD DATE
AND
REFRESHMENT OF GENERAL MANDATE**

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the refreshment of the Existing Issue Mandate, details of which are set out in the "Letter from the Board" contained in the circular of the Company dated 11 March 2011 (the "Circular"), of which this letter forms part. Terms defined in the Circular shall have the same meanings in this letter unless the context otherwise requires.

On 16 February 2011, the Board announced that the Company proposed to raise approximately HK\$338.27 million (before expenses) by issuing 4,974,493,440 Rights Shares to the Qualifying Shareholders by way of Rights Issue at a subscription price of HK\$0.068 Rights Share on the basis of thirty (30) Rights Shares for every one (1) existing Share held on the Record Date (assuming that there is no new Shares being issued/no Shares being repurchased by the Company, no conversion on the Convertible Bonds and no exercise of the Share Options on or before the Record Date). As at the Latest Practicable Date, 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

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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. In addition, as at the Latest Practicable Date, there are outstanding (i) convertible bonds with an aggregate principal amount of HK\$180 million convertible into 42,352,941 new Shares at the conversion price of HK\$4.25 per conversion share (subject to adjustments) and (ii) share options of 282,160 exercisable into 282,160 new Shares at the exercise price of HK\$150 (subject to adjustments). The CB Holder has undertaken to the Company that it shall not exercise any conversion right attached to the outstanding Convertible Bonds up to and including the Record Date and the Share Option Holders have signed irrevocable undertaking to the Company that they shall not exercise any of the Share Options up to and including the Record Date.

As mentioned in the “Letter from the Board”, the Company will put forward a resolution to refresh the Existing Issue Mandate at the Second SGM. As at the Latest Practicable Date, 27,000,000 Shares has already been issued under the Existing Issue Mandate as per the placing of new Shares (the “Placing”) as announced on 27 January 2011, which represents approximately 97.25% of the Existing Issue Mandate. Subsequent to the issue of the new Shares as a result of the Placing, the Existing Issue Mandate has almost been utilized. In view of the possibility that the issued share capital of the Company will be increased substantially after completion of the Rights Issue, the Board also proposes to seek approval of the Independent Shareholders for the refreshment of Existing Issue Mandate, so that the Directors could be granted an authority to issue, allot and deal with new Shares not exceeding 20% of the total issued share capital of the Company as at the date of passing the relevant resolution(s) at the Second SGM.

In accordance with Rule 7.19(6) of the Listing Rules, the Rights Issue must be made conditional on Shareholders’ approval in a general meeting at which any controlling Shareholders and their associates or, whether there are no controlling Shareholders, the Directors (excluding the 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 at the First SGM. As Ms. Yu held 2,050,521 Shares as at the Latest Practicable Date, Ms. Yu and her associates are therefore required to abstain from voting in favour of the Rights Issue.

In addition, in accordance with Rule 13.36(4)(a) of the Listing Rules, any controlling Shareholders and their associates, or where there is no controlling Shareholder, the 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 relevant resolution(s) regarding the Refreshment of General Mandate to be proposed at the Second SGM. As at the Latest Practicable Date, there is no controlling Shareholder and therefore the Directors and their respective associates (including Ms. Yu, being the non-executive Director and interested in 2,050,521 Shares) shall abstain from voting in favour of the relevant resolution(s) regarding the Refreshment of General Mandate.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising all the independent non-executive Directors, namely, Mr. Tse Kwong Wah, Mr. Lai Wai Yin, Wilson and Ms. Cao Jie Min, has been established to make recommendations to the Independent Shareholders as to whether the Rights Issue and the Refreshment of General Mandate are fair and reasonable and in the interests of the Company and the Shareholders as a whole and to advise the Independent Shareholders on how to vote at the First SGM and the Second SGM.

BASIS OF OUR OPINION

In arriving at our opinion and recommendation, we have relied on the information supplied, the opinion and representations expressed by the Directors and the management of the Company. We have assumed that the information and representations contained or referred to in the Circular and the information and representations that have been provided by the Company and/or the Directors and/or the management of the Company, for which they are solely and wholly responsible, are true, accurate and complete at the time they were made and continue to be true up to and including the date of this circular. We consider that we have been provided with sufficient information to form a reasonable basis of our opinion. We have no reason to suspect that any material fact or information has been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us.

We have not, however, carried out any independent verification on the information provided by the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Company, or its subsidiaries or associated companies, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue and the Refreshment of General Mandate.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Rights Issue and the Refreshment of General Mandate and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue and the Refreshment of General Mandate, we have taken the following principal factors and reasons into consideration:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Background and financial information of the Group

The Company is an investment holding company. The principal activities of its subsidiaries are investment holding, property investment and provision of building management services and mining.

Set out below is a summary of the financial results of the Group for the two years ended 31 March 2010 and the six months ended 30 September 2010:

	Six months ended		Year ended	
	30 September		31 March	
	2010	2009	2010	2009
	(Unaudited)	(Unaudited)	(Audited)	(Audited) (Restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Turnover	1,646	3,391	7,750	17,254
Loss before taxation	(4,507)	(27,947)	(10,613)	(245,432)
Loss for the period/year	(6,636)	(29,946)	(19,301)	(190,945)
	As at		As at 31 March	
	30 September		2010	
	2010	2009	2010	2009
	(Unaudited)	(Audited)	(Audited)	(Audited) (Restated)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net asset value	762,591	618,219	618,219	117,537
Cash and cash equivalents	17,044	73,784	73,784	5,631

Year ended 31 March 2010 vs year ended 31 March 2009

The two business lines of the Group for the year ended 31 March 2010 are (i) properties investment business in Mainland China, 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. As illustrated from the table above, the Group recorded the turnover of approximately RMB7.75 million for the year ended 31 March 2010, a drop of approximately 55.08% as compared with that of the preceding financial year. Although the turnover of the Group dropped from RMB17.25 million in 2009 to RMB7.75 million in 2010, the net loss of the Group substantially improved from approximately RMB190.95 million for the year ended 31 March 2009 to RMB19.30 million for the year ended 31 March 2010.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the annual report for the year ended 31 March 2010 (the “2010 Annual Report”), the drop of the turnover was primarily due to the disposal of one of the investment properties in Shanghai and termination of certain property management services during the year. The net loss of the Group narrowed from RMB190.95 million for the year ended 31 March 2010 to approximately RMB19.30 million. It was mainly because the Group recorded a valuation gain of approximately RMB32.35 million for the year ended 31 March 2010 (2009: valuation loss of approximately RMB221.98 million). The Company also incurred a net loss of approximately RMB7.9 million which was arising from the disposal of an investment property of the Group and a loss of approximately RMB6.13 million from the change in fair value of the convertible bonds.

In 2009, the Company acquired the entire issued share capital of the Main Pacific Group Limited at the consideration of HK\$300 million for the acquisition of 51% indirect interest in a mining company in Inner Mongolia of the PRC. Such mining company holds a mining license under which the mining company has the right to conduct mining and exploitation works for copper and molybdenum in the mine located at Keshi Ketengqi Sanyixiang, Yongsheng Cun, Jingpeng Zhen, Chifeng City, Inner Mongolia, the PRC (the “Mine”). Up to the present, there was no revenue generated from the mining sector of the Group. In 2010, the Company further acquired the remaining 40% indirect interest in a mining company at the consideration of HK\$300 million. From then on, the mining company becomes the wholly-owned subsidiary of the Company. As discussed with the Company, the Mine is still in the development stage and it is expected to be commenced production in the year of 2012.

The cash and cash equivalents of the Group increased from approximately RMB5.6 million for the year ended 31 March 2009 to RMB73.8 million for the year ended 31 March 2010 as a result of the placing of eight tranches of the convertible bonds of the Company. According to the 2010 Annual Report, the bank borrowings of the Group had dropped from approximately RMB90.5 million in 2009 to approximately RMB58.5 million in 2010. All of the bank loans are secured and the gearing ratio (adjusted net debt to total capital of the Company) was substantially improved from approximately 42% in 2009 to 8% in 2010.

Six months ended 30 September 2010 vs six months ended 30 September 2009

For the six months ended 30 September 2010, the Group recorded the unaudited turnover of approximately RMB1.64 million, representing a reduction of approximately 51.46% as compared with that of the corresponding period of the preceding financial year. During the same period, the Group recorded the unaudited consolidated net loss of approximately HK\$6.64 million as compared to the net loss of approximately HK\$29.95 million for the corresponding period of the preceding financial year.

According to the interim report of the Group for the six months ended 30 September 2010, the drop of the turnover was mainly due to termination and rearrangement of certain operating leases during such period. On the other hand, the decrease in the net loss of the Group was mainly due to the change in fair value of the convertible bonds and the one-off disposal of the investment properties last year. As mentioned earlier, due to the fact that the Mine is still in the development stage, no turnover was recorded from the Mine during the period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RIGHTS ISSUE

Reasons for the Rights Issue

As stated in the “Letter from the Board”, 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. The Company intends to apply the net proceeds of approximately HK\$326.41 million from the Rights Issue as to (i) not more than HK\$180 million for the reduction of the liabilities of the Company, including but not limited to, the possible redemption of the Convertible Bonds with outstanding principal amount of HK\$180 million; and (ii) the remaining balance for financing any future investment opportunities identified/to be identified by the Company (including but not limited to the possible acquisition of the oilfield in Nevada). According to the Company, in the event that such possible acquisition is not materialized, the Company will apply those proceeds for general corporate and working capital requirements of the Group, including but not limited to, the exploitation of copper and molybdenum in the Mine.

According to the 2010 Annual Report, the Group has disposed one of its investment properties in Shanghai for a cash consideration of RMB40 million in order to strengthen the Company’s cash position and reduce its debts and interest burden in the future. In addition, the Group incurred a loss attributable to the owners of the Company of approximately RMB19.18 million and negative operating cash flows of approximately RMB13.23 million during the year. As disclosed in the independent auditor’s report (the “Auditors’ Report”) in the 2010 Annual Report, the auditors of the Company have given a modified opinion on the Company’s accounts for the year ended 31 March 2010. The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a loss attributable to the owners of the Company of approximately RMB19.18 million and negative operating cash flows of approximately RMB13.23 million during the year. In the opinion of the Company’s auditors, these conditions indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as a going concern.

As discussed with the Company, the net proceeds from the Rights Issue is essential for the Company to improve its financial position, to finance any future investment opportunities identified/to be identified by the Company and to apply for exploitation work on the Mine. As noted from the “Letter from the Board”, the Group has already commenced the preparation work for open pit mining, ore processing and other ancillary works and has completed the evaluation on the geological and hydrological environment of the Mine. It is expected that the Mine will be commenced commercial production around 18 months after the completion of the development stage, which is expected to be in 2012.

Having considered the facts that (i) the Group has been making losses for the year ended 31 March 2010 and for the six months ended 30 September 2010 and the negative operating cash flows of RMB13.23 million for the year ended 30 March 2010; (ii) the Group needed cash to fund the operations of the Mine; (iii) the net proceeds raised by the Rights Issue could improve the financial position of the Company and to finance the future investment opportunities identified/to be identified by the Company and (iv) the Rights Issue will enable the Shareholders to maintain their respective pro rata shareholdings in the Company and participate in the future growth and development of the Group, we concur with the Directors that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Principal terms of the Rights Issue

(A) *Basis*

The Rights Issue is on the basis of thirty (30) Rights Shares for every one (1) existing Share held on the Record Date at the Subscription Price. The Rights Shares, when allotted and fully paid, will rank pari passu in all respects with the Shares then in issue. Holders of the fully-paid Rights Shares will be entitled to receive all full future dividends and distributions which are declared, made or paid after the date of allotment of the Rights Shares in their fully-paid form.

(B) *Subscription Price*

The Subscription Price of HK\$0.068 per Offer Share is 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:

- (i) a discount of approximately 83.61% to the closing price per Share of HK\$0.415 as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 13.92% to the theoretical ex-rights price of approximately HK\$0.079 per Shares based on the closing price of HK\$0.415 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (iii) a discount of approximately 85.22% to the average closing price of approximately HK\$0.460 for the last 5 consecutive trading days up to and including the Last Trading Day;
- (iv) a discount of approximately 21.84% to the theoretical ex-rights price of approximately HK\$0.087 per Share based on the closing price of HK\$0.650 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- (v) a discount of approximately 89.54% to the closing price per Share of HK\$0.650 as quoted on the Stock Exchange on the Latest Practicable Date.

As stated in the “Letter from the Board”, the Subscription Price was arrived at after arm’s length negotiation between the Company and the Underwriter with reference to the current market price and the trading liquidities of the Shares prior to the Last Trading Price. As the Rights Shares are offered to all Qualifying Shareholders, the Directors would like to set the Subscription Price as a deeper discount to the recent closing prices of the Shares with an objective to encourage the existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future. The Directors consider the Subscription Price is fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Analysis on the Subscription Price

(i) Comparison with other rights issue

To assess the fairness and reasonableness of the Subscription Price, we set out the following analysis for illustrative purpose for the Independent Board Committee and the Independent Shareholders' consideration. To the best of our knowledge, we have identified and reviewed 19 rights issue (the "Market Comparables") by companies which are listed on the main board and GEM of the Stock Exchange from 1 November 2010 up to the Last Trading Day, which is considered exhaustive, for comparison purpose. We noted that the business activities of the Market Comparables are not directly comparable to those carried out by the Group. We are of the view that industry comparison would not be relevant to the terms of the rights issues carried out by listed companies as the terms of the rights issue are largely determined by reference to the stock market conditions and are specific to every single company. Since the Market Comparables are the most recent rights issue transactions announced to the public, we consider that the Market Comparables could represent the recent trend of the rights issue transactions in the prevailing market condition. Set out below are the Market Comparables:

Company name	Stock code	Date of announcement	Basis of entitlement	Discount of the subscription price to closing price per share on the last trading day prior to/on the date of announcement in relation to the respective rights issue %	Discount of the subscription price to theoretical ex-rights price per share based on the closing price per share on the last day prior to/ on the date of announcement in relation to the respective rights issue %	Underwriting commission %
China Construction Bank Corporation	939	2 November 2010	0.7 for 10	42.70	41.00	Information not available
Industrial and Commercial Bank of China Limited	1398	10 November 2010	0.45 for 10	47.40	46.20	Information not available
Dah Sing Financial Holdings Limited	440	16 November 2010	1 for 8	39.97	37.18	2.25
Dah Sing Banking Group Limited	2356	16 November 2010	1 for 10	40.94	38.65	2.25
Forefront Group Limited	885	25 November 2010	8 for 1	86.56	41.59	3.00
China Yunnan Tin Minerals Group Company Limited	263	29 November 2010	8 for 1	87.80	44.44	3.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company name	Stock code	Date of announcement	Basis of entitlement	Discount of the subscription price to closing price per share on the last trading day prior to/on the date of announcement in relation to the respective rights issue %	Discount of the subscription price to theoretical ex-rights price per share based on the closing price per share on the last day prior to/ on the date of announcement in relation to the respective rights issue %	Underwriting commission %
Champion Technology Holdings Limited	92	1 December 2010	4 for 9	37.80	29.60	2.50
Shangri-La Asia Limited	69	9 December 2010	1 for 12	5.80	5.40	1.00
Wang On Group Limited	1222	13 December 2010	8 for 1	87.65	37.89	3.00
Culturecom Holdings Limited	343	17 December 2010	1 for 2	41.70	32.70	Information not available
Zhongtian International Limited	2379	17 December 2010	10 for 1	96.70	72.50	0.00
V.S. International Group Limited	1002	22 December 2010	1 for 3	18.37	14.44	0.00
Pan Asia Mining Limited	8173	23 December 2010	5 for 1	74.36	32.58	2.50
Easyknit Enterprises Holdings Limited	616	5 January 2011	1 for 2	34.00	25.50	1.00
Heritage International Holdings Limited	412	6 January 2011	1 for 2	35.06	26.47	2.50
Capital VC Limited	2324	12 January 2011	1 for 2	28.57	21.05	3.00
Sheng Yuan Holdings Limited	851	21 January 2011	2 for 5	46.84	38.24	1.50
China 3D Digital Entertainment Limited	8078	1 February 2011	7 for 1	95.24	71.43	2.00
The Wharf (Holdings) Limited	4	10 February 2011	1 for 10	31.00	29.00	1.25
Range of discount/underwriting commission				5.80 to 96.70	5.40 to 72.50	0.00 to 3.00
Average				-51.51	-36.11	1.92
The Company	736	16 February 2011	30 for 1	-83.61	-13.92	3.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As illustrated above, the subscription prices of the 19 Market Comparables were all set at a discount to their respective closing prices of the shares on the last trading day prior to the release of the relevant announcements of the rights issue. The discount of the subscription price to the closing price on the last trading day prior to the announcements of the Market Comparables ranged from 5.80% to 96.70% (the “Relevant Range 1”) with the average of approximately 51.51%. We note that the discount of approximately 83.61% of the Subscription Price to the closing price per Share on the Last Trading Day falls within the Relevant Range 1, but is higher than the average of the Market Comparables.

The discounts of the subscription prices to the theoretical ex-rights price on the last trading day prior to the announcements of the Market Comparables ranged from approximately 5.40% to 72.50% (the “Relevant Range 2”) with the average of approximately 36.11%. We also note that the discount of approximately 13.92% of the Subscription Price based on the closing price per Share also falls within the Relevant Range 2 to the theoretical price, and is lower than the average of the discount of the Market Comparables.

Given that both the discounts of the Subscription Price of approximately 83.61% and 13.92% fall within the Relevant Range 1 and the Relevant Range 2 respectively and do not significantly deviate from the average of the discounts of the Market Comparables, we consider that deep discount of the subscription prices presents an opportunity for the Qualifying Shareholders to take up the Rights Shares at a more attractive price.

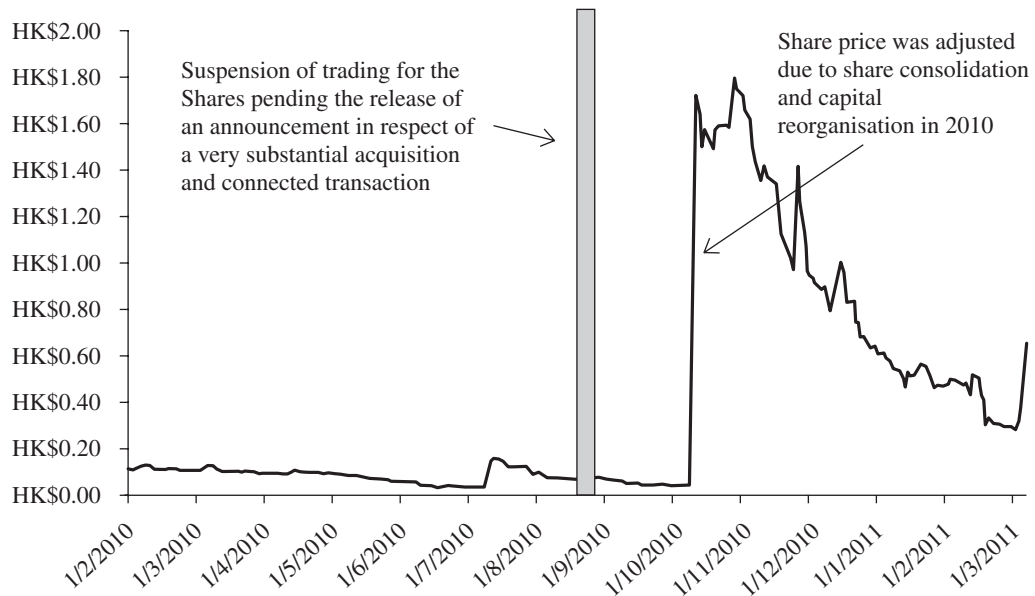
As a matter of fact, the basis of entitlement for the 19 Market Comparables were all in a relatively low offer ratio. We also note that it is common for the listed issuers in Hong Kong to offer high discount of the subscription prices with the higher offer ratio to the shareholders in order to enhance the attractiveness of the rights issues. Having considered that the continued loss incurred from the operations of the Group and the negative operating cash flows of the Group as at 31 March 2010, we understand that the Company needed to set the Subscription Price at a deep discount with a high offer ratio to enhance the attractiveness of the Rights Issue. Therefore, we are of the view that the Subscription Price is fair and reasonable so far as the Shareholders are concerned as all Qualifying Shareholders are offered an equal opportunity to participate in the enlargement of the capital base of the Company at a price below the closing price of the Shares on the Last Trading Day and the discount is in line with the normal market practice.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

(ii) Share price performance

The following chart shows the closing prices of the Shares traded on the Stock Exchange (before adjusting the effects of the share consolidation) since February 2010 up to and including the Latest Practicable Date (the “Review Period”):

Chart 1: Closing prices of the Shares traded on the Stock Exchange (before adjusting the effects of the share consolidation)

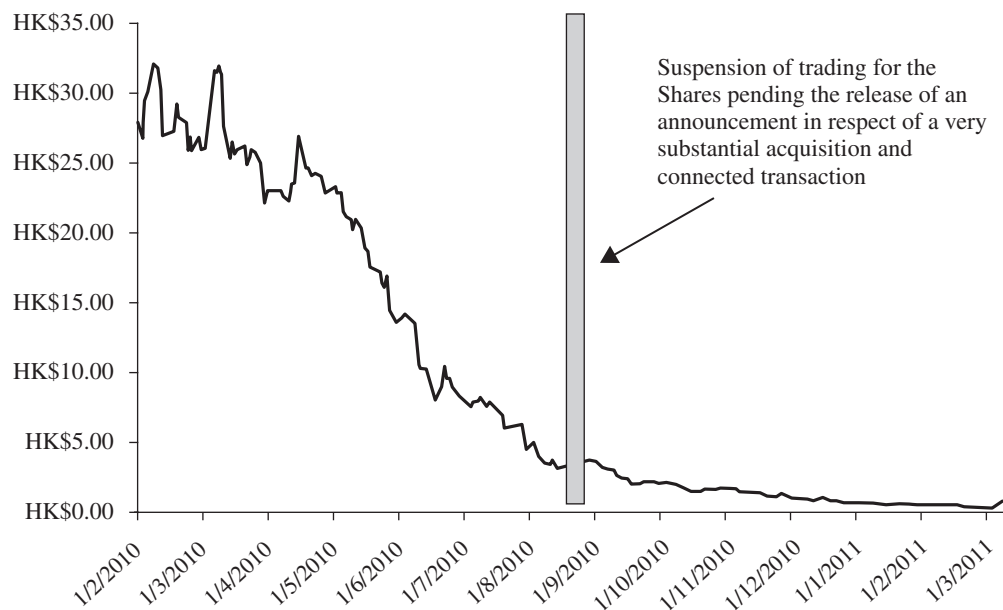


During the Review Period, the trading of the Shares was suspended from 19 August to 26 August 2010 pending the release of an announcement in relation to a very substantial acquisition and connected transaction. As shown in the chart 1 above, we note that the closing price of the Shares have been continuously falling after the capital reorganization being effective on 11 October 2010. The highest and the lowest closing prices of the Shares during the Review Period were HK\$1.80 per Share on 28 October 2010 and HK\$0.03 per Share on 5 July 2010 respectively.

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The following chart also shows the closing prices of the Shares traded on the Stock Exchange (after adjusting the effects of the share consolidation) since February 2010 up to and including the Latest Practicable Date (the “Review Period”):

Chart 2: Closing prices of the Shares traded on the Stock Exchange (after adjusting the effects of the share consolidation)



Note: The Share price was adjusted due to (i) the share consolidation (on the basis of every five (5) issued and unissued shares were consolidated into one (1) Share) which was effective on 12 July 2010 and (ii) the capital reorganization (on the basis of every fifty (50) issued and unissued shares were consolidated into one (1) Share) which was effective on 11 October 2010.

According to the chart 2 above, the highest and the lowest closing prices of the Shares (after adjusting the effects of the share consolidation) during the Review Period were HK\$32.25 per Share on 8 February 2010 and HK\$0.30 per Share on 17 and 24 February 2011 respectively.

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(iii) Historical trading volume of the Shares

The following table also sets out (i) the total trading volume of the Shares in each month, (ii) the average daily trading volume of the Shares in each month and (iii) the percentage of the average daily trading volume of the Shares in each month to the total number of Shares in issue respectively during the Review Period:

	Total trading volume of the Shares in each month <i>(Number of Shares)</i>	Average daily trading volume of the Shares in each month <i>(Number of Shares)</i>	Average daily trading volume of the Shares in each month to the total number of Shares in issue <i>(%)</i> <i>(Note 1)</i>
2010			
February	1,786,300,000	99,238,889	2.60
March	3,390,445,200	147,410,661	3.24
April	2,188,993,150	115,210,166	2.28
May	1,552,575,000	77,628,750	1.54
June	3,265,887,000	155,518,429	2.53
July	567,877,100	27,041,767	1.89
August	1,162,331,800	72,645,738	3.98
September	1,834,218,800	87,343,752	4.00
October	187,133,220	9,356,661	17.18
November	202,022,253	9,182,830	10.34
December	101,539,547	4,615,434	3.32
2011			
January	91,019,780	4,334,275	3.12
February	241,352,160	13,408,453	8.09
March (up to and including the Latest Practicable Date) <i>(Note 5)</i>	176,761,702	35,352,340	21.32

Source: Website of the Stock Exchange

Notes:

1. Calculated based on the number of the issued Shares in issue at the end of each month.
2. Trading in the Shares was suspended from 19 August 2010 to 26 August 2010 (both days inclusive).
3. Share consolidation (on the basis of every five issued and unissued shares were consolidated into one Shares) was effective on 12 July 2010.
4. Capital reorganization (on the basis of every fifty issued and unissued shares were consolidated into one share) was effective on 11 October 2010.
5. For comparison proposes, the trading volume in March 2011 is not included in our analysis since there are only 5 trading days from 1 March 2011 to the Latest Practicable Date.

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As shown from the above table, the average daily trading volume of the Shares per month during the Review Period were relatively thin, representing less than 5% of the total Shares in issue, except for the months of October 2010, November 2010 and February 2011 where there had been exceptional share trading volatility. During the Review Period (excluding March 2011), the highest daily average trading volume of the Shares to the total number of Shares in issue were approximately 17.18% (after share consolidation and capital reorganization) in October 2010 and the lowest daily average trading volume of the Shares to the total number of Shares in issue were approximately 1.54% (before share consolidation) in May 2010, representing.

(iv) Our view

Having considered i) the volatility of the market price of the Shares during the Review Period; ii) the downward trend of the Share price during the Review Period; and iii) the low trading liquidity of the Shares during the Review Period, we concur with the view of the Directors that it would be difficult to attract the Qualifying Shareholders to take up their respective allotments in the Rights Issue if the Subscription Price was not set at relatively deep discount to the historical market price of the Shares. In addition, it is the normal market practice that the subscription price of a rights issue represents a discount to the prevailing market prices of the relevant shares. We concur with the view of the Directors that the Subscription Price was arrived at after arm's length negotiation between the Company and the Underwriter with reference to the market price of the Shares and the prevailing market conditions.

We also consider that in the event the Qualifying Shareholders do not accept the Rights Shares to which they are entitled, the Underwriter would have to take up the unsubscribed Rights Shares and such arrangement will guarantee the Company to raise enough proceeds for its working capital. On the basis that (i) the net proceeds of approximately HK\$326.41 million will be raised for the Group; (ii) the Subscription Price was determined after arm's length negotiations between the Company and the Underwriter and (iii) the Rights Issue enables the Qualifying Shareholders to maintain their proportionate interests in the Company and provides an equal opportunity among the Qualifying Shareholders, we consider that the Rights Issue is in the interests of the Company and the Shareholders as a whole.

(C) Underwriting Arrangement

Undertakings

According to the "Letter from the Board", Ms. Yu is interested in 2,050,521 Shares (representing approximately 1.24% of the issued share capital of the Company) as at the Latest Practicable Date. 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.

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In addition, there are outstanding (i) convertible bonds with an aggregate principal amount of HK\$180 million convertible into 42,352,941 new Shares at the conversion price of HK\$4.25 per conversion share (subject to adjustments) and (ii) share options of 282,160 exercisable into 282,160 new Shares at the exercise price of HK\$150 (subject to adjustments) as at the Latest Practicable Date. The CB Holder has undertaken to the Company that it shall not exercise any conversion right attached to the outstanding Convertible Bonds up to and including the Record Date and the Share Option Holders have signed irrevocable undertakings to the Company that they shall not exercise any of the share options up to and including the Record Date.

Underwriting Commission and other terms of the Underwriting Agreement

According to the section headed “Terms of the Underwriting Agreement” in the “Letter from the Board”, the Company will pay the Underwriter an underwriting commission of 3% of the aggregate Subscription Price of up to 4,912,977,810 Rights Shares to be underwritten by the Underwriter and will be payable by the Company to the Underwriter.

To assess the fairness and reasonableness of the underwriting commission, we have researched for the rights issues conducted by other companies listed in Hong Kong from 1 November 2010 up to the Last Trading Day (the “Underwriting Commission Comparables”) and we noted from the Underwriting Commission Comparables, which are exhaustive from our research results, that the underwriting commission falls into the range from 0% to 3%. As such, the underwriting commission of 3% falls within the range, but is above the average underwriting commission of 1.92% for the Underwriting Commission Comparables. In light of the financial conditions of the Group as mentioned under the section headed “Background and financial information of the Group”, we are of the view that the underwriting commission paid to the Underwriter is in line with the market and is fair and reasonable so far as the Independent Shareholders are concerned.

Saved for the underwriting commission, we have also reviewed other major terms of the Underwriting Agreement including, but not limited to, the termination of the Underwriting Agreement and the conditions of the Rights Issue and we are not aware of any unusual terms. As such, we are of the view that the terms of the Underwriting Agreement are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Application for excess Rights Shares

According to the “Letter from the Board”, 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. 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. We have

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reviewed such arrangement and compared with the arrangements of those Market Comparables which also offered excess applications for the Rights Shares. We note that the arrangement is the same as the relevant arrangements of most of the Market Comparables. Accordingly, we consider that arrangement is in line with normal market practice.

Sub-underwriting arrangement

As mentioned in the “Letter from the Board”, 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. As discussed with the Directors, so far as the Company is aware, each of the Underwriter and the sub-underwriters (and their respective ultimate beneficial owners) are Independent Third Parties.

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 Company complies the public float requirements under the Listing Rules.

Risks associated with the Rights Issue

As stated in the “Letter from the Board”, Shareholders should note that the Rights Issue is conditional upon, among others, the Underwriting Agreement having become unconditional and the Underwriter not having terminated the Underwriting Agreement in accordance with the terms thereof (a summary of which is set out in the sub-paragraph headed “Termination of the Underwriting Agreement” in the “Letter from the Board”). As such, the Rights Issue may or may not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

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Potential dilution effect of the Rights Issue on shareholding interests

The shareholding structure of the Company as at the Latest Practicable Date to immediately after completion of the Rights Issue (assuming no further Shares being issued or Shares being repurchased after the Latest Practicable Date) is set out below:

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			Assuming all Qualifying Shareholders take up their assured entitlement of Rights Shares		Assuming no Qualifying Shareholders take up their assured entitlement of Rights Shares (save for Ms. Yu)	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Ms. Yu (<i>Note 1</i>)	2,050,521	1.24	63,566,151	1.24	63,566,151	1.24
The Underwriter (<i>Note 2</i>)	-	-	-	-	4,912,977,810	95.58
Public Shareholders	<u>163,765,927</u>	<u>98.76</u>	<u>5,076,743,737</u>	<u>98.76</u>	<u>163,765,927</u>	<u>3.18</u>
Total	<u>165,816,448</u>	<u>100.00</u>	<u>5,140,309,888</u>	<u>100.00</u>	<u>5,140,309,888</u>	<u>100.00</u>

Notes:

1. As at the Latest Practicable Date, Ms. Yu (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 her 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 Takeovers Code) will not own 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue. According to the "Letter from the Board", 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 all Qualifying Shareholders are entitled to subscribe for the Rights Shares, the Qualifying Shareholders will be able to maintain their proportional interests in the Company if they take up their assured allotments under the Rights Issue in full. In all cases of rights issues and open offers, the dilution on the shareholding of those Qualifying Shareholders who do not take up in full their assured entitlements under the Rights Issue is inevitable. In such case, where all Qualifying Shareholders do not accept the Rights Issue and thus the Underwriter is obliged to take up the unsubscribed Rights Shares, the Qualifying Shareholders' shareholding interests in the Company will be diluted by a maximum of 95.58%.

Based on the above and taking into account (i) the inherent dilutive nature of rights issue in general and (ii) the Rights Issue offering an equal opportunity to the Qualifying Shareholders to maintain their proportionate interests in the Company, we are of the view that such potential dilution of the Rights Issue on the shareholding of the Shareholders is acceptable.

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Financial impacts of the Rights Issue

(A) *Net asset value*

The statement of the unaudited pro forma adjusted consolidated net tangible assets of the Group (the "Statement") based on the unaudited adjusted consolidated net tangible assets of the Group as at 30 September 2010 adjusted by the effect of the Rights Issue on the net tangible assets of the Group is set out in Appendix II to the Circular.

The unaudited adjusted consolidated net tangible assets of the Group attributable to the equity owners of the Company as at 30 September 2010 were approximately RMB263.20 million. Based on 165,816,448 Shares in issue as at the Latest Practicable Date and immediately before completion of the Rights Issue, the net tangible assets of the Group per Share was approximately RMB1.59. According to the Statement, the unaudited pro forma adjusted consolidated net tangible assets of the Group will be approximately RMB543.98 million as a result of the inflow of the estimated net proceeds from the Rights Issue of approximately RMB280.78 million.

However, the unaudited pro forma adjusted consolidated net tangible assets per Share will decrease from approximately RMB1.59 per Share to approximately RMB0.11 per Share (based on 5,140,309,888 Shares in issue and the unaudited adjusted pro forma consolidated net tangible assets of the Group of approximately RMB543.98 million as at 30 September 2010) immediately following the completion of the Rights Issue due to the fact that the Rights Shares will be issued at a discount to the consolidated net tangible assets per Share.

(B) *Gearing Ratio*

According to the 2010 Annual Report, the total borrowings of the Group was approximately RMB58.50 million and the gearing ratio (adjusted net debt to total capital of the Company) of the Group was approximately 8% as at 31 March 2010. As confirmed by the Company, it is expected that the gearing ratio will be improved as the Company intends to use the net proceeds of the Rights Issue to finance the early redemption of the Convertible Bonds which has an outstanding principal amount of HK\$180 million.

(C) *Liquidity*

As at 31 March 2010, the cash and cash equivalents of the Group amounted to approximately RMB73.78 million. The net proceeds of the Rights Issue of approximately RMB280.78 million is expected to enhance the Group's current assets value. Hence, the cash position and financial liquidity of the Company will be further strengthened.

Although the unaudited pro forma adjusted consolidated net tangible assets per Share will decrease upon completion of the Rights Issue, we consider that the Rights Issue can (i) enhance the unaudited pro forma adjusted consolidated net tangible assets; (ii) reduce the gearing level of the Group and (iii) improve the cash position and financial liquidity of the Group, and hence consider that the Rights Issue is in the interests of the Company and the Independent Shareholders as a whole.

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REFRESHMENT OF GENERAL MANDATE

Background of the Refreshment of General Mandate

At the special general meeting of the Company held on 20 January 2011, the Independent Shareholders approved an ordinary resolution to grant to the Directors the Existing Issue Mandate to allot up to 27,763,289 Shares.

As at the Latest Practicable Date, 97.25% of the Existing Issue Mandate has been utilized as a result of the placing of new Shares (the "Placing") that were placed to not less than six independent places. The Company raised the net proceeds of approximately HK\$10.50 million which was planned to utilize as the early redemption of the convertible bonds and the general working capital of the Group.

The Company proposed to raise the net proceeds of approximately HK\$326.49 million from the Rights Issue (assuming that there is no new Shares being issued or no Shares being repurchased by the Company, no conversion on the Convertible Bonds and no exercise of the Share Options on or before the Record Date). As a result of the Rights Issue, the actual number of Shares to be allotted will be increased from 165,816,448 Shares to 5,140,309,888 Shares. In this respect, the Board considers that (i) it is necessary to refresh the Existing Issue Mandate to reflect the additional number of Shares that may be authorized for issue after the completion of the Rights Issue (which is subject to, among other things, the approval of the Independent Shareholders in the First SGM). According to the Company, the Board considers that it is in the best interests for the Company to have additional options when considering fund raising activities in the future as the equity financing (i) does not incur any interest payment obligations on the Group as compared with bank financing; (ii) less costly and time-consuming than raising funds by way of rights issue or open offer and it is not guaranteed that the underwriter of another rights issue or open offer could fulfill the capital requirements of the Company and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunities as and when it arises. Although the Company has proposed to raise funds by way of the Rights Issue, the Board considers that it is in the best interests for the Company to have additional options when considering fund raising activities in the future.

As advised by the Directors, the next annual general meeting of the Company will not be convened until around August 2011, which is around five months away from the Latest Practicable Date. In the event that the Existing Issue Mandate is not to be refreshed at the Second SGM, the Company will not have sufficient general mandate to issue new shares to raise funds for further development of the Group. According to the "Letter from the Board", based on the preliminary capital requirement forecasted by the Company pursuant to the memorandum of understanding for the possible acquisition of the oilfield in Nevada, a refundable deposit of up to US\$150 million (approximately HK\$1,170 million) shall be paid to the vendors and up to US\$19 million (approximately HK\$148.20 million) was paid before the Latest Practicable Date. As stated in the "Letter from the Board", the Company is in the final negotiation with the vendors on the terms and conditions of the sale and purchase agreement and as at the Latest Practicable Date, the Company and the vendor are still in negotiation on the timetable for the payment of the remaining deposits. In the event that such possible acquisition is materialized, the Group may not have sufficient cash to settle the remaining deposit of US\$131

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million (approximately HK\$1,021.8 million), even though the Company raise the net proceeds of HK\$326.49 million from the Rights Issue. In view of the current financial situation of the Group and the Company will not have sufficient cash to settle the remaining deposit for the possible acquisition of the oilfield in Nevada, we concur with the Directors' view that it is crucial for the Company to obtain the Issue Mandate from the Independent Shareholders such that the Company can have additional options when conducting fund raising activities.

Flexibility in financing

Upon our enquiry, the Directors confirmed that the Group had approximately HK\$9.46 million of cash and bank balances as at 28 February 2011. Coupled with the net proceeds of approximately HK\$326.49 million from the Rights Issue, the cash and bank balances of the Group is estimated to be approximately HK\$335.95 million. Although the Group is expected to have sufficient cash on hand after the Rights Issue, the Directors consider that the Refreshment of General Mandate can provide the Company with the capability to capture any fund raising or prospective investment opportunity as and when it arises. Given the financial flexibility available to the Company as discussed above and it is in the best interests for the Company to have additional options when considering fund raising activities in the future, we are of the opinion that the Refreshment of General Mandate is in the interests of the Company and the Shareholders as a whole.

Reasons for the Refreshment of General Mandate

The Board considers that (i) it is necessary to refresh the Existing Issue Mandate given that the number of issued Shares may be increased substantially as a result of the Rights Issue; (ii) it is in the best interests for the Company to have additional options when considering fund raising activities in the future as the equity financing (i) does not incur any interest paying obligations on the Group; (ii) less costly and time-consuming than raising funds by way of rights issue or open offer and it is not guaranteed that the underwriter could fulfill the capital requirements of the Company and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunities as and when it arise. We consider that the equity financing through utilization of the Issue Mandate (i) does not incur any interest payment obligation on the Group as compared with bank financing; (ii) is less costly and time-consuming than raising funds by way of rights issue or open offer and it is not guaranteed that the underwriter of another rights issue or open offer could fulfill the capital requirements of the Company; and (iii) provides the Company with the capability to capture any capital raising or prospective investment opportunity as and when it arises. Furthermore, it is not the best way for the Group to incur additional bank borrowings and debt financing as the Group recorded the net loss consecutively for the past few years and the ability to obtain bank borrowings usually depends on the Company's profitability, financial position and the then prevailing market condition. The approval of bank borrowings is also subject to lengthy due diligence and negotiations with the banks.

As stated in the "Letter from the Board", based on the preliminary capital requirement forecasted by the Company, the Company has plans to continue the exploitation work of the Mine and the oil and gas business in Nevada. In view of all of the foregoing, it is important for the Company to obtain the Issue Mandate from the Independent Shareholders, so that the Company can have more flexibility when conducting fund raising activities.

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Fund raising activities of the Company in the past twelve months

Date of announcement/ Supplemental announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
27 January 2011	Placing of 27,000,000 new Shares	Approximately HK\$10.5 million	For early redemption of the convertible bonds as states in the announcement of the Company dated 16 November 2010 and for general working capital of the Group	Used as approximately HK\$1 million for professional fees and working capital and the remaining balance is held as deposit at bank
20 September 2010 (as supplemented by the announcements on 25 November 2010 and 16 November 2010)	Placing of convertible bonds of up to an aggregate amount of HK\$100 million	Approximately HK\$96.5 million	For financing the possible acquisition of Pure Power Holdings Limited as set out in the Company's announcement dated 21 June 2010 and general working capital of the Group and for early redemption of part of the convertible bonds set out in the Company's announcement dated 25 November 2010	Used as intended
6 September 2010	Placing of 360,000,000 new Shares	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

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Date of announcement/ Supplemental announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of the net proceeds	Actual use of the net proceeds
5 August 2010	Top-up placing of up to 100,000,000 existing Shares, subscription for new Shares and placing of up to 180,000,000 new Shares	Approximately HK\$20.3 million	For the possible acquisition of Sinowood Holdings Limited as 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	Placing of up to 500,000,000 existing Shares and subscription for 500,000,000 new Shares	Approximately HK\$18.8 million	For the possible acquisition of Sinowood Holdings Limited as 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	Placing of up to 500,000,000 existing Shares and subscription for 500,000,000 new Shares	Approximately HK\$26.6 million	For the possible acquisition of Sinowood Holdings Limited as set out in the Company's announcement dated 24 March 2010 and for general working capital	Used as intended
26 March 2010	Placing of up to 510,000,000 existing Shares, subscription for 510,000,000 new Shares and placing of 90,000,000 new Shares	Approximately HK\$48.5 million	For the possible acquisition of Sinowood Holdings Limited as announced by the Company's announcement on 24 March 2010 and general working capital	Used as intended

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According to the latest interim report of the Company, the unaudited cash and cash equivalents of the Company was approximately RMB17.04 million and the total bank borrowings of approximately RMB57.00 million as at 30 September 2010. Taking into account of the Rights Issue and the use of proceeds as mentioned above, we are of the view that the existing cash resources of the Group should be sufficient for the Group to conduct its daily operations and meet its present requirements. However, there is no certainty that such cash resources will be adequate for the business development and acquisition of appropriate investments that may be identified by the Company in the future. In the event that the Company identifies a suitable and attractive investment opportunity but does not have sufficient financial resources on hand, or cannot find other alternatives to finance such investment opportunities in a timely manner, the Company may lose its chances to capture a favorable opportunity to expand its business portfolio. In this respect, the Directors believe that the Refreshment of General Mandate could allow the Group to capture investment opportunities which may arise at any time and require prompt investment decision by the Group.

In addition, the Issue Mandate will, if granted, remain effective until the earliest of (i) the conclusion of the next annual general meeting of the Company; (ii) the date by which the next annual general meeting of the Company is required by law or the Company's Bye-Laws to be held; or (iii) the date upon which authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company. Such duration is in compliance with Rule 13.36(3) of the Listing Rules.

Based on the foregoing and taking into account the Rights Issue has not yet been completed and/or approved by the Independent Shareholders, we are of the opinion that the Refreshment of General Mandate would provide the Company with the necessary flexibility to fulfill any possible funding needs for the Group's prospective investment opportunity and future business development. Consequently, we are of the view that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned.

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Potential dilution to shareholding of the existing public Shareholders

The table below sets out two scenarios for shareholding structure of the Company in the event that (i) the Rights Issue is completed or (ii) the Rights Issue fails to proceed:

Scenario (i):

Assuming that there is no new Shares being issued/no Shares being repurchased by the Company, on or before the Record Date and the Rights Issue is completed:–

Shareholders	As at the Latest Practicable Date		Immediately after completion of the Rights Issue (assuming all Qualifying Shareholders take up their assured entitlement of Rights Shares)		Immediately after completion of the Rights Issue, assuming no Qualifying Shareholders take up their assured entitlement (Except Ms. Yu)		After full utilization of the Issue Mandate (assuming all Qualifying Shareholders take up their assured entitlement of Rights Shares)		After full utilization of the Issue Mandate (Except Ms. Yu, assuming no Qualifying Shareholders take up their assured entitlement of Rights Shares)	
	Number of Shares	%	Number of shares	%	Number of shares	%	Number of shares	%	Number of shares	%
Ms. Yu (<i>Non-executive Director</i>)	2,050,521	1.24	63,566,151	1.24	63,566,151	1.24	63,566,151	1.03	63,566,151	1.03
Underwriter	–	–	–	–	4,912,977,810	95.58	–	–	4,912,977,810	79.65
Public Shareholders	163,765,927	98.76	5,076,743,737	98.76	163,765,927	3.18	5,076,743,737	82.30	163,765,927	2.65
New Shares available to be issued under the Issue Mandate	–	–	–	–	–	–	1,028,061,977	16.67	1,028,061,977	16.67
Total	165,816,448	100.00	5,140,309,888	100.00	5,140,309,888	100.00	6,168,371,865	100.00	6,168,371,865	100.00

Scenario (ii):

Assuming that there is no new Shares being issued/no Shares being repurchased by the Company, on or before the Record Date and the Rights Issue fails to proceed:–

Shareholders	As at the Latest Practicable Date		After full utilization of the Issue Mandate (subject to the passing of the proposed relevant resolution for the Refreshment of General Mandate)	
	Number of Shares	%	Number of Shares	%
Ms. Yu (<i>Non-executive Director</i>)	2,050,521	1.24	2,050,521	1.03
Public Shareholders	163,765,927	98.76	163,765,927	82.30
New Shares available to be issued under the Issue Mandate	–	–	33,163,289	16.67
Total	165,816,448	100.00	198,979,737	100.00

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As illustrated above in the Scenario (i), the shareholding of the existing public Shareholders would be decreased from approximately 98.76% to approximately 82.30% based on the assumption that all Qualifying Shareholders take up their assured entitlement of Rights Shares and upon full utilization of the Issue Mandate, which represents a dilution of approximately 16.46%. On the other hand, the shareholding of the existing public Shareholders would be decreased from approximately 3.18% to approximately 2.65% based on the assumption that no Qualifying Shareholders take up their assured entitlement of Rights Shares and upon full utilization of the Issue Mandate, which represents a dilution of approximately 0.53%.

Moreover, the scenario (ii) illustrates that the shareholding of the existing public Shareholders would be diluted from approximately 98.76% (based on the assumption that no new Shares being issued/no Shares repurchased by the Company, before the Record Date and the Rights Issue fails to proceed) to approximately 82.30%, which represents a dilution of approximately 16.46%.

Taking into account the benefits of the refreshment of the Existing Issue Mandate as mentioned above and the fact that shareholdings of all existing Shareholders would be diluted to the same extent upon any utilization of the Issue Mandate, we consider that the potential dilution of the shareholdings of the existing public Shareholders upon the utilization of the Issue Mandate is acceptable.

RECOMMENDATION

Having considered the above principal factors and reasons, we are of the view that the Rights Issue, the terms of the Underwriting Agreement and the transaction(s) contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue and the entering into of the Underwriting Agreement are in the interests of the Company and the Independent Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the ordinary resolution(s) to be proposed at the upcoming First SGM to approve the Rights Issue, the Underwriting Agreement and the transaction(s) contemplated thereunder.

On the other hand, taken into consideration the reasons for the Refreshment of General Mandate, the flexibility in financing and the fact that shareholdings of all existing Shareholders would be diluted to the same extent upon any utilization of the Issue Mandate, we are of the view that the Refreshment of General Mandate is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the relevant resolution(s) in relation to the Refreshment of General Mandate at the Second SGM.

Yours faithfully,
For and on behalf of
Bridge Partners Capital Limited
Monica Lin
Managing Director

FINANCIAL INFORMATION INCORPORATED BY REFERENCE

The audited consolidated financial statements of the Group for the year ended 31 March 2008, 31 March 2009 and 31 March 2010, including the notes thereto, have been published in the annual reports of the Company for the year ended 31 March 2008 (pages 25 to 115), 31 March 2009 (pages 21 to 80) and 31 March 2010 (pages 24 to 108) respectively, which are incorporated by reference into this circular. The said annual reports of the Company are available on the Company's website at www.736.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The unaudited consolidated financial statements of the Group for the six months ended 30 September 2010 together with the relevant notes to the accounts are disclosed in the interim report of the Company dated 29 November 2010 (page 2 to 33), which are incorporated by reference into this circular. The said interim report of the Company is available on the Company's website at www.736.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

The financial information regarding the very substantial acquisition announced by the Company on 27 August 2010 has been detailed in the circular of the Company dated 17 September 2010, which is available on the Company's website at www.736.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

STATEMENT OF INDEBTEDNESS

As at the close of business on 31 January 2011, being the latest practicable date for the purpose of ascertaining certain information relating to this indebtedness statement prior to the printing of this circular, the Group had total outstanding borrowings of approximately of HK\$64,535,000 (equivalent to RMB55,500,000), which comprised secured bank loans of approximately HK\$64,535,000 (equivalent to RMB55,500,000). The secured bank loans were secured by the investment properties of the Group of approximately HK\$222,947,000 as at the valuation dated 30 September 2010.

Save for the aforesaid and the Convertible Bonds, the Group did not have any other borrowings or indebtedness in the nature of borrowing of the Group including mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, or any guarantees, or other material contingent liabilities outstanding.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximately rates of exchange prevailing as at 31 January 2011.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 January 2011

WORKING CAPITAL

The Directors, after due and careful enquiry, are of the opinion that, in the absence of unforeseeable circumstances and after taking into account the net proceeds from the Rights Issue and the financial resources available to the Group (including internally generated fund and the available banking facilities), the Group will have sufficient working capital for its present requirements for a period of 12 months from the date of this circular.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2010, being the date to which the latest published audited consolidated accounts of the Group were made up.

**CCIF****CCIF CPA LIMITED**34/F The Lee Gardens
33 Hysan Avenue
Causeway Bay Hong Kong

The Board of Directors
China Properties Investment Holdings Limited
Room 2001, 20/F
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

11 March 2011

Dear Sirs

We report on the unaudited pro forma adjusted consolidated net tangible assets (the “Unaudited Pro Forma Financial Information”) of China Properties Investment Holdings Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), set out in Appendix II to the circular dated 11 March 2011 (the “Circular”) in connection with the proposed rights issue on the basis of thirty rights shares for every one existing share (the “Rights Issue”). The unaudited pro forma financial information on the Group has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Rights Issue might have affected the consolidated net tangible assets of the Group as if the Rights Issue had been taken place at 30 September 2010. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Circular.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING
ACCOUNTANTS**

It is responsibility solely of the directors of the Company to prepare the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

BASIS OF OPINION

We conducted our engagement in accordance with Hong Kong Standard in Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 30 September 2010 or any future dates.

OPINION

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

CCIF CPA Limited

Certified Public Accountants

Hong Kong

Alvin Yeung Sik Hung

Practising Certificate Number P05206

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Unaudited Pro Forma Adjusted Consolidated Net Tangible Assets

The following is an illustrative statement of unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to the equity owners of the Company which has been prepared for the purpose of illustrating the effect of the Rights Issue as if it had been taken place on 30 September 2010 which is based on the unaudited consolidated net assets of the Group as at 30 September 2010, which has been extracted from the Interim Report 2010 of the Group, and adjusted as follows:

Unaudited consolidated net assets of the Group attributable to the equity owners of the Company as at 30 September 2010 RMB'000 (Note a)	Less: Intangible assets RMB'000	Unaudited consolidated net tangible assets of the Group attributable to the equity owners of the Company as at 30 September 2010 RMB'000	Estimated net proceeds from the Rights Issue RMB'000 (Note b)	Unaudited pro forma adjusted consolidated net tangible assets RMB'000	Unaudited Consolidated net tangible assets per Share before Rights Issue RMB (Note c)	Unaudited pro forma adjusted consolidated net tangible assets per Share after Rights Issue RMB (Note d)
762,591	(499,398)	263,193	280,784	543,977	1.59	0.11

The statement is prepared for illustrative purposes only and, because of its nature, it may not give a true picture of the actual financial position of the Group after the completion of the Rights Issue.

Notes:

- a) The unaudited consolidated net assets of the Group attributable to the equity owners of the Company as at 30 September 2010 is extracted from the Condensed Consolidated Statement of Financial Position as contained in the Interim Report 2010 of the Group.
- b) The estimated net proceeds from the Rights Issue are based on the Subscription Price of HK\$0.068 per Rights Share and 4,974,493,440 Rights Shares will be issued, after deduction of the underwriting commission and other related expenses payable by the Company of approximately HK\$11,772,000 (equivalent to RMB10,124,000).
- c) The unaudited consolidated net tangible assets per share before Rights Issue is arrived based on 165,816,448 Shares in issue as at the Latest Practicable Date.
- d) The unaudited pro-forma adjusted consolidated net tangible assets per Share after Rights Issue is arrived based on a total of 5,140,309,888 Shares, which represents 165,816,448 Shares in issue as at the Latest Practicable Date and adjusted for 4,974,493,440 Rights Shares expected to be issued immediately after the completion of the Rights Issue.
- e) The estimated net proceeds from the Rights Issue translated at the exchange rate of RMB0.86 to HK\$1.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue are as follows:

<i>Authorized</i>		<i>HK\$</i>
<u>10,000,000,000</u>	Shares as at the Latest Practicable Date	<u>10,000,000</u>

Assuming no new Shares being issued/no Shares being repurchased by the Company, no conversion of the Convertible Bonds and no exercise of the Share Options on or before the Record Date:

<i>Issued and to be issued:</i>		<i>HK\$</i>
165,816,448	Shares in issue as at the Latest Practicable Date	165,816.45
<u>4,974,493,440</u>	Rights Shares to be issued	<u>4,974,493.44</u>
<u>5,140,309,888</u>		<u>5,140,309.89</u>

All of the Rights Shares to be issued will rank pari passu in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the Convertible Bonds and Share Options, 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.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, no share or loan capital of the Company or any members of the Group had been put under option or agreed conditionally or unconditionally to be put under option and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the Rights Shares.

3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executives of the Company or their respective associates in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

The Company:

Name of Directors	Number of Shares held			Total
	Personal Interests	Corporate Interest	Other Interests	
Ms. Yu Wai Fong (<i>Non-executive Director</i>)	2,050,521	–	–	2,050,521

Long positions in the underlying shares of the Share Options of the Company

Name of Director	Date of grant of the Share Options	Exercise periods of the Share Options	Exercise price per Share	Number of Share Options outstanding	Number of total underlying Shares
Yu Wai Fong	28 November 2007	28 November 2007 to 3 October 2012	HK\$150	70,540	70,540
Au Tat On	28 November 2007	28 November 2007 to 3 October 2012	HK\$150	70,540	70,540

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

Long position in Shares of the Company

Name	Capacity of Shares held	No. of Shares held	Percentage of issued share capital
Star Lucky Group Limited (Note 1)	Beneficial owner	42,352,941	25.54%
Yang Wenhua (Note 2)	Interest of a control corporation	42,352,941	25.54%

Notes:

- As at the Latest Practicable Date, Star Lucky Group Limited was the holder of the Convertible Bonds.
- Star Lucky Group Limited is wholly-owned by Mr. Yang Wenhua who is deemed to be interested in 42,352,941 underlying Shares. Therefore, Mr. Yang Wenhua is taken to be interested in 42,352,941 Shares.

5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 March 2010 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the Group's business which completes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

7. LITIGATION

As at the Latest Practicable Date, save as disclosed below, no member of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

In 1998, the Company brought legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "**Defendants**") for breach of the placing and underwriting agreement dated 9 December 1997 in which the Defendants failed to fulfil their underwriting obligations thereunder and for the recovery of HK\$40 million being the economic loss suffered by the Company together with interest and legal cost. The proceedings are now in pre-trial stage of discovery of documents of the parties and the date of the trial has not been fixed. The last action of the parties to the proceedings took place in middle of 2005 when solicitors acting for the Company in the legal proceedings served a notice to inspect documents to those acting for the Defendants.

In 2008, Shanghai Xiang Chen Hang Place The Industry Co. Limited ("**Shanghai Xiang Chen Hang**"), a wholly-owned subsidiary of the Company, brought legal proceedings against Shanghai Xu Hui (a third party independent of Shanghai Xian Chen Hang and the Company) for refund of the deposit of RMB15,044,347 (equivalent to approximately HK\$15,435,500) (the "**Deposit**") paid by Shanghai Xian Chen Hang together with the accrued interests at an interest rate of 5% per annum (the "**Accrued Interests**") under the agreement dated 10 July 2007 between Shanghai Xiang Chen Hang and Shanghai Xu Hai.

On 17 November 2008, Shanghai Xiang Chen Hang and Shanghai Xu Hui entered into a settlement agreement before 上海徐匯區人民法院 (Shanghai Xu Hui District Court) for refund of the Deposits and Accrued Interests (collectively the "**Outstanding Amounts**") on or before 24 November 2008.

On 1 December 2008, Shanghai Xiang Chen Hang and Shanghai Xu Hui entered into a repayment agreement pursuant to which Shanghai Xu Hui shall repay the Outstanding Amounts in four instalments for the period between 5 December 2008 and 31 March 2009. As represented by the Company, Shanghai Xu Hui has repaid an amount of RMB1,000,000. Shanghai Xiang Chen Hang and Shanghai Xu Hui in the course of negotiation of the repayment of the balance of the Outstanding Amounts.

8. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

9. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions and advices, which are contained in this circular:

Name	Qualification
Bridge Partners Capital Limited	A licensed corporation to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
CCIF CPA Limited	Certified Public Accountants

Each of Bridge Partners Capital Limited and CCIF CPA Limited has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letters, references to its name and/or its advice in the form and context in which they respectively appear.

10. EXPERTS' INTERESTS IN ASSETS

As at the Latest Practicable Date, Bridge Partners Capital Limited and CCIF CPA Limited:

- (a) were not interested, either directly or indirectly, in any assets which have been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group since 31 March 2010, being the date to which the latest published audited consolidated accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

11. MISCELLANEOUS

- (a) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the principal office of the Company is situated at Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong.
- (b) The Hong Kong branch share registrar and transfer office of the Company is Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

- (c) The company secretary of the Company is Mr. Yip Yuk Sing. Mr. Yip was appointed as the company secretary of the Company in May 2008. He is also the chief financial officer of the Company. Mr. Yip has extensive experience in accounting and financial management. Prior to joining the Company, Mr. Yip served as the financial controller and company secretary of a Hong Kong listed company. He holds a bachelor's degree in Accounting and a Master degree in Corporate Finance. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.
- (d) The English text of this circular and the accompanying form of proxy shall prevail over their respective Chinese texts in the case of inconsistency.

12. MATERIAL CONTRACTS

The Group had entered into the following contracts within two years immediately preceding the date of this circular and up to the Latest Practicable Date which are contracts not being in the ordinary course of business of the Company or may be material:

- (a) The placing and subscription agreement dated 20 May 2009 and the supplemental agreement dated 22 May 2009 entered into between Ms. Yu as vendor and Get Nice Securities Limited as placing agent, and the Company and Ms. Yu respectively in relation to (i) the placing of 350,000,000 shares of the Company at the placing price of HK\$0.133 per placing share to not less than six independent placees; and (ii) the subscription by Ms. Yu and the allotment and issue by the Company of 350,000,000 shares of the Company at a price of HK\$0.133 per subscription share, further details of which are set out in the announcements of the Company dated 21 May 2009 and 22 May 2009.
- (b) The sale and purchase agreement dated 4 June 2009 entered into among Gold Trinity International Limited as vendor, the Company as purchaser and Mr. Han Wei as guarantor, pursuant to which the Company conditionally agreed to purchase and Gold Trinity International Limited conditionally agreed to sell the entire issued share capital of Main Pacific Group Limited at the consideration of HK\$300 million, further details of which are set out in the announcement of the Company dated 11 June 2009.
- (c) The conditional sale and purchase agreement dated 22 June 2009 entered into among the purchasers and Shanghai Xiang Chen Hang Place The Industry Co. Limited, a company established in the PRC with limited liability and is a wholly-owned subsidiary of the Group, as vendor in relation to the sale and purchase of the whole of basement level one and ground level of the commercial unit situated at Nos. 277 and 289 Lan Xi Road, Putuo District, Shanghai, the PRC at the consideration of RMB40 million.
- (d) The placing and subscription agreement dated 6 July 2009 entered into between Ms. Yu as vendor and Get Nice Securities Limited as placing agent, and the Company and Ms. Yu respectively in relation to (i) the placing of 412,600,000 shares of the Company at the placing price of HK\$0.09 per placing share to not less than six independent placees;

and (ii) the subscription by Ms. Yu and the allotment and issue by the Company of 412,400,000 shares of the Company at a price of HK\$0.09 per subscription share, further details of which are set out in the announcement of the Company dated 6 July 2009.

- (e) The memorandum of understanding dated 14 August 2009 entered into between the Company as purchaser and the vendors in relation to a possible acquisition of the entire interest in World Petroleum Inc. at a consideration that will be determined by reference to a relevant valuation report, further details of which are set out in the announcement of the Company dated 18 August 2009.
- (f) The placing agreement entered into on 15 August 2009 between the Company and Cheong Lee Securities Limited as placing agent, under which the Company has agreed to issue and the placing agent has agreed to place convertible bonds of up to an aggregate principal amount of HK\$600,000,000 with not less than six independent placees at the conversion price of HK\$0.118 per conversion share, further details of which are set out in the announcement of the Company dated 18 August 2009.
- (g) The memorandum of understanding dated 24 March 2010 (the “**Mine MOU**”) entered into between the Company as purchaser and Star Lucky Group Limited as vendor, in relation to a possible acquisition of the entire interest in Sinowood Holdings Limited at a consideration to be determined by reference to the valuation of the mines located in the Inner Mongolia, the PRC, further details of which are set out in the announcement of the Company dated 24 March 2010.
- (h) (i) The top-up placing agreement dated 26 March 2010 entered into among Ms. Yu as vendor, Cheong Lee Securities Limited as placing agent and the Company whereby the placing agent agreed to place up to 510,000,000 shares of the Company at a price of HK\$0.084 per top-up placing share to not less than six independent placees; (ii) the subscription agreement dated 26 March 2010 whereby Ms. Yu agreed to subscribe for and the Company will issue to Ms. Yu such number of shares of the Company as is equal to the number of top-up placing shares successfully placed by the placing agent pursuant to the top-up placing on the same date at a subscription price of HK\$0.084 per subscription share; (iii) the new share placing agreement dated 26 March 2010 whereby Cheong Lee Securities Limited as placing agent agreed to place up to 90,000,000 new shares of the Company to not less than six independent placees at a price of HK\$0.084 per new placing share, further details of all of which are set out in the announcement of the Company dated 26 March 2010.
- (i) The addendum to the Mine MOU dated 8 April 2010 entered into between the Company as purchaser and Star Lucky Group Limited as vendor whereby the vendor agreed to repay the deposit paid by the purchaser (i) if the parties shall fail to execute any definitive agreement for the transfer of Sinowood Holdings Limited under the memorandum of understanding or fail to continue negotiations on the transfer on or before 23 June 2010; (ii) or if there is any material breach of the warranties and/or terms of the memorandum of understanding by the vendor; or (iii) if the results of the due diligence review conducted by the purchaser are not satisfactory to the purchaser, further details of which are set out in the announcement of the Company dated 8 April 2010.

- (j) (i) The placing agreement dated 27 May 2010 entered into among Ms. Yu as vendor, Cheong Lee Securities Limited as placing agent and the Company whereby the placing agent agreed to place and the vendor agreed to sell up to 500,000,000 shares of the Company to not less than six independent placees at the price of HK\$0.055 per placing share; and (ii) the subscription agreement dated 27 May 2010 whereby Ms. Yu agreed to subscribe for and the Company will issue such number of shares to Ms. Yu as is equal to the number of placing shares successfully placed by the placing agent pursuant to the placing agreement at the price of HK\$0.055 per subscription share, further details of which are set out in the announcement of the Company dated 27 May 2010.
- (k) (i) The placing agreement dated 14 June 2010 entered into among Ms. Yu as vendor, Cheong Lee Securities Limited as placing agent and the Company whereby the placing agent agreed to place and the vendor agreed to sell up to 500,000,000 shares of the Company to not less than six independent placees at the price of HK\$0.039 per placing share; and (ii) the subscription agreement dated 14 June 2010 whereby Ms. Yu agreed to subscribe for and the Company will issue such number of shares of the Company to Ms. Yu as is equal to the number of placing shares successfully placed by the placing agent pursuant to the placing agreement at the price of HK\$0.039 per subscription share, further details of which are set out in the announcement of the Company dated 14 June 2010.
- (l) The letter of confirmation dated 19 June 2010 signed between Cheong Lee Securities Limited as placing agent and the Company whereby the date of fulfillment of the conditions precedent under the placing agreement dated 15 August 2009 shall be extended from 20 June 2010 to 20 December 2010 and the conversion price shall be amended from HK\$0.118 per conversion share to the average price of the shares of the Company for the five trading days immediately following the date of despatch of the circular or the par value of the shares of the Company, whichever is higher, further details of which are set out in the announcement of the Company dated 21 June 2010.
- (m) The memorandum of understanding ("**Oilfield MOU**") dated 21 June 2010 entered into between the Company as purchaser and the vendors in relation to a possible acquisition of the entire interest in Pure Power Holdings Limited, a company incorporated in the British Virgin Islands with the net proceeds raised from the placing of the convertible bonds pursuant to the placing agreement dated 15 August 2009, thus effecting a change in the use of the proceeds from the placing of the convertible bonds, further details of which are set out in the announcement of the Company dated 21 June 2010.
- (n) The confirmation letter dated 22 June 2010 entered into between Star Lucky Group Limited as vendor and the Company as purchaser whereby the parties agreed that the term of the Mine MOU and the respective addendum shall be extended to 24 September 2010, further details of which are set out in the announcement of the Company dated 22 June 2010.

- (o) (i) The top-up placing agreement dated 5 August 2010 entered into among Ms. Yu as vendor, Cheong Lee Securities Limited as placing agent and the Company whereby the placing agent agreed to place and the vendor agreed to sell up to 100,000,000 shares of the Company to not less than six independent placees at a price of HK\$0.076 per placing share; (ii) the subscription agreement dated 5 August 2010 whereby Ms. Yu conditionally agreed to subscribe for and the Company agreed to issue such number of shares of the Company to Ms. Yu as is equal to the number of top-up placing shares successfully placed by the placing agent pursuant to the top-up placing at the price of HK\$0.076 per subscription share; and (iii) the new shares placing agreement dated 5 August 2010 entered into between the placing agent and the Company whereby the placing agent agreed to place up to 180,000,000 new Shares at a price of HK\$0.076 per placing share, further details of which are set out in the announcement of the Company dated 5 August 2010.
- (p) The conditional sale and purchase agreement dated 18 August 2010 entered into among the Company as purchaser, Star Lucky Group Limited as vendor and Mr. Yang Wenhua as guarantor in relation to a possible acquisition of the entire interest in Sinowood Holdings Limited at a consideration of HK\$300,000,000, further details of which are set out in the announcement of the Company dated 27 August 2010.
- (q) The placing agreement dated 6 September 2010 entered into between the Company and Cheong Lee Securities Limited as the placing agent whereby the placing agent agreed to place up to 360,000,000 new Shares to not less than six independent placees at a placing price of HK\$0.056 per placing share, further details of which are set out in the announcement of the Company dated 6 September 2010.
- (r) The supplemental agreement dated 8 September 2010, which is supplemental to the sale and purchase agreement dated 18 August 2010, entered among the Company as purchaser, Star Lucky Group Limited as vendor and Mr. Yang Wenhua as guarantor, in relation to the provision of a loan with a principal amount of RMB27 million (the “**Loan**”) by Mr. Yang Wenhua to 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.*), and the unconditional assignment of the Loan by Mr. Yang Wenhua to the purchaser at nil consideration, further details of which are set out in the announcement of the Company dated 8 September 2010.
- (s) The loan assignment agreement dated 9 September 2010 entered into between Mr. Yang Wenhua and the Company whereby Mr. Yang Wenhua agreed to assign the Loan due from 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.*) to the Company at nil consideration, as signed and acknowledged by 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.*).
- (t) (i) The placing agreement dated 20 September 2010 entered into between the Company and Cheong Lee Securities Limited as placing agent in relation to the proposed placing of convertible bonds of up to an aggregate principal amount of HK\$100,000,000; and (ii)

* For identification purpose only

the termination agreement dated 20 September 2010 entered into between the Company and Cheong Lee Securities Limited to terminate the previous placing agreement dated 15 August 2009, further details of which are set out in the announcement of the Company dated 20 September 2010.

- (u) The supplemental memorandum of understanding to the Oilfield MOU dated 20 September 2010 entered into among the Company as purchaser and the vendors in relation to the extension of the term of the Oilfield MOU, further details of which are set out in the announcement of the Company dated 21 September 2010.
- (v) The placing agreement dated 27 January 2011 entered into between the Company and Pico Zeman Securities (HK) Limited as the placing agent whereby the placing agent agreed to place up to 27,000,000 new Shares to not less than six independent placees at a placing price of HK\$0.405 per placing share, further details of which are set out in the announcement of the Company dated 27 January 2011; and
- (w) the underwriting agreement dated 16 February 2011 entered into between the Company and Radland International Limited as underwriter in relation to a proposed Rights Issue as announced in the announcement dated 16 February 2011 of the Company.

13. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Registered office	Clarendon House 2 Church Street Hamilton HM11 Bermuda
Head office and principal place of business in Hong Kong	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
Authorised representatives	Ms. Yu Wai Fong Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong Mr. Yip Yuk Sing Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong

Company secretary	Mr. Yip Yuk Sing Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
Legal advisers	As to Hong Kong Law Angela Ho & Associates 1106, Tower 1, Lippo Centre, 89 Queensway, Hong Kong As to Bermuda Law Conyers Dill & Pearman 2901 One Exchange Square, 8 Connaught Place Central Hong Kong
Auditors and reporting accountants	CCIF CPA Limited 34/F The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
Independent Financial Adviser	Bridge Partners Capital Limited Unit 605, 6/F, Grand Millennium Plaza 181 Queen's Road Central Central Hong Kong
Underwriter	Radland International Limited 26/F., China United Centre, 28 Marble Road, North Point, Hong Kong
Principal share registrar and transfer office in Bermuda	HSBC Bank Bermuda Limited 6 Front Street Hamilton HM11 Bermuda

Branch share registrar and transfer office in Hong Kong

Tricor Secretaries Limited
 26th Floor, Tesbury Centre
 28 Queen's Road East
 Wanchai
 Hong Kong

Principal banker(s)

ICBC (Asia)
 33/F., ICBC Tower
 3 Garden Road
 Central
 Hong Kong

Wing Lung Bank
 Wing Lung Bank Building
 45 Des Voeux Road
 Central
 Hong Kong

14. EXPENSES

The expenses in connection with the Right Issue, including financial advisory fees, underwriting commission (based on the scenario that 4,912,977,810 Underwritten Shares is issued), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$11.77 million, which are payable by the Company.

15. PARTICULARS OF DIRECTORS**(a) Names and addresses of Directors****Name****Address***Executive Directors*

Mr. Xu Dong (*Chairman*)

Room 2001, 20/F.
 Lippo Centre, Tower Two
 89 Queensway Road
 Hong Kong

Mr. Au Tat On

Room 2001, 20/F.
 Lippo Centre, Tower Two
 89 Queensway Road
 Hong Kong

Non-Executive Director

Ms. Yu Wai Fong
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

Independent Non-executive Directors

Mr. Lai Wai Yin, Wilson
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

Ms. Cao Jie Min
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

Mr. Tse Kwong Wah
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

(b) Profiles of Directors*Executive Directors**Mr. Xu Dong (Chairman)*

Mr. Xu Dong, aged 32, was appointed as an executive Director of the Company in May 2010. Mr. Xu holds a Bachelor's degree in Japanese from Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for overall management, strategic planning and business development of the Group.

Mr. Au Tat On

Mr. Au Tat On, aged 54, was appointed as an executive Director of the Company in May 2006. Mr. Au received a bachelor's degree in business administration from Chu Hai College in 1989 and has nearly 28-year experience in banking operations and financing. He is responsible for the general management of the Group.

*Non-Executive Director**Ms. Yu Wai Fong*

Ms. Yu Wai Fong, aged 47, was appointed as the chairman, executive Director and chief executive officer of the Company in March 2009. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for strategic planning and business development of the Group.

*Independent non-Executive Directors**Mr. Lai Wai Yin, Wilson*

Mr. Lai Wai Yin, Wilson, aged 45, was appointed as an independent non-executive Director, member of audit committee and member of remuneration and nomination committee of the Company in April 2009. Mr. Lai is a fellow member of the Association of International Accountants, United Kingdom and a practising member of the Hong Kong Institute of Certified Public Accountants. He graduated from Hong Kong Shue Yan University majoring in accounting. During the 20 years in the audit profession, Mr. Lai gained extensive experience in the audits of Hong Kong listed companies and multinational companies engaged in manufacturing, construction, property investment and software development businesses as well as audits of US Securities and Future Commission regulated clients. In addition, he had involved in many initial public offering projects and due diligence works in the PRC, Hong Kong, Singapore and the United States. He is currently the sole proprietor of Wilson W.Y. Lai & Co., Certified Public Accountants.

Ms. Cao Jie Min

Ms. Cao Jie Min, aged 25, was appointed as an independent non-executive Director, member of audit committee and member of remuneration and nomination committee of the Company in May 2009. Ms. Cao holds a bachelor of laws in international economy degree from Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice P.R.C. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (Shanghai branch).

Mr. Tse Kwong Wah

Mr. Tse, aged 38, graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. Mr. Tse also obtained certificate programme on business management and import/export & logistics practices from Hong Kong Baptist University and The Hong Kong Management Association respectively in 2001 and 2010. Mr. Tse has over 10 years of working experience in the area of marketing, merchandising and management.

(c) **Profile of senior management staff of the Company**

Mr. Hon Wei

Mr. Hon Wei, aged 39, was appointed as the director and authorised representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company, in December 2008. He is also the director and authorized representative of certain indirect wholly owned subsidiaries of the Company. Mr. Hon has extensive experience in banking and business management. Prior to his appointment, Mr. Hon served as the general manager of an investment company in Shanghai for about five years and served as a manager of Bank of Shanghai.

16. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway Road, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the date of the Second SGM:

- (a) the memorandum of association and Bye-Laws of the Company;
- (b) the annual reports of the Company for the financial years ended 31 March 2008, 2009 and 2010 and interim report of the Company for the six months ended 30 September 2010;
- (c) the written consents referred to in the paragraph headed “Experts and Consents” to this Appendix;
- (d) the material contacts referred to in the paragraph headed “Material Contracts” to this Appendix;
- (e) the unaudited pro-forma financial information of the Group as set out in Appendix II to this circular;
- (f) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/ or 14A of the Listing Rules since 31 March 2010, being the date of the latest published audited accounts of the Company; and
- (g) this circular.

NOTICE OF FIRST SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an special general meeting of China Properties Investment Holdings Limited (the “**Company**”) will be held at the Meeting Room, 2/F, Traders Hotel, 508 Queen’s Road West, Western District, Hong Kong at 9:00 a.m. on Monday, 28 March 2011 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT** subject to the fulfillment or waiver of the conditions set out in the underwriting agreement (the “**Underwriting Agreement**”) dated 16 February 2011 in respect of the proposed rights issue by the Company and entered into between the Company and Radland International Limited (the “**Underwriter**”) (a copy of the Underwriting Agreement has been produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification):

- (a) the allotment and issue of 4,974,493,440 new shares (the “**Rights Shares**”) of HK\$0.001 each in the share capital of the Company (the “**Shares**”) pursuant to an offer by way of rights to the holders of Shares (the “**Shareholders**”) at the subscription price of HK\$0.068 per Rights Share in the proportion of thirty (30) Rights Shares for every one (1) existing Share held by the Shareholders whose names appear on the register of members of the Company on Wednesday, 6 April 2011 (or such later date as the Company and the Underwriter may agree to be the record date for such Rights Issue) (the “**Record Date**”) other than those Shareholders whose addresses on the Record Date are outside Hong Kong (the “**Overseas Shareholders**”) (the “**Rights Issue**”) as described in further detail in a circular issued by the Company dated 11 March 2011 of which the notice convening this meeting forms part and on and subject to such terms and conditions as may be determined by the directors of the Company, be and is hereby approved;
- (b) the directors of the Company be and are hereby authorised to allot and issue the Rights Shares pursuant to or in connection with the Rights Issue notwithstanding that the same may be offered, allotted or issued otherwise than pro rata to the existing shareholdings of the Shareholders and, in particular, the directors of the Company may make such exclusions or other arrangements in relation to the Overseas Shareholders as they deem necessary or expedient having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in, any

* For identification purpose only

NOTICE OF FIRST SPECIAL GENERAL MEETING

territory outside Hong Kong, and to do all such acts and things as they consider necessary, desirable or expedient to give effect to any or all other transactions contemplated in this resolution; and

- (c) the directors of the Company be and are hereby authorised to do all acts and things in connection with the allotment and issue of the Rights Shares, the implementation of the Rights Issue and the Underwriting Agreement, the exercise or enforcement of any of the Company's rights under the Underwriting Agreement and to make and agree such variations of the terms of the Underwriting Agreement as they may in their discretion consider to be appropriate and in the interests of the Company."

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

Hong Kong, 11 March 2011

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and principal place
of business:*
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

Notes:

1. A form of proxy for use at the meeting is enclosed herewith.
2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
3. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
4. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at 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 not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
5. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
6. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.

NOTICE OF SECOND SPECIAL GENERAL MEETING



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)

NOTICE IS HEREBY GIVEN that an special general meeting of China Properties Investment Holdings Limited (the “**Company**”) will be held at the Meeting Room, 2/F, Traders Hotel, 508 Queen’s Road West, Western District, Hong Kong at 9:00 a.m. on Wednesday, 4 May 2011 for the purpose of considering and, if thought fit, passing, with or without modification, the following resolution as an ordinary resolution:

ORDINARY RESOLUTION

“**THAT:**

- (a) subject to paragraph (c) below, the exercise by the directors of the Company (the “**Directors**”) during the Relevant Period (as defined in paragraph (d) below) of all the powers of the Company to offer allot, issue grant options over or otherwise dispose of and or to deal with new Shares with an aggregate nominal amount of not exceeding 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution be and is hereby authorised and generally and unconditionally approved;
- (b) the approval in paragraph (a) above shall be in addition to any other authorization given to the Directors and shall authorise the Directors during the Relevant Period to make or grant offers, agreements, options and rights of exchange or conversion which might require the exercise of such powers after the end of the Relevant Period;
- (c) the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the Directors pursuant to the approval granted in paragraph (a) above, otherwise than pursuant to (i) a Rights Issue (to be defined in paragraph (d) below), or (ii) any share option schemes of the Company approved by the Stock Exchange, or (iii) any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the Bye-Laws of the Company, shall not exceed 20 per cent. of the aggregate nominal amount of the issued share capital of the Company as at the date of passing this resolution, and the said approval shall be limited accordingly; and

* *For identification purpose only*

NOTICE OF SECOND SPECIAL GENERAL MEETING

(d) for the purposes of this resolution:

“**Relevant Period**” means the period from the passing of this resolution until whichever is the earliest of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the day by which the next annual general meeting of the Company is required by law or the Company’s Bye-Laws to be held; or
- (iii) the date upon which such authority is revoked or varied by an ordinary resolution of the Shareholders in a general meeting of the Company; and

“**Rights Issue**” means an offer of shares open for a period fixed by the Directors to holders of shares on the register on a fixed record date in proportion to their then holdings of such shares (subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of any relevant jurisdiction, or the requirements of any recognized regulatory body or any stock exchange, in any territory outside Hong Kong).”

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

Hong Kong, 11 March 2011

Registered office:
Clarendon House
2 Church Street
Hamilton HM11
Bermuda

*Head Office and principal place
of business:*
Room 2001, 20/F.
Lippo Centre, Tower Two
89 Queensway Road
Hong Kong

NOTICE OF SECOND SPECIAL GENERAL MEETING

Notes:

7. A form of proxy for use at the meeting is enclosed herewith.
8. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under its seal or under the hand of any officer, attorney or other person authorised to sign the same.
9. Any shareholder of the Company entitled to attend and vote at the meeting convened by the above notice shall be entitled to appoint one or if he is the holder of two or more shares, more than one proxy to attend and vote instead of him. A proxy need not be a shareholder of the Company.
10. In order to be valid, the form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power of attorney or authority, must be deposited at 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 not less than 48 hours before the time appointed for holding of the above meeting or any adjournment thereof.
11. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the meeting convened or at any adjourned meeting and in such event, the form of proxy will be deemed to be revoked.
12. Where there are joint holders of any share of the Company, any one of such joint holders may vote, either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but if more than one of such joint holders are present at the meeting, the most senior shall alone be entitled to vote, whether in person or by proxy. For this purpose, seniority shall be determined by the order in which the names stand on the register of members of the Company in respect of the joint holding.