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CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED

中國置業投資控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 736)

(1) PROPOSED PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE; AND (2) PROPOSED PLACING OF UNCONVERTIBLE BONDS

Placing Agent



DELTA WEALTH SECURITIES LIMITED

On 18 January 2013 (after trading hours), the Company and the Placing Agent had entered into the Placing Agreements pursuant to which the Placing Agent has agreed conditionally to procure, on a best-effort basis, the Placees to subscribe in cash for the Convertible Bonds and the Unconvertible Bonds up to an aggregate principal amount of HK\$20 million and HK\$50 million respectively.

Assuming the Convertible Bonds and the Unconvertible Bonds are successfully placed by the Placing Agent, the estimated net proceeds from the Placings will be approximately HK\$68.9 million in aggregate, which is intended to be used for financing the Acquisition (if materialise), or for financing any other acquisition opportunities identified by the Company, or the money lending business and general working capital of the Group.

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares which may fall to be allotted and issued upon exercise of the conversion rights attaching to the Convertible Bonds. No listing of the Convertible Bonds will be sought on the Stock Exchange or any other stock exchanges.

* *For identification purposes only*

The CB Placing is conditional upon, *inter alia*, the passing of the necessary resolution(s) by the Shareholders at the SGM.

A circular containing, *inter alia*, further details about the CB Placing and the notice of convening the SGM, will be despatched to the Shareholders as soon as practicable.

PLACING OF CONVERTIBLE BONDS AND UNCONVERTIBLE BONDS

On 18 January 2013 (after trading hours) the Company entered into the CB Placing Agreement and the UCB Placing Agreement with the Placing Agent pursuant to which the Placing Agent has conditionally agreed to procure, on a best-effort basis, Placees to subscribe for the Convertible Bonds and the Unconvertible Bonds up to an aggregate principal amount of HK\$20 million and HK\$50 million respectively.

THE CB PLACING AGREEMENT

Date: 18 January 2013

Parties: (i) Issuer: the Company
(ii) Placing Agent: Delta Wealth Securities Limited

Pursuant to the CB Placing Agreement, the Placing Agent will receive a placing commission of 1% on the aggregate principal amount of the Convertible Bonds successfully placed by the Placing Agent to the Placees or its nominees. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Principal Terms of the Convertible Bonds

The following are the principal terms of the Convertible Bonds:

Issuer of the Convertible Bonds	:	The Company
Aggregate principal amount	:	Up to HK\$20,000,000.00
Principal amount of the Convertible Bond(s) to be placed in each tranche	:	HK\$2,000,000.00 or any multiple thereof
Number of tranches	:	Not exceeding 10 in aggregate
Maturity	:	In respect of each Convertible Bond, the expiry of 7 years from its CB Issue Date.

Redemption at maturity : Unless previously redeemed, converted or purchased or cancelled, the Company will redeem all outstanding Convertible Bonds on the respective CB Maturity Dates plus any accrued but unpaid interest.

Conversion Price : Being the higher of (i) 80% of the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of conversion and (ii) the Conversion Floor Price, which is subject to adjustments for, subdivision or consolidation of shares, rights issues and other dilutive events which may have adverse effects on the rights of the CB Holders. Any adjustment to the Conversion Price shall be certified either (at the option of the Company) by the auditors of the Company or by an approved merchant bank.

The Conversion Price was arrived at after arm's length negotiations between the Company and the Placing Agent. The Directors consider that a floating conversion price with reference to the market price for the Convertible Bonds under the current market conditions is fair and reasonable and in the interest of the Company and its Shareholders as a whole because it enables the Company to capture the upside benefit should the market prices of the Shares rise in the future.

Conversion Shares : Based on the Conversion Price of HK\$0.1220 (being the closing price per Share as quoted on the Stock Exchange on the date of the CB Placing Agreement, a maximum number of 163,934,426 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

- (i) approximately 37.10% of the existing issued share capital of the Company; and
- (ii) approximately 27.06% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

Based on the Conversion Floor Price, a maximum number of 666,666,666 Conversion Shares will be allotted and issued upon exercise of the conversion rights attached to the Convertible Bonds in full, which represent:

(iii) approximately 150.86% of the existing issued share capital of the Company; and

(iv) approximately 60.14% of the issued share capital of the Company as enlarged by the issue of the Conversion Shares.

- Specific mandate : The Conversion Shares shall be issued under a specific mandate to be approved by the Shareholders at the SGM.
- Interest : 3.0% per annum on the outstanding aggregate principal amount of the Convertible Bonds, payable in arrears on the first, second, third, fourth, fifth, sixth and seventh anniversary of the First Issue Date, respectively, and any unpaid interest shall be paid on the Maturity Date or the Redemption Date or Conversion Date (as the case may be).
- Conversion right : The Convertible Bonds are convertible in whole or in part by the CB Holders into Conversion Shares at the Conversion Price at any time during the conversion period (as stated below).
- Conversion period : Provided that the exercise of the conversion rights attached to the Convertible Bonds (i) by the holder thereof does not trigger a mandatory offer under Rules 26 of the Hong Kong Code on Takeovers and Mergers on the part of the holder thereof and parties acting in concert with it and (ii) by the holder thereof will not render Shares held in public hands being less than the minimum public float of the Shares required under the Listing Rules (i.e. 25% of the issued share capital of the Company), CB Holder(s) shall have the right to convert, in respect of each Convertible Bond held, at any time during the period commencing from the date of the CB Issue Date until the CB Maturity Date, the whole or part in integral multiples of HK\$500,000.00 of the outstanding principal amount of the Convertible Bonds.

Ranking of the Conversion Shares : The Conversion Shares, when allotted and issued will rank *pari passu* in all respects with all other Shares in issue as at the date of conversion on which a notice is given for the exercise of conversion rights and be entitled to all dividends and other distributions the record date of which falls on a date on or after notice of the exercise of conversion right is given.

Voting: : The CB Holder(s) will not be entitled to receive notice or, attend or vote at any meeting of the Company by reason only it/they being CB Holder(s).

Transferability : The Convertible Bonds may be transferred other than to connected persons of the Company or its associates (other than in the situation where the consent from the Stock Exchange has been obtained and in compliance with the Listing Rules) or any person regarded as a resident of Bermuda for exchange control purposes.

Any transfer of the Convertible Bonds shall be in respect of the whole or part only in integral multiples of HK\$2,000,000.00 of the outstanding principal amount of the Convertible Bonds.

Early redemption : The Company may redeem principal amount of outstanding Convertible Bonds in whole or in part at any time before the CB Maturity Date by serving on each holder of those Convertible Bonds a notice of the exercise of such option.

The total amount utilized for such redemption by the Company shall be allocated amongst the outstanding Convertible Bonds on a pro-rata basis based on the respective outstanding principal amounts of those Convertible Bonds at that time and the principal amount of each Convertible Bond to be redeemed shall be HK\$1,000,000.00 or integral multiple thereof.

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

No application will be made for the listing of, or permission to deal in, the Convertible Bonds on the Stock Exchange or any other Stock Exchange.

Conditions precedent

Completion of each and every tranche shall be conditional upon:

- (i) the passing by the Shareholders at the SGM of an ordinary resolution of the Company approving the CB Agreement and the transactions contemplated thereunder and the Listing Committee granting the listing of, and permission to deal in the Conversion Shares;
- (ii) the Placing Agent having successfully procured Placee(s) to subscribe for the Convertible Bond(s) under that tranche; and
- (iii) the Company's delivery to the Placing Agent and the Placees written confirmation of the Company's compliance with, and procurement of the compliance with, all conditions imposed by the Stock Exchange or by any other regulatory authority (in Hong Kong or elsewhere) for approval of the issuance of the Convertible Bond(s) and ensure the continued compliance thereof.

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

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

If the conditions precedent are not, or cannot be, fulfilled prior to the Business Day immediately before the scheduled date of completion of a particular tranche, completion of the tranche concerned shall be postponed to a later Business Day as may be agreed between the Placing Agent and the Placees, but failing such agreement, completion of the tranche shall be cancelled without any recourse to the Company.

THE UCB PLACING AGREEMENT

Date: 18 January 2013

Parties: (i) Issuer: the Company
(ii) Placing Agent: Delta Wealth Securities Limited

Pursuant to the UCB Placing Agreement, the Placing Agent will receive a placing commission of 1% on the aggregate principal amount of the Unconvertible Bonds successfully placed by the Placing Agent to the Placees or its nominees. The placing commission was arrived at after arm's length negotiations between the Company and the Placing Agent.

Principal Terms of the Unconvertible Bonds

Issuer of the Unconvertible Bonds	:	The Company
Aggregate principal amount	:	Up to HK\$50,000,000.00
Principal amount of the Unconvertible Bond(s) to be placed in each tranche	:	HK\$5,000,000.00 or any multiple thereof
Number of tranches	:	Not exceeding 10 in aggregate
Maturity	:	In respect of each Unconvertible Bond, the expiry of 7 years from its UCB Issue Date.
Redemption at maturity	:	Unless previously redeemed, or purchased or cancelled, the Company will redeem all outstanding Unconvertible Bonds on the UCB Maturity Date plus any accrued but unpaid interest.
Interest	:	5.0% per annum on the outstanding aggregate principal amount of the Unconvertible Bonds, payable in arrears on the first, second, third, fourth, fifth, sixth and seventh anniversary of the First Issue Date, respectively, and any unpaid interest shall be paid on the Maturity date or the Redemption Date (as the case may be).
Transferability	:	The Unconvertible Bonds may be transferred other than to connected persons of the Company or any person regarded as a resident of Bermuda of exchange control purposes.

Any transfer of the Unconvertible Bonds shall be in respect of the whole or part only in integral multiples of HK\$5,000,000.00 of the outstanding principal amount of the Unconvertible Bonds.

Early redemption : The Company may redeem principal amounts of outstanding Unconvertible Bonds in whole or in part at any time before the UCB Maturity Date by serving on each UCB Holder a notice of the exercise of such option.

The total amount utilized for such redemption by the Company shall be allocated amongst the outstanding Unconvertible Bonds on a pro-rata basis based on the respective principal amounts of these Unconvertible Bonds at that time and the principal amount of each Unconvertible Bond to be redeemed shall be HK\$1,000,000.00 or integral multiple thereof.

Listing : No application will be made for the listing of, or permission to deal in, the Unconvertible Bonds on the Stock Exchange or any other stock exchange.

Conditions Precedent

Completion of each and every tranche shall be conditional upon:

- (i) the Placing Agent having successfully procured Placee(s) to subscribe for the Unconvertible Bond(s) under that tranche; and
- (ii) the Company's delivery to the Placing Agent and the Placees written confirmation of the Company's compliance with, and procurement of the compliance with, all conditions imposed by the Stock Exchange or by any other regulatory authority (in Hong Kong or elsewhere) for approval of the issuance of the relevant Unconvertible Bonds and ensure the continued compliance thereof.

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

If the conditions precedent are not, or cannot be, fulfilled prior to the Business Day immediately before the scheduled date of completion of a particular tranche, completion of the tranche concerned shall be postponed to a later Business Day as may be agreed between the Placing Agent and the Placees, but failing such agreement, completion of the tranche shall be cancelled without any recourse to the Company.

TERMINATION OF THE PLACING AGREEMENTS

The Placing Agent is entitled to terminate the Placing Agreements on the occurrence of, *inter alia*:–

- (i) any new law or regulation or any change in existing laws or regulations or the interpretation thereof which may in the opinion of the Placing Agent and in its absolute discretion may materially and adversely affect the business or financial condition or prospects of the Group as a whole; or
- (ii) any local, regional, national or international event or change (whether or not permanent or forming part of a series of events or changes occurring or continuing, or and/or after the date of the Placing Agreements) or a political, military, economic or other nature (whether or not *ejusdem generis* with the foregoing) which, in the sole opinion of the Placing Agent and in its absolute discretion will, or may be expected to, have a material adverse effect on the Placings; or
- (iii) any significant change (whether or not permanent) in local, regional, national or international market conditions (or in conditions affecting a sector of the market) which in the sole opinion of the Placing Agent and in its absolute discretion has or may have a material adverse effect on the Placing.

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

THE PLACING AGENT

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

THE PLACEES

The Placing Agent will place the Convertible Bonds to not less than six Placees (who are expected to be individuals, corporate, institutional investors or other investors procured by the Placing Agent), each of whom and whose beneficial owners will be an Independent Third Party. Further announcement will be made by the Company if the Placing Agent fails to identify at least six Placees for the Convertible Bonds.

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

REASONS FOR THE PLACING OF CONVERTIBLE BONDS AND UNCONVERTIBLE BONDS

The Group is principally engaged in (i) the properties investment business, comprising the rental of investment properties and the provision of the management services, (ii) exploitation of copper and molybdenum in a mine located in Inner Mongolia, the People's Republic of China and (iii) the money-lending business.

The Board is aware of that: (i) the Placings will increase the long term debt of the Company; and (ii) the conversion of the rights attached to the Convertible Bonds will result in massive dilution of the shareholdings of the existing Shareholders. Nevertheless, as balanced by the fact that (iii) the overall public float of the Shares would not be immediately affected; (iv) other means of fund raising (such as rights issue) in the capital market or loans and other banking facilities from banks and financial institutions may not be immediately readily available to the Company; (v) the Placings would allow immediate cash inflows into the Group with reasonable interest burden, the Directors consider that the Placings provide the lowest cost of funding and certainty of repayment schedule under the prevailing market condition. The Board (including the independent non-executive Directors) is of the view that the terms of the Convertible Bonds are fair and reasonable and the placing of the Convertible Bonds is in the interests of the Company and the Shareholders as a whole.

USE OF THE PROCEEDS

Assuming the Convertible Bonds and the Unconvertible Bonds are successfully placed by the Placing Agent, the estimated net proceeds from the Placings will be approximately HK\$68.9 million in aggregate, which is intended to be used for financing the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company, or money lending business and general working capital of the Group.

FUND RAISING ACTIVITIES IN THE PAST TWELVE-MONTH PERIOD

Date of announcement	Description	Net proceeds	Intended use of proceeds as announced	Actual use of proceeds
6 January 2012	Placing of new shares under general mandate	HK\$9.14 million	(i) financing the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; (ii) the possible redemption of the convertible bonds issued by the Company; (iii) money lending business; and (iv) working capital of the Group.	Deposited at bank

Save for the above, the Company has not conducted any fund raising activities during the past twelve-month period to the date of this announcement.

SHAREHOLDING STRUCTURE

For illustrative purpose only, set out below are (i) the existing shareholding structure of the Company and (ii) the shareholding structure of the Company assuming the exercise in full of the conversion rights attached to the Convertible Bonds in the maximum aggregate principal amount of HK\$20 million:

Shareholders	As at the date of this announcement		Assuming full conversion of the Convertible Bonds at the Conversion Price of HK\$0.1220		Assuming full conversion of the Convertible Bonds at the Conversion Floor Price	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
Ms. Yu Wai Fong, Director	2,118,871	0.48	2,118,871	0.35	2,118,871	0.19
Public Shareholders						
– CB Holders	–		163,934,426	27.06	666,666,666	60.14
– Other public Shareholders	439,796,622	99.52	439,796,622	72.59	439,796,622	39.67
Total	<u>441,915,493</u>	<u>100</u>	<u>605,849,919</u>	<u>100</u>	<u>1,108,582,159</u>	<u>100</u>

LISTING RULES IMPLICATIONS

The Board proposed to seek the approval from the Shareholders at the SGM in respect of the CB Placing Agreement, including the grant of a specific mandate to issue the Conversion Shares and the transactions contemplated thereunder. Applications will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Shares. The CB Placing is conditional upon, amongst other things, the passing of the necessary resolution(s) by the Shareholders at the SGM.

To the best information, knowledge and belief of the Directors having made all reasonable enquiries, as at the date of this announcement, none of the Directors or major Shareholders has any material interest in the Placing Agreements and shall be required to abstain from voting on the resolution(s) to be proposed at the SGM to approve the CB Placing Agreement, including the grant of a specific mandate to issue the Conversion Shares and the respective transactions contemplated thereunder.

A circular containing, inter alia, further details about the CB Placing and the notice convening the SGM, will be despatched to the Shareholders as soon as practicable.

The CB Placing Agreement may be terminated under certain circumstances, and is subject to the satisfaction of the conditions precedent contained therein. As the CB Placing Agreement may or may not complete, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

Unless the context requires otherwise, the following terms have the following meanings in this announcement:

“Acquisition”	the proposed acquisition of the oilfield in the State of Nevada, the United States of America with details stated in the 2010 Announcements;
“associates”	has the meaning ascribed thereto in the Listing Rules;
“Board”	the board of Directors;
“Business Day”	a day (excluding a Saturday, Sunday or public holidays) on which licensed banks in Hong Kong are generally open for business throughout their normal business hours;
“CB Holder(s)”	holder(s) of the Convertible Bond(s);
“CB Instrument”	the instrument under and pursuant to which the Convertible Bonds shall be created and issued by the Company, which sets out the rights and obligations of the Company and the CB Holders;
“CB Issue Date”	in respect of each Convertible Bond, the date of which the Convertible Bond is issued by the Company to the Placees under the CB Placing Agreement;
“CB Maturity Date”	in respect of each Convertible Bond, the date following the expiry of 7 years from its CB Issue Date;
“CB Placing”	the private placing of the Convertible Bonds by the Placing Agent to the Placees pursuant to the CB Placing Agreement;
“CB Placing Agreement”	the conditional placing agreement dated 18 January 2013 entered into between the Company and the Placing Agent in relation to the CB Placing;
“Company”	China Properties Investment Holdings Limited, a company incorporated in Bermuda with limited liability, the issued Shares of which are listed on the Stock Exchange;

“connected persons”	has the meaning ascribed thereto in the Listing Rules;
“Conversion Floor Price”	HK\$0.03 per Conversion Share;
“Conversion Price”	Being the higher of (i) 80% of the average closing price per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately before the date of conversion and (ii) the Conversion Floor Price;
“Conversion Shares”	the Shares to be issued upon exercise of the conversion rights attaching to the Convertible Bonds;
“Convertible Bonds”	the convertible redeemable bonds in the maximum principle amount of HK\$20 million to be created and issued by the Company in denominations and integral amounts of HK\$2 million under and pursuant to the CB Instrument;
“Directors”	the directors of the Company;
“First Issue Date”	the date of the First Issue of Convertible Bonds or Unconvertible Bonds pursuant to the CB Instrument or the UCB Instrument;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Party”	independent third party (parties) who is (are) independent of and not connected with the Company and its connected persons;
“Listing Committee”	the listing committee of the Stock Exchange for considering applications for listing and the granting for listing;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Placees”	placee(s) who are Independent Third Parties procured or procured by the Placing Agent to subscribe for or purchase the Convertible Bonds or the Unconvertible Bonds pursuant to the provisions of the CB Placing Agreement or the UCB Placing Agreement respectively
“Placing Agent”	Delta Wealth Securities Limited;

“Placing Agreements”	the CB Placing Agreement and the UCB Placing Agreement;
“Placings”	the CB Placing and the UCB Placing;
“Redemption Date”	in respect of each Convertible Bond or Unconvertible Bond, the date on which such Convertible Bond or Unconvertible Bond shall become due and payable for redemption;
“SGM”	a special general meeting of the Company to be held to consider and, if appropriate, to approve the CB Placing Agreement and the transactions contemplated therein;
“Shareholder(s)”	Holder(s) of the issued Share(s);
“Shares”	ordinary share(s) of HK\$0.03 each in the share capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“UCB Holder(s)”	holder(s) of the Unconvertible Bond(s);
“UCB Instrument”	the instrument under and pursuant to which the Unconvertible Bonds shall be created and issued by the Company, which sets out the rights and obligations of the Company and the UCB Holders;
“UCB Issue Date”	in respect of each Unconvertible Bond, the date of which the Unconvertible Bond is issued by the Company to the Placees under the UCB Placing Agreement;
“UCB Maturity Date”	in respect of each Unconvertible Bond, the date following the expiry of 7 years from its UCB Issue Date;
“UCB Placing Agreement”	the conditional placing agreement dated 18 January 2013 entered into between the Company and the Placing Agent in relation to the PN Placing;
“UCB Placing”	the private placing of the Unconvertible Bonds by the Placing Agent to the Placees pursuant to the UCB Placing Agreement;
“Unconvertible Bonds”	the unconvertible redeemable bonds up to a maximum principal amount of HK\$50 million to be created and issued by the Company in denominations and integral amounts of HK\$5 million under and pursuant to the UCB Instrument;

“2010 Announcements” announcements of the Company dated 21 June 2010 and 20 September 2010; and

“%” per cent.

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

Hong Kong, 18 January 2013

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