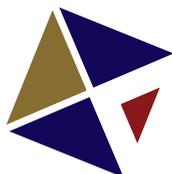


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## **CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED**

**中國置業投資控股有限公司\***

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 736)**

### **MAJOR AND CONNECTED TRANSACTION DISPOSAL OF SUBSIDIARY**

#### **THE SPA**

On 22 August 2016 (after trading hours), the Company, as vendor, entered into the SPA with the Purchaser, pursuant to which the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire share capital of the Target Company, at the Consideration of HK\$100 million payable by the Purchaser in accordance with the terms and conditions of the SPA.

#### **THE LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 25% but all are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements.

As at the date of this announcement, Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau, being the directors of the Target Company and the Target Subsidiary, hold an aggregate of 75% of the total issued share capital of the Purchaser, and therefore the Purchaser is an associate of Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau. As a result, the Purchaser is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the notification, announcement and Independent Shareholders' approval requirements under the Listing Rules.

\* *For identification purposes only*

The Disposal is however only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, therefore such connected transaction is exempted from the circular, independent financial advice and Independent Shareholders' approval requirements under rule 14A.101 of the Listing Rules given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal in normal commercial terms and in the interests of the Company and the Shareholders as a whole.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) the notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 13 September 2016 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and no Shareholder is required to abstain from voting on the resolution(s) in respect of the SPA and the transactions contemplated thereunder at the SGM.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" under the SPA. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **THE SPA**

### **Date**

22 August 2016 (after trading hours)

### **Parties**

- (i) Vendor: the Company; and
- (ii) Purchaser: Wan Cheng Investments Limited

As at the date of this announcement, Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau, being the directors of the Target Company and the Target Subsidiary, hold an aggregate of 75% of the total issued share capital of the Purchaser, and therefore the Purchaser is an associate of Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau. As a result, the Purchaser is a connected person of the Company under the Listing Rules.

### **Assets to be disposed**

Pursuant to the SPA, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Sale Share, representing the entire issued share capital of the Target Company.

### **Consideration**

The Consideration is HK\$100 million, which shall be satisfied in the following manner upon Completion:

- (i) as to HK\$40 million shall be paid in cash; and
- (ii) as to HK\$60 million shall be paid and settled by setting off the Promissory Notes due to the Purchaser from the Company.

Pursuant to the SPA, the Purchaser agreed to waive all interest payable by the Company under the Promissory Notes and the Company agreed to waive its right to claim against the Purchaser and the Previous Agreement Guarantors for the profit guarantee given by them under the Previous Agreement upon Completion.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser with reference to, among others, the total consideration of HK\$100 million paid by the Company to the Purchaser under the Previous Agreement.

The Directors (including the independent non-executive Directors) consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

### **Conditions precedent**

Completion is conditional upon satisfaction of the following conditions precedent:–

- (i) the Company having obtained the approval by the Shareholders (or Independent Shareholders, if required) for the sale of the Sale Share and all other transactions contemplated under the SPA, if required, in compliance with the requirements of the Listing Rules; and

- (ii) the Company having complied with all applicable laws, regulations and rules in Hong Kong or elsewhere including but not limited to those under the Listing Rules and the requirements, instructions and indications, etc. of the Stock Exchange in relation to the SPA and the transactions contemplated under the SPA.

None of the above conditions can be waived. If all the conditions have not been satisfied on or before the Long Stop Date, through no fault of the Company or the Purchaser, the SPA shall automatically terminate forthwith and all liabilities of the parties pursuant to the SPA shall cease and neither party shall have any claim against the other but without prejudice to accrued right of either party against the other party for antecedent breach prior thereto.

## **Completion**

Completion shall take place on the Completion Date.

Upon Completion, the Company shall cease to hold any interest in the Target Company and the Target Group will cease to be subsidiaries of the Company.

## **INFORMATION ON THE TARGET GROUP**

The Target Company, a wholly-owned subsidiary of the Company, is a company incorporated in British Virgin Islands with limited liability and has an authorised share capital of US\$50,000 divided into 50,000 ordinary shares of US\$1 each, of which one ordinary share has been issued and fully paid-up. The principal activity of the Target Company is investment holding.

The Target Subsidiary is a company incorporated in Hong Kong with limited liability which has issued 10 ordinary shares with total amount of paid up capital of HK\$10 as at the date of this announcement. The Target Subsidiary is owned as to 90% by the Target Company.

Reference is made to the announcements of the Company dated 16 October 2014 (the “**Previous Announcement**”) and 21 November 2014. The Company completed the acquisition of the entire issued share capital of the Target Company in accordance with the Previous Agreement (the “**Previous Acquisition**”) on 21 November 2014 and is effectively interested in 90% of the issued share capital of the Target Subsidiary. The consideration paid by the Company for the Previous Acquisition was HK\$100 million which was satisfied by cash and the issue of the Promissory Notes.

In addition, for the six months ended 30 September 2015, the net profit after tax of the Target Subsidiary was approximately HK\$2.30 million and exceeded the guaranteed profit of HK\$1.50 million for such period as stipulated under the Previous Agreement. As such, the Company redeemed part of the Promissory Notes in the principal amount of HK\$10 million pursuant to the terms and conditions of the Previous Agreement.

The Target Group comprises the Target Company which in turn holds 90% equity interest in the Target Subsidiary.

Set out below is the consolidated financial information of the Target Group as extracted from its financial statements for the two financial years ended 31 March 2015 and 2016:

	<b>For the year ended 31 March</b>	
	<b>2015</b>	<b>2016</b>
	<i>(approximate RMB' million)</i>	<i>(approximate RMB' million)</i>
Net profit/(loss) before taxation	(2.82)	2.95
Net profit/(loss) after taxation	(2.88)	2.94

The net assets of the Target Group as at 31 March 2016 according to its audited financial statement was approximately RMB18,500.

### **FINANCIAL EFFECT OF THE DISPOSAL AND USE OF PROCEEDS**

For illustration purposes, based on the carrying value of the Target Group as at 31 March 2016, it is estimated that the Group will record a gain of approximately RMB20.49 million (before tax) from the Disposal after deducting the expenses, attributable to the Disposal of approximately RMB0.77 million. Shareholders should note that the actual amount of the gain on the Disposal to be recognized in the consolidated financial statements of the Company depends on the carrying value of the Target Group as at the Completion Date and therefore may be different from the amount mentioned above.

Upon Completion, the Company will cease to hold any equity interest of the Target Company and the financial results of the Target Group will no longer be consolidated into the consolidated financial statements of the Group.

The Board intends to apply the net proceeds from the Disposal for development of the money lending business and/or development of an elderly home project, if materialized.

### **REASONS AND BENEFITS OF THE DISPOSAL**

Reference is made to the Previous Announcement relating to the Previous Acquisition. As stated in the Previous Announcement, the Directors were of the view that, by leveraging on the support from Quality Education Fund and the extensive experiences of the Target Group's management team in the education sector, the Previous Acquisition provided a prime opportunity for the Group to enter into the educational support services sector at the material time and diversify the revenue stream of the Group which was expected to increase the Shareholders' value and benefit the Company and the Shareholders as a whole.

The Group has relied on the management of the Target Subsidiary to maintain its operation. However, during the process of merging the operation of the Target Group into the Group, there were disagreements between the Company and the management of the Target Subsidiary, on the business model of the Target Subsidiary for the shift of focus from provision of educational support services to

the local schools in application of the Quality Education Fund in Hong Kong to the sales of education course materials and provision of educational support services in the PRC, and non-cooperation of the management of the Target Subsidiary in carrying out the Group's policies (the "**Disputes**"). During the said process, the Company and the Target Subsidiary had held several rounds of negotiation to try to resolve the Disputes but failed to reach any consensus. Despite the Target Subsidiary was profit-making for the year ended 31 March 2016, having taken into account (i) the Disputes and the inability of the Company and the management of the Target Subsidiary to resolve the Disputes despite the Company's efforts; and (ii) the potential operational risk imposed on the Company resulting from the non-cooperation of the management of the Target Subsidiary should the Target Subsidiary remain as a subsidiary of the Company, the Directors consider that the Disposal represents a good opportunity for the Group to exit its investment from a dispute situation at the same price. As such the Company and the Purchaser resolved to reverse the Previous Acquisition by entering into the SPA.

In April 2016, the Group has completed the acquisition of a company which is principally engaged in the business of securities brokerage and is a licensed corporation to carry out Type 1 (dealing in securities) regulated activity under the SFO. In addition, the Company also entered into a sale and purchase agreement with an independent third party in May 2016 to purchase the entire issued share capital of a company which is principally engaged in the business of assets management and is licensed under the SFO to carry on Type 9 (asset management) regulated activity and the said acquisition has not completed and is subject to the approval of the Securities and Futures Commission as at the date of this announcement. These acquisitions enable the Group to enter into securities brokerage and assets management business.

The Directors also consider that the Disposal will enable the Group to focus its resources in pursuing development opportunities on, including but not limited to, the newly developed and developing business segments of the Group, including the money lending, securities brokerage and assets management business.

Having considered the reasons for and benefits of the Disposal as mentioned above, the Directors (including the independent non-executive Directors) are of the view that the terms of the SPA are fair and reasonable and the Disposal is in the interest of the Company and the Shareholders as a whole.

## **INFORMATION ON THE GROUP**

The Company is an investment holding company and the principal activities of the Group are property investment, provision of educational support services, securities brokerage and money lending.

## **THE LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) in respect of the Disposal are more than 25% but all are less than 75%, the Disposal constitutes a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification, announcement and Shareholders' approval requirements.

As at the date of this announcement, Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau, being the directors of the Target Company and the Target Subsidiary, hold an aggregate of 75% of the total issued share capital of the Purchaser, and therefore the Purchaser is an associate of Mr. Chu Hong Chuen Raymond and Mr. Kam Wing Sau. As a result, the Purchaser is a connected person of the Company under the Listing Rules. Accordingly, the Disposal also constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules and is subject to the notification, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Disposal is however only a connected transaction between the Company and a connected person at the subsidiary level on normal commercial terms, therefore such connected transaction is exempted from the circular, independent financial advice and Independent Shareholders' approval requirements under rule 14A.101 of the Listing Rules given that (i) the Directors have approved the Disposal; and (ii) the independent non-executive Directors have confirmed that the terms of the Disposal are fair and reasonable, the Disposal in normal commercial terms and in the interests of the Company and its Shareholders as a whole.

## **GENERAL**

The SGM will be convened and held for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder.

A circular containing, among others, (i) further details of the SPA and the transactions contemplated thereunder; (ii) other information as required under the Listing Rules; and (iii) the notice of the SGM will be despatched to the Shareholders as soon as practicable, which is expected to be on or before 13 September 2016 to allow sufficient time for the preparation of the relevant information for inclusion in the circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, no Shareholder or any of its close associates has any material interest in the SPA and the transactions contemplated thereunder, and no Shareholder is required to abstain from voting on the resolution(s) in respect of the SPA and the transactions contemplated thereunder at the SGM.

**Completion is conditional upon the satisfaction of the conditions set out in the section headed "Conditions Precedent" under the SPA. Accordingly, the Disposal may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company.**

## **DEFINITIONS**

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

"associate(s)" has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors
“Business Day(s)”	a day (other than a Saturday, Sunday or public holiday in Hong Kong) on which commercial banks are generally open for business in 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 whose shares are listed on the Stock Exchange
“Completion”	the completion of the Disposal
“Completion Date”	the third Business Day after the fulfillment of the conditions as set out in the SPA or such other date as the Company and the Purchaser may agree in writing
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the total consideration of HK\$100 million payable by the Purchaser to the Company for the Disposal under the SPA
“Director(s)”	director(s) of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser pursuant to the terms and conditions of the SPA
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Independent Shareholders”	Shareholders other than those who have material interest in the SPA and the transactions contemplated thereunder and are required to abstain from voting at the SGM
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	4 months from the date of the SPA or such other date as the Company and the Purchaser may agree in writing

\* *For identification purposes only*

“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, Macau Special Administration Region of the PRC and Taiwan
“Previous Agreement”	the conditional sale and purchase agreement dated 16 October 2014 and entered into by the Company, the Previous Agreement Guarantors and the Purchaser in respect of the acquisition of entire issued share capital of the Target Company
“Previous Agreement Guarantors”	collectively Mr. Chu Hong Chuen Raymend, Mr. Chim Man Tung and Mr. Kam Wing Sau, being the guarantors to the Previous Agreement
“Promissory Notes”	the outstanding promissory notes of a principal amount of HK\$60 million issued by the Company to the Purchaser pursuant to an instrument in respect of a series of notes in the aggregate principal amount of up to HK\$70 million under the Previous Agreement
“Purchaser”	Wan Cheng Investments Limited, a company incorporated in Samoa with limited liability
“RMB”	Renminbi, the lawful currency of the PRC
“Sale Share”	one issued and fully-paid ordinary share with a par value of US\$1 in the share capital of the Target Company, representing the entire issued share capital of the Target Company
“SFC”	Securities and Futures Commissions of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting to be convened by the Company for the Shareholders to consider and, if thought fit, approve the SPA and the transactions contemplated thereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company as at the date of this announcement
“Shareholder(s)”	holder(s) of Share(s)
“SPA”	the conditional sale and purchase agreement dated 22 August 2016 entered into by the Company and the Purchaser in relation to the Disposal

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Liquin Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“Target Group”	The Target Company and the Target Subsidiary
“Target Subsidiary”	Kotech Educational Limited, a company incorporated in Hong Kong with limited liability, which is owned 90% by the Target Company as at the date of this announcement
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent.

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

Hong Kong, 22 August 2016

*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.*

*In the case of inconsistency, the English text of this announcement shall prevail over the Chinese text.*