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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)**

### **PLACING OF NEW SHARES UNDER GENERAL MANDATE**

**Placing Agent**

**United Simsen Securities Limited**

On 15 August 2011 (after trading hours), the Company entered into the Placing Agreement with the Placing Agent pursuant to which the Placing Agent has agreed to place, on a best effort basis, to not less than six independent Placees for up to 1,028,000,000 new Shares at a price of HK\$0.027 per Placing Share.

The Placing is conditional upon the Listing Committee of the Stock Exchange granting the listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.

The maximum number of 1,028,000,000 Placing Shares represents approximately 19.99% of the issued share capital of the Company of 5,140,309,888 Shares as at the date of this announcement and approximately 16.67% of the Company's issued share capital as enlarged by the Placing Shares.

The negotiations between the Company and the vendors of the Acquisition are at an advanced stage and an enquiry has been submitted to the Stock Exchange on 5 July 2011 to seek the guidance from the Stock Exchange on how the Acquisition will be treated under the Listing Rules. Based on the preliminary discussions between the Company and the vendors, the proposed consideration for the Acquisition is expected to be not less than HK\$1,500 million and shall be settled in the combination of cash, the issue of promissory notes and the issue of convertible notes. No formal conditional sale and purchase agreement has been entered as at the date of this announcement regarding the Acquisition.

\* For identification purposes only

As this advanced stage, the Company considered it is an appropriate timing and opportunity to conduct the Placing and raise additional capital for the Company to prepare for the Acquisition, the possible redemption of the convertible bonds issued by the Company and also the relevant working capital required after the completion of the Acquisition (if materialize).

Subject to the Placing being completed, the Company will bear all costs and expenses in connection with the Placing. The net proceeds of approximately HK\$26.86 million from the Placing, together with the proceeds from the previous rights issue of the Company, will be tentatively allocated as follows: (i) financing the consideration for the Acquisition and the relevant required general working capital after the completion of the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; and (ii) the possible redemption of the convertible bonds issued by the Company with outstanding principal amount of HK\$110 million.

After the completion of the Placing, the Company will continue to identify any other fund raising opportunities to finance the Acquisition as sufficient capital is required to be in place for the future development of the oilfield under the Acquisition.

## **THE PLACING AGREEMENT**

Date:	15 August 2011 (after trading hours)
Placing Agent:	United Simsen Securities Limited. To the best of the Company's knowledge, information and belief after making reasonable enquiries, the Placing Agent and its ultimate beneficial owners are Independent Third Parties.
Placees:	The Placing Shares will be placed to not less than six Placees (which will be independent individual, corporate and/or institutional investors) and their ultimate beneficial owners will be Independent Third Parties. It is expected that no Placee will become a substantial Shareholder (as such term is defined in the Listing Rules) immediately following completion of the Placing.
Number of Placing Shares:	Up to 1,028,000,000 new Shares, to be placed by the Placing Agent on a best effort basis. Assuming the Placing Shares are fully placed, the Placing Shares represents approximately 19.99% of the issued share capital of the Company of 5,140,309,888 Shares as at the date of this announcement and approximately 16.67% of the Company's issued share capital as enlarged by the Placing Shares. The nominal value of the Placing Shares is approximately HK\$1.03 million as at the date of this announcement.

Placing Price:	<p>HK\$0.027 per Placing Share. The Placing Price was agreed after arm's length negotiations between the Company and the Placing Agent, with reference to, among other things, the recent trading price of the Shares on the Stock Exchange. The Placing Price represents:</p> <ul style="list-style-type: none"> <li>(i) a discount of approximately 18.18% to the closing price of HK\$0.033 per Share as quoted on the Stock Exchange on 15 August 2011, being the date of the Placing Agreement; and</li> <li>(ii) a discount of approximately 15.09% to the average closing price of approximately HK\$0.0318 per Share as quoted on the Stock Exchange for the last 5 full trading days of the Shares immediately prior to the date of the Placing Agreement.</li> </ul> <p>The Company will bear the costs and expenses in connection with the Placing and the net proceeds from the Placing is estimated to be approximately HK\$26.86 million (assuming the Placing Shares are fully placed). As a result, the net price per Placing Share will be approximately HK\$0.026.</p>
Placing Commission:	The Placing Agent will receive a placing commission of 2.5% on the gross proceeds of the Placing.
General Mandate:	The Placing Shares will be issued pursuant to the general mandate to allot, issue and deal with the Shares granted to the Directors by resolution of the Shareholders passed at the Company's special general meeting held on 4 May 2011 up to 1,028,061,978 Shares. As at the date of this announcement, no Share has been issued pursuant to the said general mandate.
Ranking of Placing Shares:	The Placing Shares, when issued and fully paid, will rank <i>pari passu</i> among themselves and with Shares in issue at the time of issue and allotment of the Placing Shares.
Conditions to the Placing:	<p>The Placing is conditional upon the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Placing Shares. If such condition is not fulfilled, the Placing will not proceed.</p> <p>Application will be made to the Stock Exchange for approval for the listing of and permission to deal in the Placing Shares.</p> <p>The Placing is not subject to Shareholders' approval.</p>

Completion of the Placing:

Subject to the satisfaction of all the conditions set out above, the Placing is expected to be completed on or before 31 August 2011 or such later time and/or such other date as the Placing Agent and the Company may agree.

Termination:

The Placing Agent may terminate the Placing Agreement prior to completion of the Placing Agreement if in the opinion of the Placing Agent the success of the Placing or the business or financial prospects of the Group would or is likely to be materially and adversely affected by:

- (a) any material breach of any of the representations and warranties set out in the Placing Agreement; or
- (b) any suspension in dealings in or the listing of the Shares on the Stock Exchange for a period of more than 5 trading days (other than in connection with the Placing); or
- (c) the introduction of any new law or regulation or any change in existing laws or regulations or change in the interpretation or application thereof; or
- (d) the occurrence of any event, development or change (whether or not local, national or international or forming part of a series of events or changes occurring or continuing before, on and/or after the date hereof and including an event or change in relation to or a development of an existing state of affairs) of a political, military, industrial, financial, economic or other nature, whether or not sui generis with any of the foregoing, resulting in a material adverse change in, or which might be expected to result in a material adverse change in, political, economic or stock market conditions; or
- (e) the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange occurring due to exceptional financial circumstances or otherwise; or
- (f) a change or development involving a prospective change in taxation in Hong Kong, Bermuda or the People's Republic of China or the implementation of exchange controls which shall or might materially and adversely affect the Group or its present or prospective shareholders in their capacity as such; or
- (g) any change or deterioration in the conditions of local, national or international securities markets.

## EFFECT OF THE PLACING ON SHAREHOLDING

The shareholdings in the Company as at the date of this announcement (as extracted from the Disclosure of Interests stated in the website of the Stock Exchange) and immediately after completion of the Placing are and will be as follows:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing	
	No. of Shares	%	No. of Shares	%
Ms. Yu Wai Fong (Non-executive Director)	63,566,151	1.24	63,566,151	1.03
<b>Public Shareholders</b>				
Existing public Shareholders	5,076,743,737	98.76	5,076,743,737	82.30
Places	—	—	1,028,000,000	16.67
Total	<u>5,140,309,888</u>	<u>100.00</u>	<u>6,168,309,888</u>	<u>100.00</u>

## REASONS FOR AND BENEFITS OF THE PLACING AND USE OF THE PROCEEDS

The Group is principally engaged in (i) the properties investment business, comprising the rental of investment properties and the provision of the property management services; and (ii) the exploitation of copper and molybdenum in a mine located in the Inner Mongolia, the PRC.

The negotiations between the Company and the vendors of the Acquisition are at an advanced stage and an enquiry has been submitted to the Stock Exchange on 5 July 2011 to seek the guidance from the Stock Exchange on how the Acquisition will be treated under the Listing Rules. Based on the preliminary discussions between the Company and the vendors, the proposed consideration for the Acquisition is expected to be not less than HK\$1,500 million and shall be settled in the combination of cash, the issue of promissory notes and the issue of convertible notes. No formal conditional sale and purchase agreement has been entered as at the date of this announcement regarding the Acquisition. As this advanced stage, the Company considered it is an appropriate timing and opportunity to conduct the Placing and raise additional capital for the Company to prepare for the Acquisition, the possible redemption of the convertible bonds issued by the Company and the relevant working capital required after the completion of the Acquisition (if materialize).

Subject to the Placing being completed, the Company will bear all costs and expenses in connection with the Placing. The net proceeds of approximately HK\$26.86 million from the Placing, together with the proceeds from the previous rights issue of the Company, at the sole discretion of the Board, will be tentatively allocated as follows: (i) financing the consideration for the Acquisition and the relevant required general working capital after the completion of the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; and (ii) the possible redemption of the convertible bonds issued by the Company with outstanding principal amount of HK\$110 million.

After the completion of the Placing, the Company will continue to identify any other fund raising opportunities to finance the Acquisition as sufficient capital is required to be in place for the future development of the oilfield under the Acquisition.

The Directors consider the terms of the Placing Agreement to be fair and reasonable and the Placing is in the interest of the Group and the Shareholders as a whole.

#### **EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
6 September 2010	Placing of 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
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
27 January 2011	Placing of 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 for the professional fees and working capital of the Company

<b>Date of announcement</b>	<b>Fund raising activity</b>	<b>Net proceeds raised</b>	<b>Proposed use of the net proceeds</b>	<b>Actual use of the net proceeds</b>
16 February 2011	Rights issue	Approximately HK\$326.5 million	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 issued by the Company 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.	HK\$70 million was used for early redemption of convertible bonds; HK\$11 million was used as corporate general expenses; HK\$42 million was used as participation amount in relation to the participation deed entered into with Simsen Capital Finance Limited; HK\$8 million was used as participation amount in relation to the sub-participation agreement entered into with Power Alliance International Limited; and the remaining balance was deposited at bank

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

## DEFINITIONS:

Unless the context otherwise requires, the following terms shall have the meanings set out below:

“Acquisition”	the proposed acquisition of the oilfield in Nevada
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	board of Directors
“Business Day”	any day (other than a Saturday or Sunday or public holiday) on which banks in Hong Kong are generally open for the transaction of normal business
“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 to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	an independent third party, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, who is not connected with the Company and its connected persons (as defined under the Listing Rules)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any individual, institutional or other professional investor procured by the Placing Agent to purchase any of the Placing Shares pursuant to the Placing Agreement
“Placing”	the placing of the Placing Shares by the Company, through the Placing Agent, pursuant to the Placing Agreement
“Placing Agent”	United Simsen Securities Limited, is a licensed corporation to carry on business in Type 1, 2, 4 and 6 regulated activities under the Securities and Futures Ordinance



“Placing Agreement”	the placing agreement entered into between the Company and the Placing Agent dated 15 August 2011 in relation to the Placing
“Placing Price”	HK\$0.027 per Placing Share
“Placing Shares”	a maximum of 1,028,000,000 new Shares to be placed pursuant to the Placing Agreement
“PRC”	The People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.001 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 15 August 2011

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

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