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## **CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED**

**中國置業投資控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 736)**

### **PROPOSED PLACING OF CONVERTIBLE BONDS UNDER SPECIFIC MANDATE**

**Placing agent**

**TANRICH**

**Tanrich Securities Company Limited**

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

On 2 January 2014, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed amongst other things to procure not less than six Placers to subscribe for up to HK\$180 million of the Convertible Bonds on a best endeavours basis by a maximum of three (3) tranches. Assuming the Convertible Bonds are fully placed, upon full conversion of the Convertible Bonds at the Conversion Price, a total of 1,200,000,000 Shares will be issued, representing approximately 203.42% of the existing issued share capital of the Company and approximately 67.04% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

The gross proceeds from the Placing, if fully placed, will be HK\$180 million and the net proceeds from the Placing will be approximately HK\$174 million which are intended to be used for repayment of loans and related interest expenses, future acquisitions and general working capital of the Group, details of which are set out in the section headed "Reasons for the Placing" of this announcement.

\* for identification purpose only

The Placing is conditional upon, inter alia, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares in respect of the relevant tranche of the Placing and the passing of the resolutions by the Shareholders to approve, inter alia, the Placing Agreement and the allotment and issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement together with the notice of SGM will be despatched to the Shareholders as soon as possible.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

On 2 January 2014, the Company entered into the Placing Agreement with the Placing Agent, pursuant to which the Placing Agent agreed to procure not less than six Placees to subscribe for HK\$180 million of the Convertible Bonds on a best endeavours basis by a maximum of three (3) tranches.

## **THE PLACING**

A summary of the principal terms of the Placing Agreement is set out below:

### **Issuer:**

The Company

### **Placing Agent:**

Tanrich Securities Company Limited

To the best of the Director's knowledge, information and belief, and having made all reasonable enquiry, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.

### **Maximum number of Tranches:**

Three (3) with a minimum amount of each tranche being HK\$40 million

### **Conditions Precedent:**

- (i) The Listing Committee of the Stock Exchange having granted the listing of and permission to deal in the Conversion Shares to be issued upon the exercise of conversion rights in respect of the relevant tranche of the Placing;

- (ii) The obligations of the Placing Agent under the Placing Agreement becoming unconditional and not being terminated in accordance with the terms thereof, including the provisions regarding force majeure; and
- (iii) The passing of a resolution at the SGM by the Shareholders to approve the Placing Agreement, the issue of the Convertible Bonds and the allotment and issue of the Conversion Shares under the Specific Mandate.

**Placing Commission:**

The Company shall pay to the Placing Agent a fee equal to 2.5% of the aggregate principal amount of the Convertible Bonds placed by the Placing Agent to the Placee(s) upon Completion.

**Placing Period:**

A period of 90 days from the date of the SGM.

**Placee(s):**

The Placing Agent will place the Convertible Bonds to not less than six placees who are and whose ultimate beneficial owners are expected to be Independent Third Parties and not acting in concert (as defined in the Takeovers Code) with any Connected Persons of the Company.

**Termination:**

If, at any time prior to 9:00 a.m. on the relevant Completion of the Placing, in the absolute opinion of the Placing Agent, the Placing or the business or financial prospects of the Group would or might be adversely affected by any of the following events:

- (i) the introduction of any new laws or regulations or any change in existing laws or regulations (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole; or
- (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before and/or after the date hereof) of a political, military, financial, economic, currency (including a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not sui generis with any of the foregoing), or in the nature of any local, national, international outbreak or escalation of hostilities or armed conflict, or affecting local securities market or the occurrence of any combination of circumstances which would, in the absolute opinion of the Placing Agent, materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or adversely prejudices

the success of the placing of the Convertible Bonds to potential investor(s) or otherwise makes it inexpedient or inadvisable for the Company or the Placing Agent to proceed with the Placing; or

- (iii) any change in market conditions (including without limitation, a suspension or limitation on trading in securities generally on the Stock Exchange) which would materially and adversely affect the Placing to potential investor(s) or otherwise in the absolute opinion of the Placing Agent makes it inexpedient or inadvisable or inappropriate for the Company or the Placing Agent to proceed with the Placing,

then and in any such case, the Placing Agent may terminate the Placing Agreement without liability to the Company (save for any antecedent breaches of the Placing Agreement) by giving notice in writing to the Company, provided that such notice is received prior to 9:00 a.m. on Completion and provided further that such termination shall not affect any partial completion of the Convertible Bonds that have taken place prior to such date of termination.

If, at or prior to 9:00 a.m. on the date of Completion;

- (a) the Company commits any material breach of or omits to observe any of the obligations or undertakings expressed or assumed under the Placing Agreement; or
- (b) any suspension in the trading of the Shares on the Stock Exchange for more than ten consecutive trading days save for the purposes of clearing of the announcements relating to the Placing Agreement or circulars relating to the Placing; or
- (c) the Placing Agent shall become aware of the fact that any of the representations or warranties contained in the Placing Agreement was, when given, untrue or inaccurate or would in any respect be untrue or inaccurate if repeated, and shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the financial or trading position or prospects of the Group taken as a whole or will otherwise likely to have a material prejudicial effect on the Placing,

the Placing Agent shall be entitled (but not bound to) by notice in writing to the Company to elect to treat such matter or event as releasing and discharging the Placing Agent from its obligations under the Placing Agreement.

If the Placing Agent terminates the Placing Agreement, all obligations of the Placing Agent and the Company under the Placing Agreement will cease and determine and neither party may have any claim against the other party in respect of any matter arising out of or in connection with the Placing Agreement except for any breach arising prior to such termination.

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

The following summarizes certain of the principal terms of the Convertible Bonds:

### **Aggregate Principal amount of the Convertible Bonds:**

Up to HK\$180,000,000

### **Authorized denomination for issue, transfer, conversion and redemption:**

HK\$5,000,000

### **Maturity Date:**

Two (2) years from the relevant date of issue.

### **Conversion Period:**

The holders of the Convertible Bonds will be able to convert the outstanding principal amount of the Convertible Bonds in whole or in part into Shares at any time following the relevant date of issue until the Maturity Date under the Specific Mandate.

### **Conversion Price:**

Initially set at HK\$0.15 per Conversion Share, subject to customary adjustments in certain events, including share consolidation, share subdivision, capitalization issues, capital distribution, rights issue, open offer and issues of other securities by the Company.

### **Interest Rate:**

One (1) per cent per annum

### **Transferability:**

The Convertible Bonds will be transferrable with the consent of the Company except that the Convertible Bonds can only be transferred to a Connected Person if prior written consent of the Company is obtained.

### **Voting:**

The holders of the Convertible Bonds will not be entitled to receive notice of, attend or vote at any general meeting of the Company by reason only of them being holders of the Convertible Bonds.

**Listing:**

No application will be made for the listing of the Convertible Bonds on the Stock Exchange or any other stock exchange.

Application will be made by the Company for the listing of, and permission to deal in, the Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds.

**Ranking:**

The Conversion Shares to be issued upon the exercise of the conversion rights attaching to the Convertible Bonds will rank pari passu in all respects with all other Shares outstanding on the date the name of the holder of the Convertible Bonds is entered in the register of the members of the Company as a holder of the Conversion Shares.

**Conversion restriction:**

The conversion rights attaching to a Convertible Bond cannot be exercised (and accordingly the Company will not issue Conversion Shares) in any of the following events:

- (i) if and to the extent that the total number of Conversion Shares (together with other Shares) with voting rights held by the holder of the Convertible Bonds in question and parties acting in concert with it within the meaning of the Takeovers Code immediately after the issue of the relevant Conversion Shares would be 30% or more of the enlarged issued share capital of the Company or of such other amount as may be specified in the Takeovers Code as being the level for triggering a mandatory general offer;
- (ii) if the Conversion Shares are to be issued to a Connected Person in which case the exercise of the relevant conversion rights will be subject to approval of Shareholders in a general meeting (if required) and compliance with relevant requirements of the Listing Rules; or
- (iii) if the Company believes that it would no longer fulfill the public float requirement under Rule 8.08 of the Listing Rules immediately after issue of Conversion Shares.

**Redemption:**

The Company shall be entitled to redeem the Convertible Bonds at 103% of the face value of the Convertible Bonds prior to the Maturity Date and at 100% of the face value of the Convertible Bonds on the Maturity Date.

## **CONVERSION**

Assuming the Convertible Bonds are fully placed, a total of 1,200,000,000 Shares will be issued, representing approximately 203.42% of the existing issued share capital of the Company and approximately 67.04% of the Company's issued share capital as enlarged by the issue of the Conversion Shares.

## **CONVERSION PRICE**

The Conversion Price per Conversion Share was arrived at after arm's length negotiation between the Company and the Placing Agent:

- (i) a discount of approximately 31.82% to the closing price of HK\$0.22 per Share quoted on the Stock Exchange on the date of the Placing Agreement; and
- (ii) a discount of approximately 43.18% to the average closing price of HK\$0.264 per Share as quoted on the Stock Exchange for the five consecutive trading days of the Shares immediately prior to the date of the Placing Agreement.

The Conversion Price was determined with reference to the prevailing market price of the Shares, the continuous loss making track record of the Company for the past 5 consecutive financial years ended 31 March 2013 and was negotiated on an arm's length commercial basis between the Company and the Placing Agent. The net price of the Conversion Shares to be issued upon Conversion is approximately HK\$0.145.

## SHAREHOLDING STRUCTURE

The following table shows the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Convertible Bonds and assuming full conversion of the Convertible Bonds (for illustration purposes only).

	As at the date of this announcement		Immediately after completion of the Convertible Bonds and assuming full conversion of the Convertible Bonds	
	No. of Shares	Approximate %	No. of Shares	Approximate %
Miss Yu Wai Fong, a non-executive Director	2,118,871	0.36%	2,118,871	0.12%
Oriental Development Group (HK) Co., Limited <sup>(Note)</sup>	90,000,000	15.25%	90,000,000	5.03%
The Placees	–	–	1,200,000,000	67.04%
Other public Shareholders	<u>497,796,622</u>	<u>84.39%</u>	<u>497,796,622</u>	<u>27.81%</u>
Total	<u>589,915,493</u>	<u>100</u>	<u>1,789,915,493</u>	<u>100</u>

*Note: Oriental Development Group (HK) Co., Limited is 100% beneficially owned by Mr. Man Yuen who is deemed to be interested in 90,000,000 Shares held by Oriental Development Group (HK) Co., Limited.*

## INFORMATION OF THE GROUP

The Group is principally engaged in properties investment business, the exploitation of copper and molybdenum in a mine located in the Inner Mongolia, the People's Republic of China and money lending business.

## REASONS FOR THE PLACING

The Company has approximately RMB43.5 million (equivalent to HK\$55.6 million) outstanding bank loan. In addition, the Company has outstanding unconvertible bonds with an aggregate face value of HK\$20 million, which are due in 2020 with an annual interest rate of 5%. Further, it has issued a promissory note of HK\$10 million with an annual interest rate of 8% as a means to settle the consideration for the acquisition of equity interests in EdKnowledge Group Limited as announced by the Company on 27 November 2013.



In order to settle these outstanding liabilities of the Company and for the purpose of funding the Group's future acquisitions and general working capital, the Company considers it necessary to conduct the Placing. If the Convertible Bonds are fully placed, the gross proceeds from the Placing will be HK\$180 million. The net proceeds from the Placing of up to approximately HK\$174 million is to be used for the following purposes:

<b>Use of proceeds</b>	<b>Amount</b> <i>HK\$'million</i>
Loans and related interest repayment	88
Future acquisitions	60
Working capital	<u>26</u>
 Total net proceeds	 <u><u>174</u></u>

The Directors consider that the Placing will provide: (i) the Company with immediate funding at a low interest rate to repay material debts of the Company; (ii) the Company with immediate working capital to support the Company's existing businesses; and (iii) an opportunity for the Company, if the conversion rights attached to the Convertible Bonds are exercised, to enlarge and strengthen its capital base and also broaden its Shareholders base by the introduction of new investors. The Directors have considered other fund raising alternative such as bank borrowing and rights issue or open offer. However, since bank borrowings may incur a higher interest rate as compared to the 1% coupon rate of the Convertible Bonds and it is difficult for the Company to find an underwriter to underwrite any rights issue or open offer given the unsatisfactory financial performance of the Group over the years, the Directors considered that the placing of the Convertible Bonds is an appropriate means under the current situation of the Company.

The Directors (including independent non-executive Directors) consider that the terms of the Placing Agreement and the terms of the Convertible Bonds (together with the Conversion Price) are on normal commercial terms, fair and reasonable and in the interests of the Company and Shareholders as a whole.

## EQUITY FUND-RAISING ACTIVITIES OF THE COMPANY DURING THE PAST 12 MONTHS

Set out below is the equity fund raising activities conducted by the Company in the past twelve months prior to the date of this announcement:

<b>Date of announcement</b>	<b>Description</b>	<b>Net proceeds raised (approximate)</b>	<b>Intended use of proceeds</b>	<b>Actual use of net proceeds (approximate)</b>
16 August 2013	Placing of new shares	HK\$6.65 million	General working capital of the Group and/or for financing future investment opportunities	Wholly used as general working capital of the Group
12 September 2013	Placing of new shares	HK\$7.8 million	General working capital of the Group and/or for financing future investment opportunities	Approximately HK\$4 million as general working capital, HK\$1.5 million as consideration of acquisition of EdKnowledge Group Limited and the remaining balance held as bank deposit
2 October 2013	Placing of new shares	HK\$4.02 million	General working capital of the Group and/or for financing future investment opportunities	Held as bank deposit

### GENERAL

The Placing is conditional upon, inter alia, the Listing Committee of the Stock Exchange granting or agreeing to grant the listing of, and permission to deal in, the Conversion Shares in respect of the relevant tranche of the Placing and the passing of the resolutions by the Shareholders to approve, inter alia, the Placing Agreement and the allotment and issue of the Conversion Shares.

A circular containing, among other things, further details of the Placing Agreement together with the notice of SGM will be despatched to the Shareholders as soon as possible.

**Completion of the Placing is subject to the satisfaction of the conditions precedent set out in the Placing Agreement. As the Placing may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## **DEFINITIONS**

The following terms are used in this announcement with the meanings set opposite them:

“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Business Day(s)”	a day on which banks are open for business in Hong Kong (excluding Saturdays and Sundays)
“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 whose shares are listed on the Stock Exchange
“Completion”	Completion of each tranche of the Placing, which shall take place within four Business Day after the date of satisfaction of the last of the conditions precedent in the Placing Agreement
“Connected Person(s)”	has the meaning ascribed thereto in the Listing Rules
“Conversion Price”	HK\$0.15
“Convertible Bonds”	the one (1) per cent. interest convertible bonds due 2016 in an aggregate principal amount of HK\$180,000,000 to be issued by the Company pursuant to the Placing Agreement and to be created by the Instrument constituting such notes, or any part of the principal amount
“Conversion Shares”	the new Shares to be allotted and issued by the Company upon exercise of the conversion rights attaching to the Convertible Bonds
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries
“Independent Third Party”	a party who is independent of and not connected with the Company and its Connected Persons

“Instrument(s)”	the instrument(s) to be executed by the Company by way of a deed constituting the Convertible Bonds to be issued upon completion of the Placing
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Maturity Date”	the date falling 24 months from the date of the issue of the Convertible Bonds
“Placee(s)”	any professional, institutional or other investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Convertible Bonds pursuant to the Placing Agent’s obligations under the Placing Agreement
“Placing”	the placing of the Convertible Bonds of up to an aggregate principal amount of HK\$180,000,000 by the Placing Agent pursuant to the Placing Agreement
“Placing Agent”	Tanrich Securities Company Limited, a corporation licensed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to carry out Type 1 regulated activities (dealing in securities)
“Placing Agreement”	the placing agreement dated 2 January 2014 entered into between the Company and the Placing Agent in respect of Placing
“Placing Period”	a period of 90 days commencing from the date of the SGM
“SGM”	the special general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Placing
“Share(s)”	ordinary shares of HK\$0.03 each in the share capital of the Company
“Shareholders”	the holders of Shares
“Specific Mandate”	the specific mandate to be sought from Shareholders at the SGM to approve, inter alia, the allotment and the issue of the Conversion Shares

“Stock Exchange”                      The Stock Exchange of Hong Kong Limited

“Takeovers Code”                      The Hong Kong Code on Takeovers and Mergers

“HK\$”                                      the lawful currency of Hong Kong dollars.

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

Hong Kong, 2 January 2014

*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.*