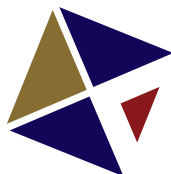

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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

The circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities of the Company.

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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 RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE AND (2) NOTICE OF SPECIAL GENERAL MEETING

Underwriter to the Rights Issue



BLACK MARBLE
貝格隆集團

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



大有融資有限公司
MESSIS CAPITAL LIMITED

Capitalized terms used in this cover page shall have the same meanings as those defined in this circular unless otherwise stated.

A letter from the Board is set out on pages 7 to 22 of this circular. The recommendation of the Independent Board Committee to the Independent Shareholders is set out on pages 23 to 24 of this circular. A letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 25 to 46 of this circular.

A notice convening the SGM to be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 6 July 2016 at 10:00 a.m. is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

The last day of dealings in the Shares on cum-entitlement basis will be on Thursday, 7 July 2016. The Shares will be dealt in on entitlement basis from Friday, 8 July 2016. To qualify for the Rights Issue, the Shareholders must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

Shareholders and potential investors should note that the Rights Issue is subject to the satisfaction of certain conditions as described under the section headed "Conditions of the Rights Issue" of this circular. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed "Termination of the Underwriting Agreement" of this circular) on or before the Latest Time for Termination. Accordingly, the Rights Issue may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

17 June 2016

* for identification purposes only

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DEFINITIONS

In this circular, the following expressions shall have the following meanings unless the context otherwise requires:

“acting in concert”	has the meaning ascribed to it under the Takeovers Code
“Announcement”	the announcement of the Company dated 24 May 2016 in relation to the Rights Issue
“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) on which licensed banks are generally open for business in Hong Kong throughout their normal business hour
“CAD”	Canadian dollars, the lawful currency of Canada
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“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
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EAF(s)”	the form(s) of application for excess Rights Shares proposed to be issued to the Qualifying Shareholders in such form as may be agreed between the Company and the Underwriter
“Final Acceptance Date”	Friday, 29 July 2016 or such other date as may be agreed between the Company and the Underwriter and described as the latest date for acceptance of the Rights Shares in the Prospectus
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	the Hong Kong Securities Clearing Company Limited
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China

* for identification purposes only.

DEFINITIONS

“Independent Board Committee”	the independent board committee, comprising independent non-executive Directors, which has been formed to advise the Independent Shareholders in respect of the Underwriting Agreement, the Rights Issue and the transactions contemplated thereunder
“Independent Financial Adviser”	Messis Capital Limited, a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue
“Independent Shareholder(s)”	Shareholders not required under the Listing Rules to abstain from voting on the resolution(s) at the SGM
“Independent Third Party(ies)”	third party(ies) independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	15 June 2016, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
“Latest Time for Termination”	4:00 p.m. on the first (1st) Business Day following the Final Acceptance Date
“Listing Committee”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Shareholders whose registered addresses (as shown on the register of members of the Company on the Record Date) are outside of Hong Kong, in respect of whom the Directors consider the exclusion from the Rights Issue to be necessary or expedient on account of either the 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)”	those Shareholder(s) whose registered address(es) (as shown on the register of members of the Company on the Record Date) are outside of Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be used in connection with the Rights Issue in such form as may be agreed between the Company and the Underwriter

DEFINITIONS

“PRC”	the People’s Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of PRC and Taiwan
“Prospectus”	the document containing details of the Rights Issue to be despatched to the Shareholders
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Posting Date”	Friday, 15 July 2016 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents to the Qualifying Shareholders (or the Prospectus only in case of Non-Qualifying Shareholder(s))
“Qualifying Shareholders”	those Shareholders whose names appear on the register of members of the Company on the Record Date, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 14 July 2016, or such other date as may be agreed between the Company and the Underwriter for determining entitlements to the Rights Issue
“Registrar”	Tricor Secretaries Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, the Hong Kong branch share registrar of the Company
“Rights Issue”	the proposed issue by way of rights issue to the Qualifying Shareholders on the basis of four (4) Rights Shares for every one (1) existing Share 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”	not less than 3,886,065,724 new Shares and not more than 4,038,732,388 new Shares to be allotted and issued pursuant to the Rights Issue
“RMB”	Renminbi, the lawful currency of PRC
“SGM”	the special general meeting of the Company to be convened and held to consider and approve the Rights Issue, the Underwriting Agreement and the transactions contemplated hereunder
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)

DEFINITIONS

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.141 per Rights Share
“Takeovers Code”	the Hong Kong Code on the Takeovers and Mergers
“Underwriter”	Black Marble Securities Limited, a licensed corporation to carry on business in type 1 (dealing in securities) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Underwriting Agreement”	the underwriting agreement dated 24 May 2016 entered into among the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue
“Underwritten Shares”	all the Rights Shares
“US\$”	United States dollars, the lawful currency of the United States of America
“Warrants”	bonus warrants with an outstanding aggregate principal amount of HK\$57,250,000.20 exercisable into 38,166,666 Shares
“%”	per cent.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue and the associated trading arrangement are as follows:

Latest time for lodging proxy forms	10:00 a.m. on Monday, 4 July 2016
Expected date and time of the SGM	10:00 a.m. on Wednesday, 6 July 2016
Announcement of results of the SGM	Wednesday, 6 July 2016
Last day of dealings in the Shares on a cum-entitlement basis	Thursday, 7 July 2016
First day of dealings in the Shares on an ex-entitlement basis	Friday, 8 July 2016
Latest time for lodging transfer of Shares in order to be qualified for the Rights Issue	4:30 p.m. on Monday, 11 July 2016
Register of members of the Company closes (both days inclusive)	Tuesday, 12 July 2016 to Thursday, 14 July 2016
Record Date for the Rights Issue	Thursday, 14 July 2016
Register of members of the Company re-opens	Friday, 15 July 2016
Despatch of the Prospectus Documents	Friday, 15 July 2016
First day of dealings in nil-paid Rights Shares	9:00 a.m. on Tuesday, 19 July 2016
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Thursday, 21 July 2016
Last day of dealings in nil-paid Rights Shares	4:00 p.m. on Tuesday, 26 July 2016
Latest time for acceptance of and payment for the Rights Shares and application and payment for excess Rights Shares	4:00 p.m. on Friday, 29 July 2016
Latest Time for Termination and Underwriting Agreement becoming unconditional	4:00 p.m. on Monday, 1 August 2016
Announcement of results of acceptance of the Rights Shares	Wednesday, 3 August 2016
Despatch of certificates for fully-paid Rights Shares and refund cheques (if any) on or before	Thursday, 4 August 2016
Dealings in fully-paid Rights Shares commence	9:00 a.m. on Friday, 5 August 2016

All times stated in this circular refer to Hong Kong times. Dates stated in this circular for events in the timetable are indicative only and may be extended or varied. Any changes to the anticipated timetable for the Rights Issue will be announced as appropriate.

TERMINATION OF THE UNDERWRITING AGREEMENT

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement, if, prior to the Latest Time for Termination:

- (a) in the absolute opinion of the Underwriter, the success of the Rights Issue or the level of the Rights Shares being taken up would be materially and adversely affected by:
 - (1) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (2) 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 of the Underwriting Agreement) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue;
- (b) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter are likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any member of the Group or the destruction of any material asset of the Group;
- (c) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lockout;
- (d) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing;
- (e) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of the Underwriter, a material omission in the context of the Rights Issue; or
- (f) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten (10) consecutive Business Days, excluding any suspension in connection with the clearance of the announcement or the circular or the Prospectus Documents or other announcements or circulars in connection with the Rights Issue.

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 (Chairman)

Mr. Au Tat On

Non-executive Director:

Miss Yu Wai Fong

Independent non-executive Directors:

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Registered office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Principal place of business:

Room 4303, 43/F

China Resources Building

26 Harbour Road

Wanchai, Hong Kong

17 June 2016

To the Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

Reference is made to the Announcement in relation to the Rights Issue.

On 24 May 2016 (after trading hours of the Stock Exchange), the Company entered into the Underwriting Agreement with the Underwriter in relation to the underwriting arrangements in respect of the Rights Issue. The Company proposes to raise not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million before expenses by issuing not less than 3,886,065,724 Rights Shares and not more than 4,038,732,388 Rights Shares at the Subscription Price of HK\$0.141 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date and payable in full upon application.

* for identification purposes only

LETTER FROM THE BOARD

The purpose of this circular is to provide you with, among other things, (i) further details about the Rights Issue; (ii) a letter of recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Rights Issue; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Rights Issue; and (iv) a notice convening the SGM.

PROPOSED RIGHTS ISSUE

Basis of the Rights Issue	:	four (4) Rights Shares for every one (1) existing Share held on the Record Date
Subscription Price	:	HK\$0.141 per Rights Share
Number of Shares in issue as at the Latest Practicable Date	:	971,516,431 Shares
Number of Rights Shares	:	not less than 3,886,065,724 Rights Shares (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date) and not more than 4,038,732,388 Rights Shares (assuming that the subscription rights attached to the Warrants are exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date)
		the aggregate nominal value of the Rights Shares will be not less than approximately HK\$38.9 million and not more than approximately HK\$40.4 million
Number of enlarged Shares in issue upon completion of the Rights Issue	:	not less than 4,857,582,155 Shares and not more than 5,048,415,485 Shares
Amount raised before expenses	:	not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million

As at the Latest Practicable Date, the Company has outstanding Warrants which in aggregate entitle holders thereof to subscribe for 38,166,666 Shares.

Save for the Warrants, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares as at the Latest Practicable Date.

LETTER FROM THE BOARD

Assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the minimum number of 3,886,065,724 Rights Shares represents (i) 400.00% of the issued share capital of the Company as at the Latest Practicable Date; and (ii) approximately 80.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Assuming that the subscription rights attached to the Warrants were exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date, the maximum number of 4,038,732,388 Rights Shares represents: (i) 400.00% of the issued share capital of the Company on the Record Date; and (ii) approximately 80.00% of the issued share capital of the Company as enlarged by the allotment and issue of the Rights Shares.

Conditions of the Rights Issue

The Rights Issue is subject to the Underwriting Agreement having become unconditional and not being terminated in accordance with its terms. In addition, the Rights Issue is conditional upon the following conditions being fulfilled:

- (a) the passing of all necessary resolution(s) by the Board and the Shareholders (where applicable, the Independent Shareholders) on or before the Posting Date to approve the Rights Issue and the transactions contemplated thereunder;
- (b) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong respectively of one copy of each of the Prospectus Documents each duly certified by all Directors (or by their agents duly authorised in writing) in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (and all other documents required to be attached thereto) and otherwise complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Listing Rules;
- (c) the filing of one copy of the Prospectus Documents with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus Documents in compliance with the Companies Act;
- (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, on or before the Posting Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment), and not having revoked, 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.

LETTER FROM THE BOARD

Neither the Company nor the Underwriter may waive conditions (a) to (f) above. The resolution by the Board of condition (a) above was passed. In the event that any of conditions (a) to (f) above has not been satisfied by the Latest Time for Termination (or such other time and/or date as the Company and the Underwriter may determine in writing), the Underwriting Agreement shall terminate (save in respect of any rights and obligations which may accrue under the Underwriting Agreement) and no party thereto shall have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breach of the Underwriting Agreement.

If the Underwriting Agreement is terminated, the Rights Issue will not proceed.

Subscription Price

The Subscription Price is HK\$0.141 per Rights Share, which will be payable in full upon acceptance of the provisional allotment of the 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 42.21% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement;
- (b) a discount of approximately 42.21% to the average closing price of approximately HK\$0.244 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the Underwriting Agreement;
- (c) a discount of approximately 12.96% to the theoretical ex-entitlement price of approximately HK\$0.162 based on the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement;
- (d) a discount of approximately 76.89% to the net tangible asset per Share attributable to the Shareholders of approximately HK\$0.61 (based on the unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 September 2015 of RMB492,080,000 (equivalent to approximately HK\$590,496,000 and 971,516,431 Shares in issue as at the Latest Practicable Date); and
- (e) a discount of approximately 21.23% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

LETTER FROM THE BOARD

The Subscription Price was determined after arm's length negotiation between the Company and the Underwriter with reference to the prevailing market price of the shares and market conditions. In setting the Subscription Price and the subscription rate of the Rights Issue (being four Rights Shares for one existing Share), the Board has considered the following factors:

- (i) a discount to the closing price of the Shares is necessary in order to encourage the Qualifying Shareholders to participate in the Rights Issue for the reasons that if Shareholders would like to increase their proportional shareholding, they will find applying for the excess Rights Shares or buying nil-paid Rights Shares more attractive than purchasing Shares on the market;
- (ii) the funding requirements of the Group having regard to the need for setting a subscription price at a level acceptable to the Underwriter and the Qualifying Shareholders;
- (iii) the Subscription Price has to be set at a discount level to the closing prices of the Shares which is acceptable to the Underwriter; and
- (iv) the Rights Issue is subject to the Independent Shareholders' approval at the SGM as the Rights Issue will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement. The Independent Shareholders have a chance to express their views on the terms of the Rights Issue through their votes at the SGM.

In light of the above, the Directors (including the independent non-executive Directors after taking into account the advice of the Independent Financial Adviser regarding the Rights Issue) consider that the discount of the Subscription Price would encourage the Shareholders to participate in the Rights Issue and accordingly maintain their pro-rata shareholdings in the Company and participate in the future growth of the Group, and that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotments

The basis of the provisional allotment shall be four (4) Rights Shares for every one (1) existing Share held on the Record Date. Acceptance for all or any part entitlement of a Qualifying Shareholder should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being accepted for.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders.

To qualify for the Rights Issue, the Shareholders must be registered as a member of the Company at the close of business on the Record Date and not be a Non-Qualifying Shareholder.

LETTER FROM THE BOARD

Beneficial owners whose Shares are held by nominee companies should note that the Board will regard a nominee company as a single Shareholder according to the register of members of the Company. Beneficial owners whose Shares are held by nominee companies are advised to consider whether they would like to arrange for registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) must be lodged for registration with the Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 11 July 2016.

Closure of register of members for the Rights Issue

The register of members of the Company will be closed from Tuesday, 12 July 2016 to Thursday, 14 July 2016, both days inclusive, to determine the eligibility of the Rights Issue. No transfer of Shares will be registered during the book closure period.

Overseas Shareholders and Non-Qualifying Shareholders

The Prospectus Documents are not intended to be registered under the applicable securities legislation of any jurisdiction other than Hong Kong.

Based on the latest available register of members of the Company, one Shareholder had address which is outside Hong Kong. In compliance with the necessary requirements of the Listing Rules, the Company will make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholder. If, based on legal opinions, the Directors consider that it is necessary or expedient not to offer the Rights Shares to the Overseas Shareholder 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 Shareholder. Accordingly, the Rights Issue will not be extended to the Non-Qualifying 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 no PAL and EAF will be sent to them.

Arrangements will be made for the 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 and before dealings in nil-paid Rights Shares end, if a premium (net of expenses) can be obtained. The net proceeds of such sale, less expenses, of more than HK\$100 shall be distributed pro rata to the Non-Qualifying Shareholders provided that individual amounts of HK\$100 or less and the proceeds generated on such sale of the Rights Shares shall be retained by the Company for its own benefit.

LETTER FROM THE BOARD

The Rights Shares (i) provisionally allotted but not accepted, (ii) representing entitlements of the Non-Qualifying Shareholders to the Rights Shares not sold pursuant to the arrangement above, and (iii) representing aggregation of fractions of Rights Shares which are not sold by the Company for its benefit pursuant to the Underwriting Agreement will be offered to the Qualifying Shareholders for excess applications by means of EAFs.

Overseas Shareholders should note that they may or may not be entitled to the Rights Issue, subject to the results of enquiries made by the Directors pursuant to Rule 13.36(2)(a) of the Listing Rules. Accordingly, Overseas Shareholders should exercise caution when dealing in the Shares.

Status of the Rights Shares

The Rights Shares, when allotted, issued 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 set out in the section headed “Conditions of the Rights Issue” in this circular, share certificates for all fully-paid Rights Shares are expected to be posted on or before Thursday, 4 August 2016 to those entitled thereto by ordinary post at their own risk. If the Rights Issue is terminated, refund cheques will be despatched on or before Thursday, 4 August 2016 by ordinary post at their own risk. Each Shareholder will receive one share certificate for all allotted Rights Shares.

Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are also expected to be posted on or before Thursday, 4 August 2016 by ordinary post to the applicants at their own risk.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for the Rights Shares (i) provisionally allotted but not accepted, (ii) representing entitlements of the Non-Qualifying Shareholders to the Rights Shares not sold pursuant to the arrangement to sell the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in the market in their nil-paid form, and (iii) representing aggregation of fractions of Rights Shares which are not sold by the Company for its benefit pursuant to the Underwriting Agreement.

Application for excess Rights Shares can be made only by duly completing and signing the EAF(s) (in accordance with the instructions printed therein) and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Registrar by 4:00 p.m. on Friday, 29 July 2016.

The Board will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application subject to availability of excess Rights Shares. No reference will be made to Rights Shares comprised in applications by the PAL or the number of existing Shares held by the Qualifying Shareholders.

LETTER FROM THE BOARD

Beneficial owners whose Shares are held by a nominee (or which are held in CCASS) should note that the Board will consider the nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, such Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to the relevant beneficial owners individually. Beneficial owners whose Shares are held by nominee(s) (or which are held in CCASS) are advised to consider whether they would like to arrange for the registration of their relevant Shares under their names prior to the Record Date for the purpose of the Rights Issue. Shareholders with Shares held by nominee(s) (or which are held in CCASS and who would like to have their names registered on the registers of members of the Company) must lodge all necessary documents with the Registrar for completion of the relevant registration by 4:30 p.m. on Monday, 11 July 2016. Shareholders and beneficial owners of the Shares should consult their professional advisers if they are in doubt as to their status.

Any Rights Shares not taken up by the Qualifying Shareholders and not taken by excess applications will be taken up by the Underwriter pursuant to the terms and conditions of the Underwriting Agreement.

Fractions of the Rights Shares

No fractions of Rights Shares will be allotted and the Company will sell any Rights Shares arising from the aggregation of fractions of Rights Shares in nil-paid form (if a net premium can be obtained therefor) and the net proceeds of sale (after deducting the expenses of sale, if any) will be retained for the benefit of the Company.

Application for listing

The Company will apply to the Listing Committee for the listing of and permission to deal in, the Rights Shares.

Subject to the granting of the approval for 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 date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date 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.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

Both nil-paid Rights Shares and fully-paid Rights Shares are expected to be traded in board lots of 3,000 Shares.

LETTER FROM THE BOARD

Dealings in the Rights Shares in both their nil-paid and fully-paid forms, which are registered in the 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.

UNDERWRITING AGREEMENT

Date	:	24 May 2016 (after trading hours of the Stock Exchange)
Underwriter	:	Black Marble Securities Limited
Number of Underwritten Shares	:	not less than 3,886,065,724 Rights Shares (assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date) and not more than 4,038,732,388 Rights Shares (assuming that the subscription rights attached to the Warrants are exercised in full on or before the Record Date and there is no other change in the issued share capital of the Company from the Latest Practicable Date and up to the Record Date)
Commission	:	2.5%

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Underwriter and their respective ultimate beneficial owners are Independent Third Parties. As at the date of the Underwriting Agreement, the Underwriter is not interested in any Shares.

In the course of considering the Rights Issue, the Company has approached three securities houses as prospective underwriters. The Board considers that the Underwriter has offered the Company the most competitive terms, including the underwriting commission and the capacity of having the Rights Issue fully underwritten. The Board further considers that the terms of the Underwriting Agreement are consistent with market practice.

The Company will pay the Underwriter an underwriting commission of 2.5% of the total Subscription Price of the maximum number of the Underwritten Shares. The commission rate was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of the Rights Issue and the current and expected market condition. The Directors are of the view that the terms of the Underwriting Agreement, including the commission, are fair and reasonable so far as the Company and the Shareholders are concerned.

SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company immediately before and after completion of the Rights Issue is set out below (for illustration purposes only):

LETTER FROM THE BOARD

(a) Assuming (i) no exercise of the Warrants on or prior to the Record Date and (ii) there is no Non-Qualifying Shareholder

	As at the Latest Practicable Date		Upon issue of the Rights Shares (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Upon issue of the Rights Shares (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Xu Dong, the chairman and an executive Director	2,000,000	0.21	10,000,000	0.21	2,000,000	0.04
Miss. Yu Wai Fong, a non-executive Director	423,774	0.04	2,118,870	0.04	423,774	0.01
The Underwriter (Note)	-	-	-	-	3,886,065,724	80.00
Other public Shareholders	969,092,657	99.75	4,845,463,285	99.75	969,092,657	19.95
Total	971,516,431	100.00	4,857,582,155	100.00	4,857,582,155	100.00

(b) Assuming (i) full exercise of the Warrants on or prior to the Record Date and (ii) there is no Non-Qualifying shareholder

	As at the Latest Practicable Date		Upon full exercise of the Warrants		Upon issue of the Rights Shares (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Upon issue of the Rights Shares (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders)	
	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %	No. of Shares	Approximate %
Mr. Xu Dong, the chairman and an executive Director	2,000,000	0.21	2,000,000	0.20	10,000,000	0.20	2,000,000	0.04
Miss. Yu Wai Fong, a non-executive Director	423,774	0.04	423,774	0.04	2,118,870	0.04	423,774	0.01
Warrants holders	-	-	38,166,666	3.78	190,833,330	3.78	38,166,666	0.76
The Underwriter (Note)	-	-	-	-	-	-	4,038,732,388	80.00
Other public Shareholders	969,092,657	99.75	969,092,657	95.98	4,845,463,285	95.98	969,092,657	19.19
Total	971,516,431	100.00	1,009,683,097	100.00	5,048,415,485	100.00	5,048,415,485	100.00

Note:

In the event that the Underwriter is required to take up the Rights Shares pursuant to their underwriting/subunderwriting obligations, the Underwriter shall use its best endeavours to ensure that:

- (i) each of the subscribers of the Rights Shares procured by it shall be an Independent Third Party and not acting in concert with, and not connected with, the Directors, chief executive or substantial Shareholders of the Company or their respective associates;

LETTER FROM THE BOARD

- (ii) each of the subscribers of the Rights Shares procured by it, together with any party acting in concert with it, shall not hold such number of Shares which will result in a mandatory offer obligation under Rule 26 of the Takeovers Code be triggered upon the completion of the Rights Issue; and
- (iii) unless the minimum public float requirements under Rule 8.08 of the Listing Rules is satisfied, the Underwriter shall procure independent placees to take up such number of Rights Shares so that each of the subscribers of the Underwritten Shares procured by it, shall not, together with any party(ies) acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

On 24 May 2016, the Underwriter entered into a sub-underwriting agreement with Gransing Securities Co., Limited to take up 220,000,000 Underwritten Shares, representing a maximum of approximately 5.66% of the Underwritten Shares (assuming no exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders) and a minimum of approximately 5.45% of the Underwritten Shares (assuming full exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders), respectively.

Further, on 24 May 2016, the Underwriter entered into a sub-underwriting agreement with China Prospect Securities Limited to take up 165,000,000 Underwritten Shares, representing a maximum of approximately 4.25% of the Underwritten Shares (assuming no exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders) and a minimum of approximately 4.09% of the Underwritten Shares (assuming full exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders), respectively.

Pursuant to such sub-underwriting agreements, the sub-underwriters, their nominee(s) and their ultimate beneficial owner(s) are independent of, not acting in concert (within the meaning of the Takeovers Code) with, and not connected with, any director, chief executive or substantial shareholder of the Company, the Underwriter or any of their subsidiaries or any associate of any of them within the meaning of the Listing Rules.

ADJUSTMENTS IN RELATION TO THE WARRANTS

As at the Latest Practicable Date, the Company has outstanding Warrants which in aggregate entitle holders thereof to subscribe for 38,166,666 Shares. The Rights Issue may cause adjustments to the exercise price and/or the number of the Shares to be issued pursuant to the terms and conditions of the Warrants. Further details of such adjustment, if required to be made, will be disclosed in further announcement(s).

LETTER FROM THE BOARD

EQUITY FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds as announced	Actual use of net proceeds (approximately)
27 October 2015	Placing of 809,000,000 new Shares of HK\$0.03 each at the placing price of HK\$0.19 per placing share pursuant to the placing agreement between the Company and Gransing Securities Co., Limited as placing agent dated 27 October 2015	Approximately HK\$152.00 million	(i) money lending business of the Group; (ii) repayment of debts and related interest; and (iii) working capital of the Group and future investment(s) and acquisition(s) as may be identified by the Company as and when appropriate.	(i) HK\$100 million for money lending; (ii) HK\$23 million for repayment of debts and related interest; (iii) HK\$15.6 million for acquisition and related professional fees; (iv) HK\$6 million for working capital of the Group; and (v) the remaining balance was held as bank deposit.

Save as disclosed above, the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

OTHER FUND RAISING ALTERNATIVES

The Board has considered other alternative means of fund raising before resolving to the Rights Issue, including but not limited to debt financing, bank loans, placing of new Shares and open offer.

Debt financing or bank loans was not adopted as debt financing method will incur additional finance costs and thus will further increase the Group's liabilities burden. Placing of new Shares is not adopted as it does not allow the Qualifying Shareholders the rights to participate in the fund raising exercise and their shareholdings in the Company would be diluted without being offered an opportunity to maintain their proportionate interests in the Company. Although an open offer is similar to a rights issue, an open offer would not provide an additional option to those Qualifying Shareholders who do not wish to take up their allotments to sell their provisionally allotted nil-paid Rights Shares. Furthermore those Qualifying Shareholders who wish to increase their shareholding interests in the Company cannot acquire additional nil-paid Rights Shares in the market in the case of an open offer. The Board considers that the Rights Issue enables the Group to enhance its capital base and for its business development and is in the interest of the Company and the Shareholders as a whole.

DILUTION EFFECT OF THE RIGHTS ISSUE

Qualifying Shareholders who do not elect to subscribe for their provisional allotment in full under the Rights Issue will have their shareholding interest in the Company being diluted by approximately 80.00% upon completion of the Rights Issue (assuming no further issue or repurchase of Shares on or before the Record Date).

LETTER FROM THE BOARD

Despite the potential dilution effect of the Rights Issue, which the Directors consider should be balanced against the following factors:

- (i) the Independent Shareholders have a chance to express their view on the terms of the Rights Issue through their votes at the SGM;
- (ii) the Qualifying Shareholders have their choice whether to accept the Rights Shares or not;
- (iii) the Qualifying Shareholders have the opportunity to realise their nil-paid Rights Shares to subscribe for the Rights Shares in the market (subject to availability); and
- (iv) the Rights Issue offers the Qualifying Shareholders a chance to subscribe for their prorata Rights Shares for the purpose of maintaining their respective existing shareholding interests in the Company at a relatively low price as compared to the prevailing market prices of Shares,

the Directors (including the independent non-executive Directors after considering the opinion of the Independent Financial Adviser regarding the Rights Issue) consider that the terms of the Rights Issue are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

REASONS FOR THE RIGHTS ISSUE AND USE OF PROCEEDS

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 gross proceeds from the Rights Issue will be not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be not less than HK\$532.4 million but not more than HK\$553.4 million. The net price per Rights Share is approximately HK\$0.137 per Rights Share.

The Group intends to apply the net proceeds from the Rights Issue of approximately HK\$532.4 million, in the following manner: (i) approximately HK\$100 million to the development of an elderly home project (the “**Project**”); (ii) approximately HK\$180 million to the investment in securities brokerage business; (iii) approximately HK\$180 million to the development of money lending business; and (iv) the remaining as general working capital or future investment opportunities of the Group.

Based on the Board’s latest estimates, the expected funding needs of the Group for the next 12 months (the “**Forecast Period**”) is approximately HK\$754 million. The key assumptions and factors used to prepare such forecast include but are not limited to: i) the Group will be able to continue in business as a going concern during the Forecast Period; ii) there will be no material change in the economic environment or market conditions in Hong Kong, PRC or other countries in which the Group operates or intends to operate; iii) the direct outgoings and administrative expenses of the Group are estimated by reference to historical costs with adjustment to the expected inflation rate and planned business development in the Forecast Period; iv) the financial expenses are calculated based on the existing level of bank borrowings and repayment of part of the principal portion and interest portion of a bank loan during the Forecast Period; and v) the investment in the Project will be commenced in the Forecast Period.

LETTER FROM THE BOARD

The proceeds from the Rights Issue are not able to satisfy the Company's expected funding needs for the next 12 months. The Company intends to use its internal resources to finance the shortfall of the funding needs, including but not limited to the proceeds from disposal of the Company's mining business and an associate company which completed in 11 March 2016 and 3 June 2016 respectively and the cash flow generated from its existing business operations.

Reference is made to the announcement of the Company dated 4 February 2016. On 4 February 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party (the "**Vendor**"), pursuant to which the Company will purchase and the Vendor will sell 60% of the equity interest in a target company, which owns 100% interest in a piece of land (the "**Land**"), intended for the development of the Project. The Land is located in Fengxian District, Shanghai City, with a planning area of approximately 100 mu, an ancillary area of approximately 200 mu, an overall area of approximately 200,000 square meters and a construction area of over 130,000 square meters. After the construction is completed, the Project will become one of the largest nursing institution for senior citizens in the PRC, providing over 4,000 nursing beds. The Vendor is in the process of application regarding certain land and construction permits from the local authority before the commencement of the construction and expect the relevant permits to be granted around the fourth quarter of 2016. The construction will be commenced after the relevant permits have been granted and the construction period of the Project is around 18 to 20 months. As at the Latest Practicable Date, the Company is conducting the due diligence review and in negotiations with the Vendor for the terms and conditions of the Project and expect to enter into a formal agreement on or before August 2016.

In the event that the Project does not materialize, approximately HK\$50 million and HK\$50 million of such amounts of the net proceeds will be applied for money lending business and future investment opportunities respectively, including but not limited to the proposed acquisition of the entire issued share capital in a company engaged in the business of asset management as announced by the Company on 24 May 2016 and any potential investment opportunities as and when identified by the Group.

Reference is made to the announcement of the Company dated 20 November 2015. As disclosed in the said announcement, Bigfair International Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Fu Hau Tat, Eric Jorge, Mr. Fu Hau Chun, Brian Alberto and Mr. Lee Ka Fai, Gordon, being the registered and beneficial owners of the entire issued share capital of J.A.F Brokerage Limited in relation to acquisition of the entire issued share capital of J.A.F Brokerage Limited. The acquisition of J.A.F. Brokerage Limited was completed on 11 April 2016. The Company intends to invest approximately HK\$200 million to develop the financial services business, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the Group for maximizing returns to the Shareholders.

In addition, the Group has been proactively expanding the money lending business in Hong Kong. As at the Latest Practicable Date, the Group had an existing loan portfolio amounted to HK\$138 million with the terms ranging from 3 months to 12 months (the "**Existing Loan Portfolio**") with the average interest rate of 18%. It is expected that the Existing Loan Portfolio will generate a total interest income of approximately HK\$16 million. In addition, on the assumption that (i) the Existing Loan Portfolio is successfully rolled over at the existing terms; and (ii) the proceeds from the Rights Issue of HK\$180 million

LETTER FROM THE BOARD

is successfully lent out at the existing interest rate level in 2016, it is predicted that the aggregate interest income to be earned for the financial year ended 31 March 2017 will be approximately HK\$29 million. Given such estimation, it is expected that the financial performance of the Group will be improved.

The Director believe that the Rights Issue will enable the Company to strengthen its equity base and liquidity without incurring interest costs, thereby bolstering its ability to capitalise on greater business opportunities. The Directors also consider that the Rights Issue offers all the Shareholders equal opportunity to subscribe for their pro-rata provisional allotment of the Rights Shares and participate in the growth opportunity of the Company.

As such, the Directors (including the independent non-executive Directors after considering the opinion of the Independent Financial Adviser regarding the Rights Issue) consider that the Underwriting Agreement is entered into upon normal commercial terms and that the terms of the Rights Issue is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Those Qualifying Shareholders who do not take up the Rights Shares to which they are entitled should note that their shareholdings in the Company will be diluted.

LISTING RULES IMPLICATIONS

As the Rights Issue will increase the issued share capital of the Company by more than 50% within the 12 month period immediately preceding the date of the Announcement, the Rights Issue is subject to, among other things, the approval by the Independent Shareholders at the SGM. Pursuant to the Listing Rules, the controlling Shareholders and their associates or, where there are no controlling Shareholders, the Directors (excluding the independent non-executive Directors) and the chief executive of the Company and their respective associates are required to abstain from voting in favour of the resolution relating to the Rights Issue.

Since there is no controlling Shareholder 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 shall abstain from voting in favour of the Rights Issue in accordance with the Listing Rules. Accordingly, (i) Mr. Xu Dong, an executive Director, who holds 2,000,000 Shares, representing approximately 0.21% of the issued share capital of the Company; and (ii) Miss. Yu Wai Fong, a non-executive Director, who holds 423,774 Shares, representing approximately 0.04% of the issued share capital of the Company, are required to abstain from voting in favour of the Rights Issue at the SGM.

WARNING OF THE RISK OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors should note that the Rights Issue is subject to the satisfaction of certain conditions as described under the section headed “Conditions of the Rights Issue” of this circular. In particular, it is subject to the Underwriter not terminating the Underwriting Agreement (see the section headed “Termination of the Underwriting Agreement” of this circular) on or before the Latest Time for Termination. Accordingly, the Rights Issue may or may not proceed.

LETTER FROM THE BOARD

Shareholders and potential investors should exercise caution when dealing in the Shares and the nil-paid Rights Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SGM

A notice convening the SGM to be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 6 July 2016 at 10:00 a.m. or any adjournment thereof is set out on pages SGM-1 to SGM-3 of this circular. A proxy form for use at the SGM is enclosed with this circular. Whether or not you are able to attend the meeting in person, you are requested to complete the proxy form in accordance with the instructions printed thereon and return the same to the Registrar, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for holding the SGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the SGM or any adjournment thereof should you so wish and in such event, the instrument appointing a proxy shall be deemed to be revoked.

All the resolutions proposed to be approved at the SGM will be taken by poll and an announcement will be made by the Company after the SGM on the results of the SGM.

RECOMMENDATION

You are advised to read the letter from the Independent Board Committee and the letter from the Independent Financial Adviser set out on pages 23 to 24 and pages 25 to 46 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 are fair and reasonable so far as the Independent Shareholders are concerned and the Rights Issue 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 SGM. Accordingly, the Directors believe that the terms of the Rights Issue are fair and reasonable and in the interests of the Company and the Shareholders as a whole, therefore, the Directors recommend the Independent Shareholders to vote in favour of the proposed resolution approving the Rights Issue at the 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 from the Independent Board Committee, which has been prepared for the purpose of incorporation into this circular, setting out its recommendation to the Independent Shareholders in relation to the Rights Issue.



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)

17 June 2016

To the Independent Shareholders

Dear Sir or Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

We refer to the circular of the Company dated 17 June 2016 (the “**Circular**”) of which this letter forms part. Unless the context specifies otherwise, capitalised terms used herein have the same meanings as defined in the Circular.

We have been appointed by the Board as the Independent Board Committee to advise the Independent Shareholders as to whether the terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned.

Messis Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether terms of the Rights Issue are fair and reasonable as far as the Independent Shareholders are concerned and whether it is in the interests of the Company and the Shareholders as a whole. Details of the recommendation, together with the principal factors and reasons taken into consideration in arriving at such recommendation, are set out on pages 25 to 46 of the Circular.

Your attention is also drawn to the letter from the Board set out on pages 7 to 22 of the Circular.

* *for identification purposes only*

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms of the Rights Issue and the advice from the Independent Financial Adviser, we are of the opinion that the Rights Issue is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable in so far as the Company and the Independent Shareholders are concerned. Accordingly, we recommend you to vote in favour of the resolution(s) to be proposed at the SGM to approve the Rights Issue.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Independent non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from the Independent Financial Adviser which sets out its advice to the Independent Board Committee and the Independent Shareholders for inclusion in this circular.



大有融資有限公司
MESSIS CAPITAL LIMITED

17 June 2016

*To: The Independent Board Committee and the Independent Shareholders
of China Properties Investment Holdings Limited*

Dear Sir/Madam,

PROPOSED RIGHTS ISSUE ON THE BASIS OF FOUR (4) RIGHTS SHARES FOR EVERY ONE (1) EXISTING SHARE HELD ON THE RECORD DATE

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the proposed Rights Issue, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 17 June 2016 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

References is made to the announcement (the “**Announcement**”) of the Company dated 24 May 2016 that it proposed to raise not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million before expenses by issuing not less than 3,886,065,724 Rights Shares and not more than 4,038,732,388 Rights Shares at the Subscription Price of HK\$0.141 per Rights Share on the basis of four (4) Rights Shares for every one (1) existing Share held on the Record Date and payable in full upon application.

As the Rights Issue would increase the number of issued Shares by 50% within the 12 month period immediately preceding the date of the Announcement, in compliance with Rule 7.19 of the Listing Rules, the Rights Issue is subject to, among other things, approval by the Independent Shareholders by way of poll at the SGM on which any controlling Shareholders (as defined in the Listing Rules) 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. As at the Latest Practicable Date, there were no controlling Shareholders (as defined in the Listing Rules). Accordingly, (i) Mr. Xu Dong, an executive Director, who holds 2,000,000 Shares, representing approximately 0.21% of the issued share capital of the Company; and (ii) Miss. Yu Wai Fong, a non-executive Director, who holds 423,774 Shares, representing approximately 0.04% of the issued share capital of the Company, are required to abstain from voting in favour of the Rights Issue at the SGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee, comprising Mr. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Tse Kwong Wah, all being the independent non-executive Directors, has been established to advise the Independent Shareholders and Independent Shareholders in connection with the Rights Issue, in particular as to whether the terms of the Rights Issue are fair and reasonable and on normal commercial terms so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole.

We, Messis Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to (i) whether the Rights Issue are on normal commercial terms, in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole; and (ii) how the Independent Shareholders should vote in respect of the proposed resolutions relating to the Rights Issue at the SGM.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company for the following proposed transaction:

Date of engagement	Nature of the transaction
15 June 2015	Proposed issue of new shares under specific mandate and application for whitewash waiver <i>(Note: The transaction has lapsed pursuant to the announcement of the Company dated 1 September 2015.)</i>

Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. Accordingly, we consider that we are independent pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the representations made to us by the Company, the Directors and the management of the Company. We have assumed that all statements, information and representations provided by the Company, the Directors and the management of the Company, for which they are solely responsible, are true and accurate at the time when they were provided and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular the omission of which would make any statement contained in the Circular, including this letter, incorrect or misleading.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Group, or their respective subsidiaries or associates. We have not considered the taxation implication on the Group or the Shareholders as a result of the Rights Issue. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Where information in this letter has been extracted from published or otherwise publicly available sources, the sole responsibility of us is to ensure that such information has been correctly and fairly extracted, reproduced or presented from the relevant stated sources and not be used out of context.

Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion. 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 formulating and giving our opinion in respect of the Rights Issue, we have taken into account the principal factors and reasons set out below:

1. Reasons for the Rights Issue

A. *Business overview of the Group*

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

Set out below is a summary of the key financial information of the Group as extracted from the annual report of the Company for the year ended 31 March 2015 (the “**2015 Annual Report**”) and the interim report of the Company for the six months ended 30 September 2015 (the “**2015 Interim Report**”) respectively.

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Table 1: Consolidated statement of profit or loss

	For the six months ended 30 September		For the year ended 31 March	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	13,486	5,024	10,580	4,596
Loss for the period	(48,219)	(14,830)	(22,766)	(131,007)

Table 2: Consolidated statement of financial position

	As at 30 September		As at 31 March	
	2015	2014	2015	2014
	(unaudited)	(unaudited)	(audited)	(audited)
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	32,854	27,204	27,204	30,645
Total assets	686,425	491,954	491,954	428,531
Total liabilities	92,046	98,274	98,274	94,332
Total equity	594,379	393,680	393,680	334,199

(i). Year ended 31 March 2015

According to the 2015 Annual Report, the Group recorded revenue of approximately RMB10.6 million for the year ended 31 March 2015, representing an increase of approximately 130.2% as compared to approximately RMB4.6 million for the year 2014. The increase in revenue was mainly due to the entering into of certain operating leases during the year under review and the contribution from the educational support services. Besides, the net loss had been narrowed down from approximately RMB131.0 million for the year ended 31 March 2014 to approximately RMB22.8 million for the year ended 31 March 2015 due to the fact that (i) the decrease in impairment loss of the intangible assets of the group by approximately RMB62.0 million primarily due to steady decrease in the copper and molybdenum price; (ii) the valuation gain on the investment properties of the group in the amount of approximately RMB28.7 million, compared to a loss of approximately of RMB1.8 million in 2014; (iii) interest income on the promissory note receivable in the amount of approximately RMB7.2 million; and (iv) fair value gain on convertible bonds and warrants issued by the company during the year in the amount of approximately RMB17.8 million.

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As at 31 March 2015, the Group had total assets, total liabilities and total equity of approximately RMB492.0 million, approximately RMB98.3 million and approximately RMB393.7 million, respectively. Cash and bank balances decreased from approximately RMB30.6 million as at 31 March 2014 to approximately RMB27.2 million as at 31 March 2015.

(ii). Six months ended 30 September 2014 versus six months ended 30 September 2015

According to the 2015 Interim Report, the unaudited revenue of the Group for the six months ended 30 September 2015 had increased by approximately 2.7 times to approximately RMB13.5 million from approximately RMB5.0 million for the corresponding period in 2014. However, loss for the period increased to RMB48.2 million for the six months ended 30 September 2015 from loss of approximately RMB14.8 million for the corresponding period in 2014.

(iii). Year ended 31 March 2015 versus six months ended 30 September 2015

As at 30 September 2015, the Group had total assets, total liabilities and total equity of approximately RMB686.4 million, approximately RMB92.0 million and approximately RMB594.4 million, respectively. Cash and bank balances only increased from approximately RMB27.2 million as at 31 March 2015 to approximately RMB32.9 million as at 30 September 2015. Based on the 2015 Interim Report, the total borrowings was approximately RMB52.4 million, of which approximately RMB36 million was the interest-bearing bank borrowings and approximately RMB16.4 million was unconvertible bonds as of 30 September 2015, the net debt of the Group was approximately RMB19.5 million.

With respect to the development of elderly nursing business, securities brokerage business and money lending business, the Directors expected that the Group might require a considerable amount of fund to finance its business objectives. We also noted that the Group has recorded loss for year ended 31 March 2015 and the six months ended 30 September 2015.

Given the net debt position of the Group as analysed above and the funding needs for the developments of the elderly nursing business, securities brokerage business and money lending business, the Directors consider that the Rights Issue will be able to raise sufficient amount of funding for the Company to achieve the abovementioned objectives, which is in the interests of the Company and the Shareholders as a whole.

B. Reasons for the Rights Issue and the use of proceeds

The anticipated gross proceeds from the Rights Issue will be not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million. The net proceeds from the Rights Issue after deducting all relevant expenses are estimated to be not less than HK\$532.4 million but not more than HK\$553.4 million. The net price per Rights Share is approximately HK\$0.137 per Rights Share.

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The Group intends to apply the net proceeds from the Rights Issue of approximately HK\$532.4 million, which to (i) approximately HK\$100 million for development of an elderly home project (the “**Project**”); (ii) approximately HK\$180 million for investing in securities brokerage business; (iii) approximately HK\$180 million for development of money lending business, and (iv) the remaining for general working capital or future investment opportunities of the Group.

Based on the Board’s latest estimates, the expected funding needs of the Group for the next 12 months (the “**Forecast Period**”) is approximately HK\$754 million. The key assumptions and factors used to prepare such forecast include but are not limited to: (i) the Group will be able to continue in business as a going concern during the Forecast Period; (ii) there will be no material change in the economic environment or market conditions in Hong Kong, PRC or other countries in which the Group operates or intends to operate; (iii) the direct outgoings and administrative expenses of the Group are estimated by reference to historical costs with adjustment to the expected inflation rate and planned business development in the Forecast Period; (iv) the financial expenses are calculated based on the existing level of bank borrowings and repayment of part of the principal portion and interest portion of a bank loan during the Forecast Period; and (v) the investment in the Project will be commenced in the Forecast Period.

The proceeds from the Rights Issue are not able to satisfy the Company’s expected funding needs for the next 12 months. The Company intends to use its internal resources to finance the shortfall of the funding needs, including but not limited to the proceeds from disposal of the Company’s mining business and an associate company which completed on 11 March 2016 and 3 June 2016 respectively and the cash flow generated from its existing business operations.

The Project

Reference is made to the announcement of the Company dated 4 February 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party (the “**Vendor**”), pursuant to which the Company will purchase and the Vendor will sell 60% of the equity interest in a target company, which owns 100% interest in a piece of land (the “**Land**”), intended for the development of the Project. The Land is located in Fengxian District, Shanghai City, with a planning area of approximately 100 mu, an ancillary area of approximately 200 mu, an overall area of approximately 200,000 square meters and a construction area of over 130,000 square meters. After the construction is completed, the Project will become one of the largest nursing institutions for senior citizens in the PRC, providing over 4,000 nursing beds. The Vendor is in the process of application regarding certain land and construction permits from the local authority before the commencement of the construction and expect the relevant permits to be granted around the fourth quarter of 2016. The construction will be commenced after the relevant permits have been granted and the construction period of the Project is around 18 to 20 months. As at the Latest Practicable Date, the Company is conducting the due diligence review and in negotiations with the Vendor for the terms and conditions of the Project and expect to enter into a formal agreement on or before August 2016.

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According to the proposal of the Project being prepared by the Vendor, the operation of a large scale of elder home requires considerable operating capital for, among other things, in recruitment of nurses, doctors, physiotherapists and other nursing experts. As advised by the management of the Company, it is expected that over 600 staff will be recruited in the Project, including both operational staff and nursing staff.

We have researched from the public domain as to the outlook of the elderly nursing business in Shanghai city. According to an article published by Shanghai Civil Affairs Bureaus on 7 April 2016 and 30 March 2016, the number of over 65-years-olds elder people in Shanghai city was approximately 283 million at the year ended in 2015 and there are 699 elderly home in Shanghai city which provides approximate 1.26 million beds (i.e. 1 bed serving for approximately 224.6 elder people), indicating that there is potential shortfall in supply of elderly home in Shanghai city. Alongside the increasing aging population in Shanghai city, it is expected that the demand for nursing services will increase, and hence, the Company may recruit more elderly nursing expertise to cater the based on the foregoing, we consider that the outlook of the elderly home industry is positive and there are capital needs for the Project if materialised.

In the event that the Project does not materialise, approximately HK\$50 million and HK\$50 million of such amounts of the net proceeds will be applied for money lending business and future investment opportunities respectively, including but not limited to the proposed acquisition of the entire issued share capital in a company engaged in the business of asset management as announced by the Company on 24 May 2016 and any potential investment opportunity as and when identified by the Group.

Securities brokerage business

Reference is made to the announcement of the Company dated 20 November 2015. As disclosed in the said announcement, Bigfair International Limited, a wholly-owned subsidiary of the Company entered into the sale and purchase agreement with Mr. Fu Hau Tat, Eric Jorge, Mr. Fu Hau Chun, Brian Alberto and Mr. Lee Ka Fai, Gordon, being the registered and beneficial owners of the entire issued share capital of J.A.F Brokerage Limited in relation to acquisition of the entire issued share capital of J.A.F Brokerage Limited. The acquisition of J.A.F. Brokerage Limited was completed on 11 April 2016. The Company intends to invest approximately HK\$200 million to develop the financial services business, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the Group for maximizing returns to the Shareholders. As advised by the Board, the Company has employed most of the existing staff of the J.A.F. Brokerage Limited to operate securities brokerage business and also recruited additional staff to set up the new operation in margin financing and underwriting business.

The principle business of J.A.F. Brokerage Limited was securities brokerage only prior to the Company's acquisition and its revenue for the year ended 31 December 2015 was approximately HK\$1.09 million. We have researched on information from the public domain as to the outlook of the securities brokerage industry in Hong Kong. According to Financial Review of the Securities Industry for the year ended 31 December 2015 published by the

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Securities and Futures Commission, we note that (i) the net securities commission income increased by 35.3% to HK\$28,656 million in 2015; (ii) the total number of active margin clients increased by approximately 33.2% to 241,948 in 2015; and (iii) the income received from inter-company management fee income, advisory fees, asset management fees, underwriting fees and corporate finance income increased by approximately 12.7% to HK\$106,044 million in 2015. As such, we consider that the outlook of the securities brokerage business of the Group is positive.

Money lending business

The Group has been proactively expanding the money lending business in Hong Kong. As at the Latest Practicable Date, the Group had an existing loan portfolio amounted to HK\$138 million with the terms ranging from 3 months to 12 months (the “**Existing Loan Portfolio**”) with the average interest rate of 18%. It is expected that the Existing Loan Portfolio will generate a total interest income of approximately HK\$16 million. In addition, on the assumption that (i) the Existing Loan Portfolio is successfully rolled over at the existing terms; and (ii) the proceeds from the Rights Issue of HK\$180 million is successfully lent out at the existing interest rate level in 2016, it is predicated that the aggregate interest income to be earned for the financial year ended 31 March 2017 will be approximately HK\$29 million.

We concur with the Directors that the Rights Issue not only will enable the Company to strengthen its equity base and liquidity without incurring interest costs in order to bolster its ability to capitalise on greater business opportunity, but also will offer all the shareholders equal opportunity to subscribe for their pro-rata provisional allotment of the Rights Shares and participate in the growth opportunity of the Company.

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2. Fund raising activities of the Company during the past 12 past months

Saved as disclosed below, the Company has not conducted any equity fund raising activity in the past 12 months immediately preceding the Latest Practicable Date.

Date of announcement	Fund raising activity	Net proceeds	Intended use of net proceeds as announced	Actual use of net proceeds (approximately)
27 October 2015	Placing of 809,000,000 new Shares of HK\$0.03 each at the placing price of HK\$0.19 per placing share pursuant to the placing agreement between the Company and Gransing Securities Company Limited as placing agent dated 27 October 2015	Approximately HK\$152.0 million	(i) money lending business of the Group; (ii) repayment of debts and related interest; and (iii) working capital of the Group and future investment(s) and acquisition(s) as may be identified by the Company as and when appropriate.	(i) HK\$100 million for money lending; (ii) HK\$23 million for repayment of debts and related interest; (iii) HK\$15.6 million for acquisition and related professional fees; (iv) HK\$6 million for working capital of the Group; and (v) the remaining balance was held as bank deposit.

3. Other financial alternatives

The Board has considered various fund raising methods, including but not limited to debt financing, bank loans, placing of new Shares and open offer. Among these methods, we have given to understand that debt financing may incur interest payment to the debtors, which in turn, may further worsen the Company's performance considering that the Company has already recorded net losses. We were given to understand that the management of the Company has approached certain banks in Hong Kong for obtaining banking facilities for its business development and operation, however, it has been difficult for the Company to obtain bank facilities (e.g. bank loan), due to the Group's loss position in the past years and large fund raising size. We were also given to understand that the Company has not received any proposals from banks following such approaches by the Company up to the Latest Practicable Date. As disclosed in the announcement dated 9 March 2016, the Company originally proposed to raise fund by way of open offer. However, having considered that open offer does not provide the existing Shareholders with the opportunity to subscribe for the Shares according to their respective shareholding interests in the Company where their interests in the Company would be diluted ultimately. As such, the Company proposed to raise fund by way of rights issue for its business development.

Having considered that (i) we were given to understand that the management of the Company has approached certain banks in Hong Kong for obtaining banking facilities for its business development and operation, and has not received favourable responses; (ii) raising fund by debt financing will incur interest payment to the debtors, which may increase the financial burden of the Company; (iii) raising fund by debt financing may be difficult due to the Group's loss position in the past years and large fund raising size; and (iv) raising fund by open offer may not provide the Qualifying Shareholders with the opportunity to

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subscribe for the Shares, we concur with the Board's view that the Rights Issue enables the Group to enhance its capital base and for its business development and is in the interest of the Company and the Shareholders as a whole.

4. Principal terms of the Rights Issue

A. Subscription Price

The Subscription Price is HK\$0.141 per Rights Share which will be payable in full upon acceptance of the provisional allotment of the Rights Shares or when a transferee of nil-paid Rights Shares applies for the Rights Shares.

The Subscription Price represents:

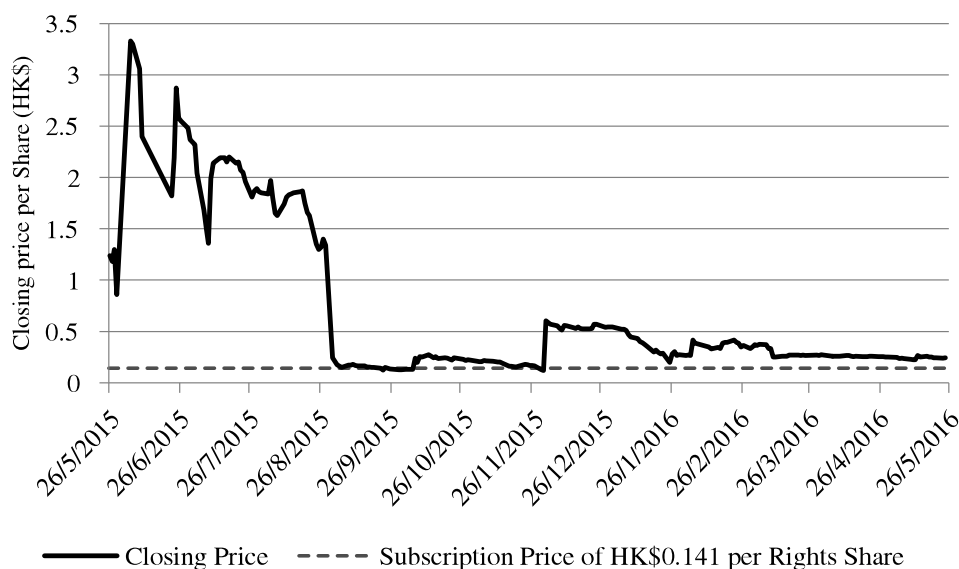
- (a) a discount of approximately 42.21% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement;
- (b) a discount of approximately 42.21% to the average closing price of approximately HK\$0.244 per Share quoted on the Stock Exchange for the last five consecutive trading days immediately prior to and including the date of the Underwriting Agreement;
- (c) a discount of approximately 12.96% to the theoretical ex-entitlement price of approximately HK\$0.162 based on the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement;
- (d) a discount of approximately 76.89% to the net tangible asset per Share attributable to the Shareholders of approximately HK\$0.61 (based on the unaudited consolidated net tangible assets of the Group attributable to the Shareholders as at 30 September 2015 of RMB492,080,000 (equivalent to approximately HK\$590,496,000 and 971,516,431 Shares in issue as at the Latest Practicable Date); and
- (e) a discount of approximately 21.23% to the closing price of HK\$0.179 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

Based on the above, we note that the Subscription Price in general represents a substantial discount to the prevailing market price of the Shares.

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Comparison with historical closing prices

Set out below is the movement in the daily closing price per Shares based on the closing price per Share, adjusted according to the capital reorganisation that became effective on 12 January 2016, as quoted on the Stock Exchange for a 12-month period prior to and including the date of the Underwriting Agreement (the “**Review Period**”):



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

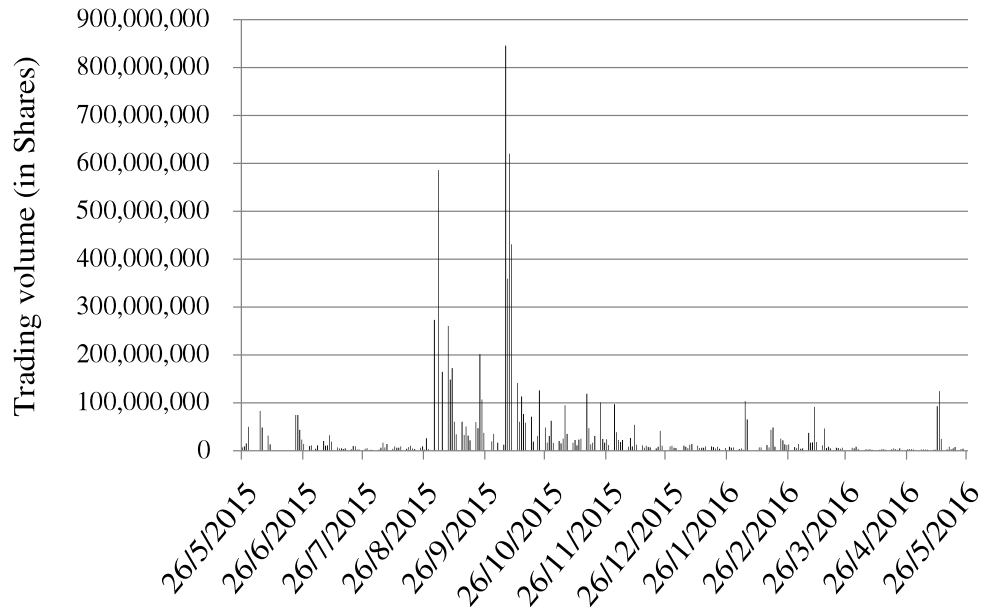
During the Review Period, the lowest closing price per Share was HK\$0.121 recorded on 1 December 2015 while the highest closing price per Share was HK\$3.33 recorded on 4 June 2015. The average daily closing price per Share was approximately HK\$0.69 per Share.

We note that the Subscription Price of HK\$0.141 per Rights Share was in general below the daily closing price of the Share throughout the Review Period and represents (i) a discount of approximately 95.8% from the highest closing price; (ii) a premium of approximately 16.5% from the lowest closing price; and (iii) a discount of approximately 79.6% from the average daily closing price during the Review Period. We also note that the daily closing price per Share during the Review Period demonstrated a declining trend as shown in the above diagram.

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Review on the trading liquidity of the Shares

Set out below is the chart of daily trading volume of the Shares during the Review Period:



Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

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A table showing the average daily trading volume of the Shares per month and the percentages of the average daily trading volume as compared to the total number of Shares in issue as at respective month-ends during the Review Period is as follows:

	Total trading volume of the Shares in the month	Number of trading days in the month	Average daily trading volume of the Shares in the month <i>(Number of Shares)</i> <i>(Note 1)</i>	Percentage of average daily trading volume to total number of Shares in issue as at the respective month-end <i>(Approximate %)</i> <i>(Note 2)</i>
2015				
May (commencing from 25 May 2015)	80,289,200	4	20,072,300	0.5
June	426,319,500	11	38,756,318	1.0
July	170,698,000	22	7,759,000	0.2
August	428,158,600	21	20,388,505	0.5
September	2,127,920,000	19	111,995,790	2.8
October	3,154,101,200	20	157,705,060	3.9
November	787,139,200	21	37,482,819	0.8
December	346,980,400	22	15,771,836	0.3
2016				
January	147,137,300	20	7,356,865	0.8
February	401,824,200	18	22,323,567	2.3
March	324,174,200	21	15,436,867	1.6
April	51,174,600	20	2,558,730	0.3
May (up to and including date of Underwriting Agreement) <i>(Note 3)</i>	287,805,100	16	17,987,819	1.9

Source: the website of the Stock Exchange (<http://www.hkex.com.hk>)

Notes:

1. Average daily trading volume is calculated by dividing the total trading volume for the month/period by the number of trading days during the month/period which exclude any trading day on which trading of the Shares on the Stock Exchange was suspended for the whole trading day.
2. Based on number of Shares in issue stated in the monthly return of equity issuer in issue as at the respective month-end.
3. The Review Period commenced on 25 May 2015 and ended on the last trading day.

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We note that the average number of Shares traded per trading date in each month during the Review Period as a percentage of the total number of issued Shares as at the respective month-ends fluctuated notably, ranging from approximately 0.2% to approximately 3.9%. And the trading of the Shares was generally that the average daily trading volume as a percentage of the total number of Shares in issue was below 1% over half of the time during the Review Period, indicating thin trading liquidity of the Shares during the Review Period.

Considering the price trend and the trading volume of the Share, we consider that it is justifiable for the Subscription Price to be set at a discount to increase the attractiveness of the Rights Issue to the Qualifying Shareholders.

Comparison with recent rights issue transactions

We have conducted, to the best of our endeavour, a search of rights issue transactions announced by companies listed on the Stock Exchange during the three-month period prior to the date of the announcements, and have found, based on such search criteria, 10 rights issues exercise (the “**Rights Issue Comparable**”) for comparison purpose. We consider that the list of Rights Issue Comparable is an exhaustive list of rights issues and sufficient to provide a fair and representative sample to be taken as a general reference of the prevailing market practices in relation to rights issues under recent market sentiment.

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Although the Rights Issue Comparable may be different from the Group in terms of business nature, financial position and funding requirements, the Rights Issue Comparable can serve as a reference for the recent market practice and provide an insight to the reasonableness of the major terms of the Rights Issue. The major terms of the Rights Issue Comparable are summarized as below:

Company name (stock code)	Date of announcement	Basis of entitlement	Premium/(discount) of subscription price over/(below) the		Commission rate	Maximum dilution	Excess application
			the closing price on the last trading day	theoretical ex-rights price			
			(%)	(%)	(%)	(%)	Yes/No
IR Resources Limited (8186)	24/2/2016	10 for 1	(87.01)	(37.85)	0.0	90.9	No
DX.com Holdings Limited (8086)	1/3/2016	1 for 1	(49.8)	(33.33)	3.0	50.0	Yes
Chuang's China Investments Limited (298)	17/3/2016	1 for 2	(34.10)	(25.70)	2.5	33.3	Yes
Ngai Shun Holdings Limited (1246)	24/3/2016	11 for 2	(58.80)	(18.00)	2.5	84.6	Yes
Glorious Sun Enterprises Limited (393)	29/3/2016	1 for 2	(11.80)	(8.20)	0.0	33.3	Yes
Pacific Basin Shipping Limited (2343)	18/4/2016	1 for 1	(58.30)	(41.20)	2.3	50.0	Yes
South China Financial Holdings Limited (619)	20/4/2016	1 for 1	(58.20)	(41.10)	2.0	50.0	Yes
Huge China Holdings Limited (428)	21/4/2016	1 for 1	(15.30)	(8.30)	2.0	50.0	Yes
Time2U International Holding Limited (1327)	11/5/2016	2 for 1	(49.10)	(24.30)	1.5	66.7	Yes
Unity Investments Holdings Limited (913)	23/5/2016	2 for 1	(25.40)	(10.10)	1.5	66.7	Yes
Average (excluding IR Resources Limited)			(40.1)	(23.4)	1.9	53.8	
Average			(44.8)	(24.8)	1.7	57.6	
Maximum			(11.8)	(8.2)	3.0	90.9	
Minimum			(87.0)	(41.2)	0.0	33.3	
The Company		4 for 1	(42.2)	(13.0)	2.5	80.0	Yes

Notes:

- The theoretical ex-rights price is calculated by adding the market value of all the issued shares (based on the closing price of the shares on the last trading day) with the gross amount of subscription proceeds expected to be received from the rights issue (before expenses), and then divided by the total number of issued shares as enlarged by the rights issue. For example, in case of every 1 rights share for every 2 existing shares, $(2 \times \text{closing price on the last trading day}) + 1 \times (\text{the subscription price}) / (2+1)$.

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2. Maximum dilution effect of each rights issue is calculated as: (number of rights shares and (if any) bonus shares to be issued under the basis of entitlement)/(number of shares held for the entitlement for the rights shares under the basis of entitlement + number of rights shares and (if any) bonus shares to be issued under the basis of entitlement) x 100%. For example, for a rights issue with basis of 1 rights share for every 1 share held with bonus issue on the basis of 1 bonus share for every 1 rights share taken up, the maximum dilution effect is calculated as $((1+1)/(1+1+1))*100=66.66\%$.
3. The underwriting commission is a fixed amount of HK\$100,000. The commission rate was calculated by dividing the commission amount of HK\$100,000 by the aggregate subscription price of the rights shares underwritten by the underwriter.
4. Different commission rates were offered to the underwriters of the rights issue. The weighted average commission rate of approximately 2.3% was used for comparison purposes.

As shown on the above table, majority of subscription prices of the Rights Issue Comparable are set at a discount to the respective closing prices per share on the last trading day, ranging from a discount of approximately 87.0% to a discount of approximately 11.8%. We note that the discount of subscription price of IR Resources Limited's rights issue was 87.0%, which is materially larger than other comparables. As a result, we considered the rights issue of IR Resources Limited as an outlier and it is excluded from our comparison. The mean of closing prices per share on last trading day (excluding IR Resources Limited) is a discount of approximately 40.1%. The discount of approximately 42.2% to the closing price per Share on the date of the Announcement, represented by the Subscription Price therefore falls with the range and is close to the average of the Comparable.

We also note that the premium/discount to the theoretical ex-rights price per share represented by the Rights Issue Comparable ranged from a discount of approximately 41.2% to a discount of approximately 8.2% (the "**TEP Market Range**"), with an average discount of approximately 23.4% (excluding IR Resources Limited). The Subscription Price represents a discount of approximately 13.0% to the theoretical ex-rights price per Share, which falls within the TEP Market Range of the Rights Issue Comparable.

We further note that the maximum dilution effect of approximately 80.0% in respect of the Rights Issue falls within the range of the maximum dilution effect of the Rights Issue Comparable from approximately 33.3% to 84.6% (excluding IR Resources Limited).

Our view

Notwithstanding the discount represented by the Subscription Price to the closing prices per Share during the Review Period and the prevailing market price of the Shares, having taken into account that:

- (i). it is a common market practice that the subscription price of a rights issue is normally set at a discount to the prevailing market prices of the relevant shares in order to enhance the attractiveness of a rights issue and to encourage the existing shareholders to participate in the rights issue;

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- (ii). the discounts represented by the Subscription Price to the closing Share price on the date of the Announcement and to the theoretical ex-rights price are within the corresponding ranges of discounts represented by the Rights Issue Comparable;
- (iii). the Group recorded loss from continuing operations for the financial years ended 31 March 2014 and 2015;
- (iv). the closing price of the Shares in the Review Period was in general on downward trend since June 2015;
- (v). the Rights Issue offers all the Qualifying Shareholders an equal opportunity to subscribe for their pro-rata provisional entitlement of the Rights Shares and hence avoids dilution; and
- (vi). the Subscription Price was a commercial decision arrived at after arm's length negotiation between the Company and the Underwriter.

Having considered the above factors, we are of the view that the Subscription Price is on normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

B. Underwriting Agreement

Underwriting commission

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter an underwriting commission of 2.5% of the aggregate Subscription Price of the Underwriting Shares. The commission rate of 2.5% was determined after arm's length negotiation between the Company and the Underwriter by reference to the market rate, the size of Rights Issue and current and expected market condition. Reference is made to the Rights Issue Comparable (shown in the paragraph A above), the underwriting commission of the Rights Issue is 2.5%, which falls within the range from nil to 3.0% of the Rights Issue Comparable.

We observe that (i) the Group was loss making for the year ended 31 March 2015 and six months ended 30 September 2015 as discussed in the section headed "1. Reasons for the Rights Issue – A. Business overview of the Group"; (ii) there was a downward trend in the Share price during the Preview Period as discussed in the section headed "4. Principal terms of the Rights Issue – A. Subscription Price – Comparison with historical closing prices"; and (iii) the thin trading liquidity of the Shares as discussed in the section headed "4. Principal terms of the Rights Issue – A. Subscription Price – Review on the trading liquidity of the Shares", which indicated a thin liquidity of the trading volume of Shares. As such, we consider that it is commercially justifiable for the underwriting commission of the Rights Issue, which has a high basis of entitlement, to be higher than the average of approximately 1.9% (excluding IR Resources Limited) while remain within the range of the Rights Issue Comparable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the underwriting commission in respect of the Rights Issue is in line with those of the Rights Issue Comparable as it is within the range between nil to 3.0% of the Rights Issue Comparable; (ii) it is commercially justifiable for the underwriting commission of the Rights Issue, given the loss making position of the Group and the downward trend in the Share price as well as the thin trading liquidity of the Shares during the Preview Period, we concur with the management that the underwriting commission is in line with the normal market practice and is therefore fair and reasonable.

Application for excess Rights Shares

Qualifying Shareholders may apply, by way of excess application, for the Rights Shares (i) provisionally allotted but not accepted, (ii) representing entitlements of the Non-Qualifying Shareholders to the Rights Shares not sold pursuant to the arrangement to sell the Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders in the market in their nil-paid form, and (iii) representing aggregation of fractions of Rights Shares which are not sold by the Company for its benefit pursuant to the Underwriting Agreement.

The Board will allocate the excess Rights Shares (if any) at their discretion on a fair and equitable and on a pro rata basis in proportion to the number of excess Rights Shares being applied for under each application subject to availability of excess Rights Shares. No reference will be made to Rights Shares comprised in applications by the PAL or the number of existing Shares held by the Qualifying Shareholders.

Among Rights Issue Comparable, 9 out of 10 Rights Issue Comparable allow application for excess rights shares. It is a market practice for allowing application for excess rights shares, As such, the Rights Issue is in line with the market practice. Furthermore, the Rights Issue has already given the opportunity to all Qualifying Shareholders to maintain their proportionate interests in the Company should they so wish by applying for the Rights Shares in full and acquire additional nil-paid Rights Shares in the market, which we consider to be fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Potential dilution effect of the Rights Issue

The tables below set out the shareholding structure of the Company immediately before and after completion of the Rights Issue (for illustration purposes only):

(a) Assuming (i) no exercise of the Warrants on or prior to the Record Date and (ii) there is no Non-Qualifying Shareholder

	As at the Latest Practicable Date		Upon issue of the Rights Shares (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Upon issue of the Rights Shares (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Xu Dong, the chairman and an executive Director	2,000,000	0.21	10,000,000	0.21	2,000,000	0.04
Miss. Yu Wai Fong, a non-executive Director	423,774	0.04	2,118,870	0.04	423,774	0.01
The Underwriter (Note)	-	-	-	-	3,886,065,724	80.00
Other public Shareholders	969,092,657	99.75	4,845,463,285	99.75	969,092,657	19.95
Total	971,516,431	100.00	4,857,582,155	100.00	4,857,582,155	100.00

(b) Assuming (i) full exercise of the Warrants on or prior to the Record Date and (ii) there is no Non-Qualifying shareholder

	As at the Latest Practicable Date		Upon full exercise of the Warrants		Upon issue of the Rights Shares (assuming all Rights Shares are subscribed for by the Qualifying Shareholders)		Upon issue of the Rights Shares (assuming none of the Rights Shares are subscribed for by the Qualifying Shareholders)	
	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>	<i>No. of Shares</i>	<i>Approximate %</i>
Mr. Xu Dong, the chairman and an executive Director	2,000,000	0.21	2,000,000	0.20	10,000,000	0.20	2,000,000	0.04
Miss. Yu Wai Fong, a non-executive Director	423,774	0.04	423,774	0.04	2,118,870	0.04	423,774	0.01
Warrants holders	-	-	38,166,666	3.78	190,833,330	3.78	38,166,666	0.76
The Underwriter (Note)	-	-	-	-	-	-	4,038,732,388	80.00
Other public Shareholders	969,092,657	99.75	969,092,657	95.98	4,845,463,285	95.98	969,092,657	19.19
Total	971,516,431	100.00	1,009,683,097	100.00	5,048,415,485	100.00	5,048,415,485	100.00

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Notes:

In the event that the Underwriter is required to take up the Rights Shares pursuant to their underwriting/subunderwriting obligations, the Underwriter shall use its best endeavours to ensure that:

- (i). each of the subscribers of the Rights Shares procured by it shall be an Independent Third Party and not acting in concert with, and not connected with, the Directors, chief executive or substantial Shareholders of the Company or their respective associates;
- (ii). each of the subscribers of the Rights Shares procured by it, together with any party acting in concert with it, shall not hold such number of Shares which will result in a mandatory offer obligation under Rule 26 of the Takeovers Code be triggered upon the completion of the Rights Issue; and
- (iii). unless the minimum public float requirements under Rule 8.08 of the Listing Rules is satisfied, the Underwriter shall procure independent places to take up such number of Rights Shares so that each of the subscribers of the Untaken Shares procured by it, shall not, together with any party(ies) acting in concert with it, hold 10% or more of the voting rights of the Company upon completion of the Rights Issue.

On 24 May 2016, the Underwriter entered into a sub-underwriting agreement with Gransing Securities Co., Limited to take up 220,000,000 Underwritten Shares, representing a maximum of approximately 5.66% of the Underwritten Shares (assuming no exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders) and a minimum of approximately 5.45% of the Underwritten Shares (assuming full exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders), respectively.

Further, on 24 May 2016, the Underwriter entered into a sub-underwriting agreement with China Prospect Securities Limited to take up 165,000,000 Underwritten Shares, representing a maximum of approximately 4.25% of the Underwritten Shares (assuming no exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders) and a minimum of approximately 4.09% of the Underwritten Shares (assuming full exercise of the Warrants on or prior to the Record Date and none of the Rights Shares are subscribed by the Qualifying Shareholders), respectively.

Pursuant to such sub-underwriting agreements, the sub-underwriters, their nominee(s) and their ultimate beneficial owner(s) are independent of, not acting in concert (within the meaning of the Takeovers Code) with, and not connected with, any director, chief executive or substantial shareholder of the Company, the Underwriter or any of their subsidiaries or any associate of any of them within the meaning of the Listing Rules.

Notwithstanding the potential dilution effect of the Rights Issue, we consider that the foregoing should be balanced against, among others, the following factors:

- (i). the Rights Issue enables the Group to enhance its capital base and its future business development and is in the interests of the Company and the Shareholders as a whole;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii). the Rights Issue offers the Qualifying Shareholders an opportunity to subscribe for their Rights Shares for the purpose of maintaining their respective pro-rata shareholding interests in the Company at a discount as compared to the historical and prevailing market price of the Shares;
- (iii). the Subscription Price is on normal commercial terms and is fair and reasonable so far as the Company and the Independent Shareholders are concerned;
- (iv). the Qualifying Shareholders who do not wish to take up the Rights Shares have the opportunities to sell their nil-paid Rights Shares in the market for economic benefits; and
- (v). as advised by the Board, before making final decision, the Company has negotiated with 3 underwriters in obtaining the most favourable terms, due to the fact that such level of the Subscription Price is necessary to enable the Underwriter to provide the underwriting commitment.

Based on the foregoing, we consider that the dilution effect of the Rights Issue is fair and reasonable, so far as the Independent Shareholders are concerned.

C. Possible financial effects of the Rights Issue

Cash resources

According to the 2015 Annual Report, the Group had cash and cash equivalents amounting to approximately RMB27 million as at 31 March 2015. Upon completion of the Rights Issue, it is expected that the Company can raise a net proceed of not less than approximately HK\$547.9 million and not more than approximately HK\$569.5 million for the further development of elderly nursing business, securities brokerage business and money lending business.

Gearing ratio

Based on the 2015 Interim report, the gearing ratio was 3.8% (at 31 March 2015: approximately 8.4%). The group had bank borrowings of RMB36 million as at 30 September 2015 (at 31 March 2015: RMB38.5 million), of which 50% were due within one year from balance sheet date and 50% were due more than one year but not exceeding two years. It is expected that following completion of the Rights Issue, the gearing ratio of the Group would decrease.

Our view

As set out above, we are of the view that the Rights Issue will have positive impacts on the liquidity and the overall financial position of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having taken into consideration the principal factors and reasons discussed above, we are of the opinion that the Rights Issue are entered in the ordinary and usual course of business of the Group, are on normal commercial terms and the terms of the Rights Issue are fair and reasonable so far as the Independent Shareholders are concerned and are 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 resolutions to be proposed at the SGM to approve the Rights Issue, including the allotment and issue of the Rights Issue.

Yours faithfully,
For and on behalf of
Messis Capital Limited
Robert Siu
Managing Director

Note: Mr. Robert Siu is a licensed person registered with the Securities and Future Commission of Hong Kong and a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 15 years of experience in corporate finance industry.

1. SUMMARY OF FINANCIAL INFORMATION

The financial information of the Group for the year ended 31 March 2015, the year ended 31 March 2014 and the year ended 31 March 2013 are disclosed in the annual reports of the Company for the year ended 31 March 2015 (pages 31 to 142) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0724/LTN20150724561.pdf>), the year ended 31 March 2014 (pages 31 to 126) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2014/0715/LTN20140715281.pdf>) and the year ended 31 March 2013 (pages 26 to 102) (<http://www.hkexnews.hk/listedco/listconews/SEHK/2013/0725/LTN20130725118.pdf>) respectively. All the above reports of the Company have been published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.736.com.hk>).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 April 2016, being the latest practicable date for the purpose of this indebtedness statement prior to the publication of this circular, the Group had total borrowing of approximately RMB93,400,000, comprising (i) bank loans of RMB27,000,000 secured by the Group's investment properties of RMB201,690,000 as at the valuation dated 30 September 2015; (ii) unsecured promissory note of HK\$60,000,000 (equivalent to RMB49,800,000) which bear an interest of 8% per annum; and (iii) unsecured unconvertible bonds of HK\$20,000,000 (equivalent to RMB16,600,000) which bear an interest of 5% per annum.

Save for the aforesaid and apart from intra-group liabilities and normal trade payables in the ordinary course of business, as at the close of business on 30 April 2016, the Group did not have any debt securities issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, mortgages, charges, finance leases or hire purchase commitments, guarantees or other materials contingent liabilities.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Renminbi at the approximately rates of exchange prevailing as at 30 April 2016.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 30 April 2016.

3. 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 generally 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.

4. MATERIAL ADVERSE CHANGE

The Group published a profit warning announcement on 16 November 2015 regarding the expected substantial loss for the six months period ended 30 September 2015. The expected net loss is mainly attributable to (a) the impairment loss of the intangible assets of the mining rights of the Group resulted primarily from a drop of copper and molybdenum prices; (b) the loss on the decreased fair value of the investment property of the Group in the PRC; and (c) decrease in interest income amounted approximately RMB3.3 million, which was due to settlement of the promissory note in April 2015 and the related interest income was not available for the period ended 30 September 2015. Except for the interest income, the above-said loss was non-cash in nature and had no effect on the Group's business operations where such loss did not constitute a material adverse effect on the business, financial condition of the Group taken as a whole.

Save for the above disclosed, as at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial position or trading position of the Group since 31 March 2015, being the date to which the latest published audited financial statements of the Group was made up.

5. FINANCIAL AND BUSINESS PROSPECTS OF THE GROUP

The principal activities of the Group are property investment, provision of educational support services, securities brokerage and money lending. Whilst the Group remains focused on developing its existing businesses, the Directors consider that it is beneficial for the group to seek suitable investment opportunities from time to time to develop its existing business portfolio and engage in new lines of business with growth potential and broaden its source of income.

As at the Latest Practicable Date, the aggregate gross floor area of the investment properties in Shanghai being held by the Group was approximately 7,004 square meters, all of which was leased to third parties under operating leases with lease terms ranging up to twelve years.

During 2015, the Company acquired a land (the "**Land**") located in Port Moody of Vancouver through China Properties Investment North America Inc., a wholly-owned subsidiary of the Company, at a total consideration of approximately CAD2.9 million (equivalent to approximately HK\$17.3 million). The land has an approximate land area of 5.49 acre with the intention to develop as a residential site (the "**Canada Project**"). According to a preliminary development plan prepared by the said subsidiary, the Canada Project will be divided into two phases, of which phase one will be focused on site servicing while phase two will be focused on the construction of a total of 7 luxury residential houses, representing a total gross floor area of approximately 21,900 square meters. The total investment and construction cost for the Project is estimated to be approximately CAD10.5 million. The phase one development will be commenced once after the development permits are granted from the local authority of Port Moody, which is expected in the fourth quarter of 2016.

Reference is made to the announcement of the Company dated 4 February 2016. On 4 February 2016, the Company entered into a non-legally binding memorandum of understanding with an independent third party (the “**Vendor**”), pursuant to which the Company will purchase and the Vendor will sell 60% of the equity interest in a target company, which owns 100% interest in a piece of land (the “**2nd Land**”), intended for the development of an elderly home project (the “**Project**”). The 2nd Land is located in Fengxian District, Shanghai City, with a planning area of approximately 100 mu, an ancillary area of approximately 200 mu, an overall area of approximately 200,000 square meters and a construction area of over 130,000 square meters. After the construction is completed, the Project will become one of the largest nursing institution for senior citizens in the PRC, providing over 4,000 nursing beds. As at the Latest Practicable Date, the Company is conducting the due diligence review and in negotiations with the Vendor for the terms and conditions of the Project and expect to enter into a formal agreement on or before August 2016.

Reference is made to the announcement of the Company dated 20 November 2015 and 11 April 2016. As disclosed in the said announcements, Bigfair International Limited (the “**Bigfair**”), a wholly-owned subsidiary of the Company, acquired the entire issued share capital of J.A.F Brokerage Limited, which is a licensed corporation to carry out Type 1 (Dealing in Securities) regulated activity under the Securities and Futures Ordinance (the “**SFO**”) and is principally engaged in the business of securities brokerage. Reference is also made to the announcement of the Company dated 24 May 2016. As disclosed in the said announcement, Bigfair entered into a sale and purchase agreement (the “**Agreement**”) with an independent third party (the “**Vendor**”) of the Company, pursuant to which the Vendor agreed to sell and the Bigfair agreed to purchase the entire issued share capital of the a target company, which is incorporated in Hong Kong and is licensed under the SFO to carry on Type 9 (asset management) regulated activity. The above acquisitions enable the Group to enter into securities brokerage business and asset management business. The Group is expected to be benefited from the synergy arising from these new business segments. The Company intends to invest approximately HK\$200 million to develop the financial services business, including the provision of securities trading, margin financing, underwriting and assets management which will help diversifying the businesses of the Group for maximizing returns to the Shareholders.

In addition, the Group has been proactively expanding the money lending business in Hong Kong. As at the Latest Practicable Date, the Group had an existing loan portfolio amounted to HK\$138 million with the terms ranging from 3 months to 12 months (the “**Existing Loan Portfolio**”) with the average interest rate of 18%. It is expected that the Existing Loan Portfolio will generate a total interest income of approximately HK\$16 million. In addition, on the assumption that (i) the Existing Loan Portfolio is successfully rolled over at the existing terms; and (ii) the proceeds from the Rights Issue of HK\$180 million is successfully lent out at the existing interest rate level in 2016, it is predicted that the aggregate interest income to be earned for the financial year ended 31 March 2017 will be approximately HK\$29 million. In view of the substantial demand for money lending in Hong Kong, the Company believe that the Group’s money-lending business has a potential to grow and is able to provide steady interest income in the future.

A. 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 2015 which is based on the unaudited consolidated net assets of the Group as at 30 September 2015, which has been extracted from the Interim Report 2015 of the Group, and adjusted as follows:

Unaudited consolidated net tangible assets of the Group attributable to the equity owners of the Company as at 30 September 2015 <i>RMB'000</i> <i>(Note a)</i>	Estimated net proceeds from the Rights Issue <i>RMB'000</i> <i>(Note b)</i>	Unaudited pro forma adjusted consolidated net tangible assets <i>RMB'000</i>	Unaudited consolidated net tangible assets per Share before Rights Issue <i>RMB</i> <i>(Note c)</i>	Unaudited pro forma adjusted consolidated net tangible assets per Share after Rights Issue <i>RMB</i> <i>(Note d)</i>
498,691	441,906	940,597	0.5133	0.19

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 net tangible assets of the Group attributable to the owners of the Company as at 30 September 2015 is based on the unaudited consolidated net assets of the Group attributable to the equity owners of the Company as at 30 September 2015 of RMB594,379,000, with adjustments for goodwill of RMB16,846,000 and intangible assets of RMB78,842,000 is extracted from the Condensed Consolidated Statement of Financial Position as contained in the published interim report of the Group for the six months period ended 30 September 2015 (the “**Interim Report 2015**”).
- b) The estimated net proceeds from the Rights Issue are based on the Subscription Price of HK\$0.141 per Rights Share and 3,886,065,724 Rights Shares will be issued, after deduction of the underwriting commission and other related expenses payable by the Company of approximately HK\$15,518,000 (equivalent to RMB12,880,000).
- c) The unaudited consolidated net tangible assets per Share before the Rights Issue is arrived based on 971,516,431 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 4,857,582,155 Shares, which represents 971,516,431 Shares in issue as at the Latest Practicable Date and adjusted for 3,886,065,724 Rights Shares expected to be issued immediately after the completion of the Rights Issue.
- e) The estimated net proceeds from the Rights Issue translated as the exchange rate of RMB0.83 to HK\$1.

**B. ACCOUNTANT'S REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION
OF THE GROUP**

國富浩華 (香港) 會計師事務所有限公司
Crowe Horwath (HK) CPA Limited
Member Crowe Horwath International
香港 銅鑼灣 禮頓道77號 禮頓中心9樓
9/F Leighton Centre,
77 Leighton Road,
Causeway Bay, Hong Kong

17 June 2016

**INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE
COMPILATION OF PRO FORMA FINANCIAL INFORMATION INCLUDED IN THE CIRCULAR****TO THE DIRECTORS OF
CHINA PROPERTIES INVESTMENT HOLDINGS LIMITED**

We have completed our assurance engagement to report on the compilation of pro forma financial information of China Properties Investment Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to the owners of the Company as at 30 September 2015 and related notes as set out in Appendix II to the Circular issued by the Company. The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described in Appendix II to the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the proposed Rights Issue as defined in the Circular on the Group's financial position as at 30 September 2015 as if the Rights Issue had taken place at 30 September 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 September 2015, on which an interim report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling 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 AG 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”).

Reporting Accountant's Responsibilities

Our responsibility is to express 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.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus, issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of pro forma financial information included in the Circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 September 2015 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled 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 pro forma financial information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully
For and on behalf of
Crowe Horwath (HK) CPA Limited
Nickson Kwok
Director

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 Group. 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

- (a) **The authorised and issued share capital of the Company as at the Latest Practicable Date are as follows:**

<i>Authorised:</i>		<i>HK\$</i>
<u>30,000,000,000</u>	Shares at HK\$0.01 each	<u>300,000,000.00</u>
 <i>Issued and fully paid:</i>		
<u>971,516,431</u>	Shares in issue and fully paid as at the Latest Practicable Date	<u>9,715,164.31</u>

- (b) **The authorised and issued share capital of the Company and immediately following completion of the Rights Issue are as follows:**

- (i) *assuming that there is no change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date:*

<i>Authorised:</i>		<i>HK\$</i>
<u>30,000,000,000</u>	Shares at HK\$0.01 each	<u>300,000,000.00</u>
 <i>Issued and fully paid:</i>		
971,516,431	Shares in issue and fully paid as at the Latest Practicable Date	9,715,164.31
<u>3,886,065,724</u>	Rights Shares to be issued pursuant to the Rights Issue	<u>38,860,657.24</u>
<u>4,857,582,155</u>	Shares in issue and fully paid immediately upon completion of the Rights Issue	<u>48,575,821.55</u>

- (ii) *assuming that the Warrants are exercised in full and new Shares are allotted and issued pursuant thereto on or before the Record Date and there is no other change in the issued share capital of the Company from the Latest Practicable Date up to the Record Date:*

<i>Authorised:</i>	<i>HK\$</i>
<u>30,000,000,000</u> Shares at HK\$0.01 each	<u>300,000,000.00</u>
 <i>Issued and fully paid:</i>	
971,516,431 Shares in issue and fully paid as at the Latest Practicable Date	9,715,164.31
38,166,666 New Shares pursuant to full exercise of the Warrants	381,666.66
4,038,732,388 Rights Shares to be issued pursuant to the Rights Issue	40,387,323.88
<u>5,048,415,485</u> Shares in issue and fully paid immediately upon completion of the Rights Issue	<u>50,484,154.85</u>

As at the Latest Practicable Date, the Company has outstanding Warrants which in aggregate entitle holders thereof to subscribe for 38,166,666 Shares.

Save for the Warrants, there are no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convertible or exchangeable into Shares as at the Latest Practicable Date.

No part of the securities of the Company is listed or dealt in or on which listing or permission to deal is being or is proposed to be sought on any other stock exchange.

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.

3. DISCLOSURE OF INTERESTS BY DIRECTORS

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors, to be notified to the Company and the Stock Exchange.

Interests in the Company

Name	Capacity and nature of interest	Number of Shares/ Underlying Shares held	Approximate percentage of the Company's issued share capital as at the Latest Practicable Date (%)
Mr. Xu Dong (Chairman)	Beneficial Owner	2,000,000	0.21
Ms. Yu Wai Fong (Non-executive Director)	Beneficial Owner	423,774	0.04

4. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, according to the register kept by the Company pursuant to section 336 of SFO, and so far as is known to the Directors or chief executive of the Company, the following persons (other than a Director or a chief executive of the Company) had, or was deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying voting rights to vote in all circumstances at general meeting of any other member of the Group:

Name	Capacity and nature of interest	Number of Shares/ Underlying Shares held	Approximate percentage of the Company's issued share capital (%)
Black Marble Group (Hong Kong) Limited (Note 1)	Interest of controlled corporation	4,038,732,388(L) (Note 3) 385,000,000(S) (Note 4)	80.61 7.68
Black Marble Group Limited (Note 1)	Interest of controlled corporation	4,038,732,388(L) (Note 3) 385,000,000(S) (Note 4)	80.61 7.68
The Underwriter (Note 1)	Beneficial owner	4,038,732,388(L) (Note 3) 385,000,000(S) (Note 4)	80.61 7.68
Lerado Financial Group Company Limited (Note 1)	Interest of controlled corporation	4,038,732,388(L) (Note 3) 385,000,000(S) (Note 4)	80.61 7.68

(L) denotes long position

(S) denotes short position

Notes:

1. According to the disclosure of interests forms filed, the Underwriter is wholly owned by Black Marble Group (Hong Kong) Limited, which is wholly owned by Black Marble Group Limited, which is wholly owned by Lerado Financial Group Company Limited.
2. The percentage is calculated based on the enlarged share capital of the Company upon the completion of the Rights Issue, being 5,048,415,485 Shares, assuming the subscription rights attached to the Warrants are exercised in full on or before the Record Date.
3. The 4,038,732,388 Shares are the Rights Shares (maximum entitlement) which the Underwriter is interested under the Underwriting Agreement on the assumption of no Qualifying Shareholders take up their respective entitlements under the Rights Issue.
4. The 385,000,000 Shares are the sum of 220,000,000 Underwritten Shares and 165,000,000 Underwritten Shares taken up by Gransing Securities Co., Limited and China Prospect Securities Limited as sub-underwriters respectively pursuant to the sub-underwriting agreements dated 24 May 2016 signed by the Underwriter with each sub-underwriter.

Save as disclosed above and so far as is known to the Directors or chief executive of the Company, there is no person (other than a Director or chief executive of the Company) who, as at the Latest Practicable Date, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital, including options in respect of such capital, carrying rights to vote in all circumstances at general meeting of any other member of the Group.

5. INTEREST OF DIRECTORS

As at the Latest Practicable Date, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

As at the Latest Practicable Date, none of the Directors has or had any direct or indirect interest in any assets which have been acquired or disposed 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 2015, being the date to which the latest published audited consolidated financial statements of the Group were made up.

6. DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors or their respective associates were interested in any business which competes or is likely to compete, whether directly or indirectly, with the businesses of the Group.

7. DIRECTORS' SERVICE CONTRACTS

As the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation (other than statutory compensation).

8. LITIGATION

In 1998, the Company brought up 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 that the Defendants failed to fulfill their underwriting obligations thereunder and for the recovery of RMB40 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.

As at the Latest Practicable Date, save as disclosed above, no member of the Group was engaged in any litigation or claim of material importance and there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

9. EXPERTS AND CONSENTS

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

Name	Qualification
Messis Capital Limited	a corporation licensed to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Crowe Horwath (HK) CPA Limited	Certified Public Accountants

As at the Latest Practicable Date, the experts above have given and has not withdrawn their written consent to the issue of this circular with the inclusion therein of their letters and references to their name and/or their advice in the form and context in which they respectively appear.

As of the Latest Practicable Date, the experts above were not beneficially interested in any share of any member of the Group nor did it have any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts above did not have any direct or indirect interest 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 2015 (the date to which the latest published audited consolidated financial statements of the Group were made up).

10. MATERIAL CONTRACTS

The following contracts have been entered into by any member of the Group (not being contracts entered into in the ordinary course of business of the Company) within the two years immediately preceding the issue of the Announcement and up to the Latest Practicable Date and are or may be material:

- (a) a sale and purchase agreement entered into among the Company as vendor and an Independent Third Party as purchaser dated 27 May 2016 in relation to the disposal of 32.39% of the entire issued share capital in Edknowledge Group Limited at the consideration of HK\$9,500,000;
- (b) the Underwriting Agreement;
- (c) a sale and purchase agreement entered into among an Independent Third Party as vendor and Bigfair International Limited, a wholly-owned subsidiary of the Company, as purchaser dated 24 May 2016 in relation to the acquisition of a company incorporated in Hong Kong, at an initial total consideration of HK\$6,717,417 subject to adjustment under the sale and purchase agreement;
- (d) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 1 April 2016 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$18,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (e) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 14 March 2016 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$20,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (f) a sale and purchase agreement entered into among the Company as vendor and Mr. Bai Yu* as purchaser dated 17 February 2016 in relation to the disposal of the entire issued share interest in Main Pacific Group Limited and Universe Prosper Limited at the consideration of HK\$64,800,000;
- (g) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 3 February 2016 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$15,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (h) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 22 January 2016 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$15,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;

- (i) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 14 January 2016 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$25,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (j) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 17 December 2015 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$27,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (k) a loan agreement entered into between Triple Glory Holdings Limited, an indirect wholly-owned subsidiary of the Company, as lender and an Independent Third Party as borrower, dated 10 December 2015 pursuant to which Triple Glory Holdings Limited has agreed to lend to the borrower a term loan in the principal amount of HK\$18,000,000 at the interest rate of 18% per annum repayable under the terms and conditions of the agreement;
- (l) a sale and purchase agreement entered into between Bigfair International Limited, a wholly-owned subsidiary of the Company as purchaser, and Mr. Fu Hau Tat, Eric Jorge, Mr. Fu Hau Chun, Brian Alberto and Mr. Lee Ka Fai, Gordon as vendors dated 20 November 2015 in relation to the acquisition of the entire issued share capital of J.A.F. Brokerage Limited at the consideration of the sum of HK\$7,800,000 being the initial consideration and HK\$5,277,000 being the net asset value of J.A.F. Brokerage Limited, subject to adjustment under the sale and purchase agreement;
- (m) a placing agreement entered into between the Company as issuer and Gransing Securities Co., Limited as placing agent dated 27 October 2015 in relation to the placing of up to 809,000,000 new shares of the Company at the placing price of HK\$0.19 per placing share;
- (n) a subscription agreement entered into by the Company as subscriber with Tiger Super Fund SPC dated 31 July 2015 pursuant to which the Company agreed to subscribe for an aggregate amount of HK\$150 million of non-voting participating redeemable preference shares of US\$0.01 par value each of Tiger High Yield Fund Segregated Portfolio, a segregated portfolio of Tiger Super Fund SPC;
- (o) a subscription agreement entered into by the Company as subscriber with Avant Capital SPC dated 8 July 2015 pursuant to which the Company agreed to subscribe for an aggregate amount of HK\$200 million of participating segregated portfolio redeemable shares of US\$0.01 par value each of Avant Capital Dragon Fund SP;
- (p) a subscription agreement entered into between the Company as issuer and CSR (Hong Kong) Co. Limited as subscriber dated 4 June 2015 in relation to the issuance and allotment of up to 6,500,000,000 new shares of the Company at the placing price of HK\$0.1 per subscription share;

- (q) a placing agreement entered into between the Company as issuer and Tanrich Securities Company Limited as placing agent dated 10 March 2015 in relation to the placing of up to 2,500,000,000 new shares of the Company at the placing price of HK\$0.1 per placing share; and
- (r) a sale and purchase agreement entered into among the Company as purchaser, Mr. Chu Hong Chuen Raymond, Mr. Chim Man Tung and Mr. Kam Wing Sau as guarantors, and Wan Cheng Investments Limited as vendor dated 16 October 2014 in relation to the acquisition of the entire issued share capital of Liquin Investments Limited at the consideration of HK\$100,000,000.

11. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

Board of Directors

Executive Directors

Mr. Xu Dong (*Chairman*)

Mr. Au Tat On

Non-executive Director

Miss Yu Wai Fong

Independent non-executive Directors

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Audit Committee

Mr. Lai Wai Yin, Wilson (*Chairman*)

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Remuneration Committee

Mr. Lai Wai Yin, Wilson (*Chairman*)

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Nomination Committee

Mr. Lai Wai Yin, Wilson (*Chairman*)

Ms. Cao Jie Min

Mr. Tse Kwong Wah

Registered office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head office and principal place of business in Hong Kong	Room 4303, 43/F China Resources Building 26 Harbour Road Wanchai, Hong Kong
Principal share registrar and transfer office	Codan Services Limited Clarendon House 2 Church Street Hamilton HM11 Bermuda
Branch share registrar and transfer office in Hong Kong	Tricor Secretaries Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Company Secretary	Mr. Yip Yuk Sing
Authorised representatives	Miss. Yu Wai Fong Mr. Yip Yuk Sing
Business address of Directors, senior management and authorised representatives	Room 4303, 43/F. China Resources Building, 26 Harbour Road, Wanchai, Hong Kong
Underwriter	Black Marble Securities Limited 21/F The Wellington No. 198 Wellington Street Hong Kong
Legal adviser to the Company	Li, Wong, Lam & W. I. Cheung 22nd Floor Infinitus Plaza 199 Des Voeux Road Central Hong Kong
Financial adviser to the Company	Amasse Capital Limited Room 1201, 12th Floor Prosperous Building 48-52 Des Voeux Road Central Hong Kong

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders	Messis Capital Limited Room 1606, 16/F., Tower 2 Admiralty Centre 18 Harcourt Road Hong Kong
Auditor and reporting accountant	Crowe Horwath (HK) CPA Limited 9/F, Leighton Centre, 77 Leighton Road, Causeway Bay, Hong Kong
Principal banker	Wing Lung Bank Wing Lung Building 45 Des Voeux Road, Hong Kong

12. PROFILES OF DIRECTORS

Executive Directors

Mr. Xu Dong, aged 38, was appointed as an executive director of the Company in May 2010 and was re-designated as the chairman and chief executive officer of the Company in August 2010. Mr. Xu holds a bachelor's degree in Japanese from the Shanghai International Studies University. Mr. Xu has extensive experience in business investment and management of mineral corporations. He is responsible for the overall management, strategic planning and business development and management of the mineral business of the Company.

Mr. Au Tat On, aged 60, 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 and business development of the Group.

Non-executive Director

Ms. Yu Wai Fong, aged 53, was appointed as the chairman, executive director and chief executive officer of the Company in March 2009 and was re-designated as non-executive director of the Company in August 2010. Ms. Yu has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for strategic planning and business development of the Company.

Independent non-executive Directors

Mr. Lai Wai Yin, Wilson, aged 51, 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 multi-national 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, aged 31, 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 degree in international economy from the Shanghai Institute of Foreign Trade. Ms. Cao currently holds a practicing certificate issued by the Ministry of Justice of the PRC. She is currently working in the legal & compliance department of Ford Automotive Finance (China) Limited.

Mr. Tse Kwong Wah, aged 43, was appointed as an independent non-executive director, member of audit committee and member of remuneration and nomination committee of the Company in March 2011. Mr. Tse graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. He also obtained certificate 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.

13. EXPENSES

The expenses in connection with the Rights Issue, including underwriting commission, printing, registration, legal and accounting fees, are estimated to be approximately HK\$15.5 million and will be payable by the Company.

14. MISCELLANEOUS

- (i) As at the Latest Practicable Date, there was no restriction affecting the remittance of profits or repatriation of capital of the Company into Hong Kong from outside of Hong Kong and the Group has no exposure to foreign exchange liabilities.
- (ii) The company secretary of the Company is Mr. Yip Yuk Sing. He was appointed as the company secretary of the Company in May 2008. He is also the chief financial officer of the Company. He has extensive experience in accounting and financial management. Prior to joining the Company, he 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.
- (iii) The English text of this circular shall prevail over the Chinese text in case of any inconsistency.

15. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours on any Business Day at the principal place of business of the Company in Hong Kong at Room 4303, 43/F, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong up to and including the date of the 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 2013, 2014 and 2015;
- (c) the letter from the Independent Board Committee, the text of which is set out in “LETTER FROM THE INDEPENDENT BOARD COMMITTEE” of this circular;
- (d) the letter of advice from the Independent Financial Adviser, the text of which is set out in “LETTER FROM THE INDEPENDENT FINANCIAL ADVISER” of this circular;
- (e) the report and letter on the unaudited pro forma financial information of the Group as set out in Appendix II of this circular;
- (f) the material contracts referred to in the section headed “MATERIAL CONTRACTS” of this appendix;
- (g) the written consents referred to in the section headed “EXPERTS AND CONSENTS” of this appendix; and
- (h) this circular.

NOTICE OF 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 OF SPECIAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that a special general meeting (the “**SGM**”) of China Properties Investment Holdings Limited (the “**Company**”) will be held at Plaza 1-2, Lower Lobby, Novotel Century Hong Kong, 238 Jaffe Road, Wanchai, Hong Kong on Wednesday, 6 July 2016 at 10:00 a.m. for the purpose of considering and if thought fit, passing, with or without modifications, the following resolution which will be proposed as ordinary resolution:

ORDINARY RESOLUTION

“THAT

- (a) the Rights Issue (as defined below) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; For the purpose of this resolution, “**Rights Issue**” means the proposed allotment and issue of not less than 3,886,065,724 new shares of the Company (the “**Shares**”) each ranking pari passu in all respects with existing Shares (the “**Rights Shares**”) and not more than 4,038,732,388 Rights Shares pursuant to an offer by way of rights to the holders of Shares (the “**Shareholders**”) at the subscription price of HK\$0.141 per Rights Share in the proportion of four (4) Rights Shares for every one (1) existing Share held by the Shareholders whose names appear on the register of members of the Company on 14 July 2016 (or such other date as may be agreed between the Company and the Underwriter (as defined in paragraph (b) of this resolution) to be the record date for the Rights Issue) (the “**Record Date**”) other than those Shareholders (the “**Non-Qualifying Shareholders**”) whose addresses on the Record Date are outside of Hong Kong in respect of whom the Company’s directors (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 Non-Qualifying Shareholders on account of either the legal restrictions under the laws of the relevant place or the requirement of the relevant regulatory body or stock exchange in that place, as described in further detail in a circular issued by the Company dated 17 June 2016 (the “**Circular**”) of which the notice convening this meeting forms part;

* for identification purposes only

NOTICE OF SPECIAL GENERAL MEETING

- (b) the execution, delivery and performance of the underwriting agreement dated 24 May 2016 (the “**Underwriting Agreement**”) and entered into between the Company and Black Marble Securities Limited (the “**Underwriter**”) (a copy of which is produced to the meeting marked “A” and signed by the Chairman of the meeting for the purpose of identification), in relation to the Rights Issue and the transactions contemplated thereunder and all actions taken or to be taken by the Company pursuant to or incidental to the Underwriting Agreement be and are hereby approved, confirmed and ratified;
- (c) subject to the fulfillment or waiver of the conditions set out in the Underwriting Agreement, any Director be and is hereby authorized to allot and issue the Rights Shares pursuant to and in connection with the Rights Issue notwithstanding that (i) the Rights Shares may be offered, allotted or issued otherwise than pro rata to the Shareholders not being a Non-Qualifying Shareholder (the “**Qualifying Shareholders**”) and, in particular, any director be and is hereby authorised to make such exclusions or other arrangements in relation to the Non-Qualifying Shareholder as he/she may deem necessary, desirable or expedient having regard to any restrictions or obligations under the bye-laws of the Company or the laws of, or the rules and regulations of any recognized regulatory body or any stock exchange in, any territory outside Hong Kong; (ii) the Rights Shares which would otherwise have been made available for application by the Qualifying Shareholders or the Non-Qualifying Shareholders (as the case may be) will be made available for subscription under forms of application for excess Rights Shares;
- (d) any one or more of the Directors be and is/are hereby authorized to do all such acts and things, including but without limitation to the execution of all such documents under seal where applicable, as he/she may in his/her discretion consider necessary, expedient or desirable for the purpose of or in connection with the implementation of or giving effect to the Rights Issue, the Underwriting Agreement and the transactions contemplated thereunder, including but without limitation, the exercise or enforcement of any of the Company’s rights under the Underwriting Agreement and to make and agree to such variations of the terms of the Underwriting Agreement as he/she may 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, 17 June 2016

Registered office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Principal place of business:
Room 4303, 43/F
China Resources Building
26 Harbour Road
Wanchai, Hong Kong

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. Any member entitled to attend and vote at the meeting shall be entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more Shares may appoint more than one proxy to represent him and vote on his behalf at the general meeting. A proxy need not be a member. In addition, a proxy or proxies representing a member who is an individual or a member which is a corporation shall be entitled to exercise the same powers on behalf of the member which he or they represent as such member could exercise.
2. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, shall be delivered to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote.
3. Delivery of an instrument appointing a proxy shall not preclude a member from attending and voting in person at the meeting concerned and in such event, the instrument appointing a proxy shall be deemed to be revoked.
4. Voting on the resolution will be taken by poll.

As at the date of this notice, 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.