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## THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in doubt as to any aspect of this Prospectus or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional advisers.

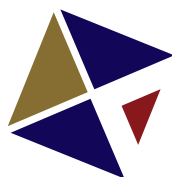
If you have sold or transferred all your securities in China Properties Investment Holdings Limited (the “Company”), you should at once hand the Prospectus Documents (as defined herein) to the purchaser or transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed “Documents delivered to the Registrars of Companies” in Appendix III to this Prospectus has been registered with the Registrar of Companies in Hong Kong pursuant to Section 342C of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong). Prior to or as soon as reasonably practicable after the publication of the Prospectus Documents, the Company will file a copy of each of the Prospectus Documents with the Registrar of Companies in Bermuda pursuant to the Companies Act 1981 of Bermuda (as amended from time to time). The Securities and Futures Commission of Hong Kong, the Registrar of Companies in Hong Kong and the Registrar of Companies in Bermuda take no responsibility for the contents of any of the Prospectus Documents. Dealings in the securities of the Company may be settled through CCASS (as defined herein) and you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser for details of the settlement arrangements and how such arrangements may affect your rights and interests.

Subject to the granting of the listing of, and permission to deal in, the Rights Shares (as defined herein) in both their nil-paid and fully-paid forms on the Stock Exchange (as defined herein) as well as compliance with the stock admission requirements of HKSCC (as defined herein), 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 dates of dealings in the Rights Shares in each of their nil-paid and fully-paid forms on the Stock Exchange or such other dates 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.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

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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)

### RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE

Underwriter to the Rights Issue



天行聯合證券有限公司  
United Simsen Securities Limited

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Terms used in this cover page have the same meanings as those defined in the Prospectus.

The last day of dealings in the Shares on a cum-rights basis commenced on Wednesday, 22 August 2012 and the Shares had been dealt in on an ex-rights basis from Thursday, 23 August 2012. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 4 September 2012 to Tuesday, 11 September 2012 (both days inclusive). If the conditions of the Rights Issue are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed. Any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 4 September 2012 to Tuesday, 11 September 2012 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company, at any time prior to 4:00 p.m. on the 1st Business Day following the Acceptance Date to terminate the obligations of the Underwriter thereunder on the occurrence of certain events including force majeure. These events are set out under the section headed “Termination of the Underwriting Agreement” on pages 1 to 3 of this Prospectus. If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed. In addition, the Rights Issue is conditional on all conditions set out on pages 17 to 18 of this Prospectus being fulfilled or waived (as applicable). In the event that such conditions have not been fulfilled and/or waived in whole or in part by the Underwriter on or before Monday, 17 September 2012, all liabilities of the parties to the Underwriting Agreement shall cease and determine and no party shall have any claim against the other party save for any antecedent breach of the Underwriting Agreement and the Rights Issue will not proceed.

31 August 2012

\* For identification purpose only

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## CONTENTS

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	<i>Page</i>
<b>Expected Timetable . . . . .</b>	ii
<b>Termination of the Underwriting Agreement . . . . .</b>	1
<b>Definitions . . . . .</b>	4
<b>Summary of the Rights Issue . . . . .</b>	8
<b>Letter from the Board . . . . .</b>	9
<b>Appendix I – Financial Information of the Group . . . . .</b>	27
<b>Appendix II – Unaudited Pro Forma Financial Information of the Group . . . . .</b>	28
<b>Appendix III – General Information . . . . .</b>	31

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## EXPECTED TIMETABLE

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*The expected timetable for the Rights Issue is set out below:*

**2012**  
**(Hong Kong time)**

First day of dealings in nil-paid Rights Shares .....	Tuesday, 4 September
Latest time for splitting nil-paid Rights Shares .....	4:30 p.m. on Thursday, 6 September
Last day of dealings in nil-paid Rights Shares .....	Tuesday, 11 September
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, 14 September
Rights Issue expected to become unconditional .....	4:00 p.m. on Monday, 17 September
Announcement of results of acceptance and excess application of the Rights Shares .....	Friday, 21 September
Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares expected to be posted .....	on or before Monday, 24 September
Despatch of certificates for fully-paid Rights Shares .....	on or before Monday, 24 September
Expected first day of dealings in fully-paid Rights Shares commence .....	Tuesday, 25 September

*Notes:*

*All times and dates in this Prospectus refer to Hong Kong local times and dates. Dates or deadlines specified in this Prospectus for events in the expected timetable above regarding the Rights Issue are indicative only and may be extended or varied by agreement between the Company and the Underwriter, and subject to the approval by the Stock Exchange of such amendments. Any consequential changes to the expected timetable will be published or notified to the Shareholders as and when appropriate.*

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## EXPECTED TIMETABLE

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### **EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR THE RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES**

The latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will not take place if there is:

1. a tropical cyclone warning signal number 8 or above, or
2. a “black” rainstorm warning
  - (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
  - (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the Acceptance Date. Instead the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force in Hong Kong at any time between 9:00 a.m. and 4:00 p.m.

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for excess Rights Shares does not take place on the Acceptance Date, the dates mentioned in this section may be affected. An announcement will be made by the Company in such event.

**It should be noted that the Underwriting Agreement contains provisions entitling the Underwriter, by notice in writing to the Company, to terminate its obligations thereunder on the occurrence of certain events including force majeure. These events are set out in the paragraph headed “Termination of the Underwriting Agreement” on pages 1 and 3 of this Prospectus. If the Underwriting Agreement is terminated by the Underwriter or does not become unconditional, the Rights Issue will not proceed.**

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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If, prior to the Latest Time for Termination:

- (a) (1) there is any change or prospective change (whether or not permanent) in the business or in the financial or trading position or prospects of the Company or any other member of the Group; or
- (2) any event or series of events resulting or representing or likely to result in any change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency or Renminbi is linked to that of the currency of the United States), equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or
- (3) any relevant new law, regulations, decree or change (whether or not forming part of a series of changes) in existing laws or any change in the interpretation or application thereof by any court or Governmental Authority in Hong Kong, Bermuda, the PRC, the United States, European Union or in other jurisdiction which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group shall have been introduced or effected (each a “**Relevant Jurisdiction**”); or
- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, Bermuda, the PRC, the United States, the European Union (or any member thereof), or any Relevant Jurisdiction; or
- (5) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in any Relevant Jurisdiction; or
- (6) any event, or series of events, beyond the control of the Underwriter (including without limitation, any acts of God, acts of government, large scale labour disputes, acts or threats of war, riots, public disorder, civil commotion, fire, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute respiratory syndrome and H5N1, avian flu, influenza A (H1Na) (swine flu) and such related or mutated forms), terrorism, strikes or lockouts) or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war shall have occurred, happened or come into effect in any Relevant Jurisdiction; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (7) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any Relevant Jurisdiction; or
- (8) the imposition or declaration of (i) any suspension or material limitation on dealings in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, New York Stock Exchange, Inc., London Stock Exchange plc or any other major international stock exchange or (ii) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, the PRC, New York, London or any other jurisdiction; or
- (9) any change or deterioration in the conditions of local, national or international securities markets occurs; or
- (10) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (11) any litigation of claim of any third party being instigated against any member of the Group; or
- (12) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (13) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (14) approval by the Listing Committee of the listing of, and permission to deal in, the Rights Shares to be issued or sold under the Rights Issue is refused or not granted, other than subject to customary conditions, prior to the Latest Time For Termination, to terminate the Underwriting Agreement, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

which in the sole and absolute opinion of the Underwriter:

- (i) is or will or may individually or in aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of the Company taken alone or the Group taken as a whole and/or, in the case of (a)(4) above, to any present or prospective shareholder in its capacity as such; or

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## TERMINATION OF THE UNDERWRITING AGREEMENT

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- (ii) has or will or may have a material adverse effect on the success of the Rights Issue; or
  - (iii) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Underwriting Agreement and/or the Rights Issue to be performed or implemented as envisaged or (ii) to proceed with the Rights Issue on the terms and in the manner contemplated thereunder; or
- (b) the Underwriter shall become aware of the fact that, or have cause to believe that:
- (1) any of the warranties or undertakings given by the Company pursuant to the Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Underwriter in its sole and absolute discretion;
  - (2) any statement contained in the the Announcements and/or the Prospectus was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if the Announcements and/or the Prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Underwriter in its sole and absolute discretion; or
  - (3) there has been a breach in any material respect on the part of any of the Company of any of the provisions of the Underwriting Agreement as determined by the Underwriter in its sole and absolute discretion,

then and in any such case, the Underwriter may terminate the Underwriting Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received by the Company prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

Any such notice shall be served by the Underwriter prior to the Latest Time For Termination.

If prior to the Latest Time For Termination any such notice as referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

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## DEFINITIONS

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*In this Prospectus, unless the context otherwise requires, capitalized terms used shall have the following meanings:*

“Acceptance Date”	Friday, 14 September 2012 (or such other date as the Underwriter may agree in writing with the Company as the latest date for acceptance of, and payment for, Rights Shares and application and payment for excess Rights Shares)
“Announcements”	the announcements of the Company dated 25 July 2012 and 26 July 2012 respectively in relation to the Capital Increase and the Rights Issue
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“Branch Registrar”	the branch share registrar of the Company in Hong Kong, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong
“Business Day”	a day (other than a Saturday, Sunday and public holidays) on which banks are generally open for business more than five hours in Hong Kong
“Bye-Laws”	the bye-laws of the Company, as amended from time to time
“Capital Increase”	the increase in the authorised share capital of the Company from HK\$10,000,000 to HK\$90,000,000 by the creation of such number of Shares or part thereof so that the increased authorised share capital would be HK\$90,000,000 divided into 3,000,000,000 Shares with par value of HK\$0.03 each
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Companies Act”	the Companies Act 1981 of Bermuda (as amended)
“Companies Ordinance”	the Companies Ordinance, Chapter 32 of the Laws of Hong Kong
“Company”	China Properties Investment Holdings Limited (中國置業投資控股有限公司*), a company incorporated in Bermuda with limited liability, the Shares of which are listed on the main board of the Stock Exchange

\* For identification purpose only



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## DEFINITIONS

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“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EAF(s)”	the form(s) of application for use by the Qualifying Shareholders who wish to apply for excess Rights Shares, being in such usual form as may be agreed between the Company and the Underwriter
“Group”	the Company and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Third Party(ies)”	third parties independent of and not connected with the Directors, chief executive and substantial Shareholders of the Company or any of its subsidiaries, or any of their respective associates
“Last Trading Day”	Tuesday, 24 July 2012, being the date of the Underwriting Agreement and the day on which the Shares were traded on the Stock Exchange
“Latest Time For Termination”	4:00 p.m. on the 1st Business Day following the latest time for acceptance and payment for the Rights Shares and application and payment for excess Rights Shares
“Latest Practicable Date”	28 August 2012, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Macau”	the Macau Special Administrative Region of the People’s Republic of China
“Non-Qualifying Shareholders”	those Overseas Shareholders whom 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 Shareholders on account either of legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place

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## DEFINITIONS

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“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“PAL(s)”	the renounceable provisional allotment letter(s) to be issued to the Qualifying Shareholders in connection with the Rights Issue
“Posting Date”	Friday, 31 August 2012 or such other date as the Underwriter may agree in writing with the Company, as the date of despatch of the Prospectus Documents to the Qualifying Shareholders or the Prospectus for information only (as the case may be) to the Non-Qualifying Shareholders
“PRC”	the People’s Republic of China (in this Prospectus excluding Hong Kong, Macau SAR and Taiwan)
“Prospectus”	the prospectus to be despatched to the Shareholders containing details of the Rights Issue
“Prospectus Documents”	the Prospectus, PAL and EAF
“Qualifying Shareholders”	Shareholders, other than the Non-Qualifying Shareholders
“Record Date”	Thursday, 30 August 2012 (or such other date as the Underwriter may agree in writing with the Company), as the date by reference to which entitlements to the Rights Issue are expected to be determined
“Rights Issue”	the issue by way of rights of one (1) Rights Share for every two (2) existing Shares in issue and 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”	Shares to be issued and allotted under the Rights Issue, being 147,305,164 Shares
“RMB”	Renminbi
“SFO”	The Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“SGM”	the special general meeting of the Company held on Tuesday, 21 August 2012 approving the Capital Increase
“Share(s)”	ordinary share(s) of HK\$0.03 each in the share capital of the Company

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## DEFINITIONS

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“Share Options”	the outstanding share options to subscribe for 48,296 new Shares granted to the Directors and employees of the Group pursuant to the Share Option Scheme
“Share Option Holder(s)”	holder(s) of the Share Options
“Share Option Scheme”	the share option scheme of the Company adopted on 28 November 2007
“Shareholder(s)”	the holder(s) of issued Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.068 per Rights Share with nominal value of HK\$0.03 each
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers of The Securities and Future Commission of Hong Kong
“Underwriter”	United Simsen Securities Limited
“Underwriting Agreement”	the underwriting agreement dated 24 July 2012 entered into between the Company and the Underwriter in relation to the underwriting arrangement in respect of the Rights Issue as amended by a letter of confirmation executed by the parties on 26 July 2012
“Underwritten Shares”	147,305,164 Rights Shares underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement
“%” or “per cent.”	percentage or per centum

*In the event of any inconsistency, the English text of this Prospectus shall prevail over the Chinese text.*

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## SUMMARY OF THE RIGHTS ISSUE

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*The following information is derived from, and should be read in conjunction with and, subject to, the full text of the Prospectus.*

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	one (1) Rights Share for every two (2) existing Shares held on the Record Date
Subscription Price	:	HK\$0.068 per Rights Share with nominal value of HK\$0.03 each
Number of Shares in issue as at the Latest Practicable Date	:	294,610,329 Shares
Number of Rights Shares	:	147,305,164 Rights Shares
Number of Rights Shares underwritten by the Underwriter	:	147,305,164 Rights Shares. Accordingly, the Rights Issue is fully underwritten
Number of enlarged Shares in issue upon completion of the Rights Issue	:	441,915,493 Shares
Status of the Rights Shares	:	The Rights Shares, when allotted, issued and fully paid, will rank <i>pari passu</i> 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
Rights of excess applications	:	Qualifying Shareholders have the right to apply for excess Rights Shares

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## LETTER FROM THE BOARD

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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)

*Executive Directors:*

Mr. Xu Dong

Mr. Au Tat On

*Non-executive Director:*

Ms. Yu Wai Fong

*Independent non-executive Directors:*

Mr. Tse Kwong Wah

Mr. Lai Wai Yin, Wilson

Ms. Cao Jie Min

*Registered office:*

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

*Head office and principal*

*place of business in Hong Kong:*

Room 2001, 20/F

Lippo Centre, Tower Two

89 Queensway

Hong Kong

31 August 2012

*To the Shareholders*

Dear Sir or Madam,

### **RIGHTS ISSUE ON THE BASIS OF ONE RIGHTS SHARE FOR EVERY TWO EXISTING SHARES HELD ON THE RECORD DATE**

#### **INTRODUCTION**

On 25 July 2012, the Board announced that the Company proposed to raise not less than approximately HK\$10.017 million and not more than approximately HK\$10.018 million, before expenses, by issuing not less than 147,305,164 Rights Shares and not more than 147,329,312 Rights Shares to the Qualifying Shareholders by way of Rights Issue at the Subscription Price of HK\$0.068 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date.

\* For identification purpose only

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## LETTER FROM THE BOARD

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Since there was no new Share being issued, no Share being repurchased by the Company and no exercise of the Share Options on or before the Record Date, the total number of issued Shares was 294,610,329 Shares, and accordingly the Company will issue 147,305,164 Rights Shares to the Qualifying Shareholders.

The Rights Issue is conditional on, among other things, the passing of an ordinary resolution to approve the Capital Increase. At the SGM held on 21 August 2012, the Capital Increase was approved by the Shareholders by way of poll. None of the Shareholders were required to abstain from voting at the SGM.

The purpose of this Prospectus is to provide the Shareholders with further details about the Rights Issue.

### RIGHTS ISSUE

#### Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held on the Record Date
Number of Shares in issue	:	294,610,329 Shares
Number of Rights Shares	:	147,305,164 Rights Shares
Subscription Price	:	HK\$0.068 per Rights Share with nominal value of HK\$0.03 each
Enlarged issued share capital of the Company upon completion of the Rights Issue	:	441,915,493 Shares

As at the Latest Practicable Date, save for the 48,296 Share Options, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

Based on the 294,610,329 Shares in issue as at the Latest Practicable Date, the number of Rights Shares that may be issued under the Rights Issue would be 147,305,164. The total number of 147,305,164 Rights Shares represents (i) approximately 50% of the Company's existing issued share capital as at the Latest Practicable Date; and (ii) approximately 33.33% of the Company's issued share capital as enlarged by the issue of the 147,305,164 Rights Shares.

As at the Latest Practicable Date, the Directors had not received any information from any substantial Shareholders (there were no substantial Shareholders as at the Latest Practicable Date) of their intention to take up the Rights Shares provisionally allotted or offered to them or to be provisionally allotted or offered to them.

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## LETTER FROM THE BOARD

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### **Basis of provisional allotment**

The basis of the provisional allotment shall be one (1) Rights Share for every two (2) existing Shares held on the Record Date, being 147,305,164 Right Shares. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made by completing the PAL and lodging the same with a remittance for the Rights Shares being applied for.

### **Qualifying Shareholders**

The Rights Issue is only available to the Qualifying Shareholders. The Company has sent (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus, for information only, to the Non-Qualifying Shareholders (if any).

To qualify for the Rights Issue, a Shareholder must:

1. be registered as a member of the Company at the close of business on the Record Date; and
2. be a Qualifying Shareholder.

### **Closure of register of members**

The register of members of the Company was closed from Monday, 27 August 2012 to Thursday, 30 August 2012, both days inclusive. No transfer of Shares was registered during this period.

### **Rights of Overseas Shareholders**

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

Arrangements will be made for Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholder to be sold in the market in their nil-paid form as soon as practicable after dealings in the nil-paid Rights Shares commence, if a premium (net of expenses) can be obtained. The proceeds of such sale, less expense, of more than HK\$100 will be paid pro rata to the Non-Qualifying Shareholders. The Company will retain individual amounts of HK\$100 or less for the benefit of the Company. Any unsold entitlement of Non-Qualifying Shareholders, together with any Rights Shares provisionally allotted but not accepted, will be made available for excess application on EAFs by Qualifying Shareholders.

As at the Latest Practicable Date and according to the register of members of the Company, there were four Shareholders with registered addresses in three jurisdictions outside Hong Kong, namely Macau, the PRC and Taiwan.

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## LETTER FROM THE BOARD

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Based on the advice provided by the legal advisers on the laws of Macau, it would be lawful for the Company to offer the Rights Shares to those Shareholders with registered addresses in Macau, even though the Prospectus Documents will not be registered in Macau. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses located in Macau as shown on the register of members of the Company as at the Record Date.

Based on the advice provided by the legal advisers on the laws of the PRC, it would be lawful for the Company to offer the Rights Shares to those Shareholders with registered addresses in the PRC, even though the Prospectus Documents will not be registered in the PRC. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses located in the PRC as shown on the register of members of the Company as at the Record Date.

Based on the advice provided by the legal advisers on the laws of Taiwan, it would be lawful for the Company to offer the Rights Shares to those Shareholders with registered addresses in Taiwan, even though the Prospectus Documents will not be registered in Taiwan. Therefore, the Directors have decided to extend the Rights Issue to such Overseas Shareholders with registered addresses located in Taiwan as shown on the register of members of the Company as at the Record Date.

### **Subscription Price**

The Subscription Price for the Rights Shares is HK\$0.068 per Rights Share, payable in full upon acceptance of the relevant provisional allotment of 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 63.44% to the closing price of HK\$0.186 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 53.74% to the theoretical ex-rights price of approximately HK\$0.147 per Share based on the closing price of HK\$0.186 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (c) a discount of approximately 62.84% to the average closing price of approximately HK\$0.183 per Share for the five consecutive trading days up to and including the Last Trading Day; and
- (d) a discount of approximately 43.80% to the closing price of HK\$0.121 per Share as quoted on the Stock Exchange on the Latest Practicable Date.

The Subscription Price was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price and trading liquidities of the Shares prior to the Last Trading Day. The Directors consider the terms of the Rights Issue, including the Subscription Price to be fair and reasonable and in the best interests of the Company and the Shareholders as a whole. The net price per Rights Share upon full acceptance of the relevant provisional allotment of Rights Shares will be approximately HK\$0.057.



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## LETTER FROM THE BOARD

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### **Fractions of Rights Shares (If any)**

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (rounded down to the nearest whole number) and allotted to a nominee appointed by the Company and all nil-paid Rights Shares arising from such aggregation will be sold in the market and, if a premium (net of expenses) can be achieved, the Company will keep the net proceeds for its own benefit. Any of such unsold aggregated fractions of nil-paid Rights Shares will be made available for excess application by the Qualifying Shareholders.

### **Status of the Rights Shares**

The Rights Shares, when allotted 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 of the Rights Issue, certificates for all fully-paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Monday, 24 September 2012. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares (if any) are expected to be posted on or before Monday, 24 September 2012 by ordinary post to the applicants at their own risk. Each successful applicant will receive the share certificate for all the fully paid Rights Shares and/or excess Rights Shares (if any) validly applied for and issued to the successful applicant. One share certificate will be issued for all the Rights Shares allotted to the applicant.

### **Application for listing**

The Company has applied to the Listing Committee of the Stock Exchange for the listing of and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms to be issued and allotted pursuant to the Rights Issue.

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

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

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## LETTER FROM THE BOARD

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Dealings in the Rights Shares in both their nil-paid and fully-paid forms (both in board lots of 3,000), 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.

Qualifying Shareholders are recommended to consult their professional advisers if they are in any doubt as to the tax implications of the holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms and, as regards the Non-Qualifying Shareholders (if any), their receipt of the net proceeds of sale of the Rights Shares otherwise falling to be issued to them under the Rights Issue. It is emphasized that none of the Company, its Directors or any other parties involved in the Rights Issue accepts responsibility for any tax effects or liabilities of holders of the Rights Shares resulting from the purchase, holding or disposal of, or dealing in the Rights Shares in both their nil-paid and fully-paid forms.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

### PROCEDURES FOR APPLICATION

#### Application for the Rights Shares

A PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to subscribe for the number of Rights Shares available to the Qualifying Shareholder on an assured basis subject to payment in full on application by not later than 4:00 p.m. on Friday, 14 September 2012. Qualifying Shareholders should note that they may apply for the number of Rights Shares equal to or less than the number set out in the PAL.

If a Qualifying Shareholder wishes to accept all the Rights Shares provisionally allotted to him/her/it as specified in the enclosed PAL, he/she/it must complete, sign and lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on application, with the Branch Registrar, Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong by not later than 4:00 p.m. on Friday, 14 September 2012. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Properties Investment Holdings Limited – Rights Issue Account**" and crossed "**Account Payee Only**".

It should be noted that unless the duly completed and signed PAL, together with the appropriate remittance, has been lodged with the Branch Registrar, Tricor Secretaries Limited, by not later than 4:00 p.m. on Friday, 14 September 2012, that assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment of Rights Shares, or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it, or to transfer all or part of his/her/its rights to more than one person, the entire PAL must be surrendered and lodged for cancellation by not later than 4:30 p.m. on Thursday, 6 September 2012 with the Branch Registrar, Tricor Secretaries Limited, who will cancel the original PAL and issue new PALs in the denominations required, which will be available for collection at the Branch Registrar after 9:00 a.m. on the 2nd Business Day after the surrender of the original PAL. It should be noted that Hong Kong stamp duty is payable in connection with the transfer of the rights to subscribe for the Rights Shares.

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## LETTER FROM THE BOARD

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The PAL contains full information regarding the procedures to be followed if a Qualifying Shareholder wishes to apply for a number of Rights Shares different from his/her/its assured entitlement and the procedures to transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

All cheques or cashier's orders will be presented for payment upon receipt and all interests earned on such monies (if any) will be retained for the benefit of the Company. Any application in respect of which the cheque or cashier's order is dishonoured on first presentation is liable to be rejected, and in that event the assured entitlement and all rights thereunder will be deemed to have been declined and will be cancelled.

If, at any time prior to 4:00 p.m. on the 1st Business Day following the Acceptance Date, any of the conditions of the Rights Issue are not fulfilled or the Underwriter exercises its right to terminate the Underwriting Agreement in accordance with its term, the Rights Issue will not proceed and the application monies will be refunded, without interests, by sending a cheque made out to the applicant (or in the case of joint applicants, to the first named applicant) and crossed "Account Payee Only", through ordinary post at the risk of the applicant(s) to the applicant's address specified in the register of members of the Company or the transfer form on or before Monday, 24 September 2012.

Save as described under the paragraph headed "Rights of Overseas Shareholders" in this letter, no action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply for the Rights Shares or excess Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. It is the responsibility of anyone receiving the Prospectus Documents outside Hong Kong wishing to make an application for the Rights Shares to satisfy itself/himself/herself/themselves before subscribing for the assured allotted Rights Shares or excess Rights Shares, as to the full observance of the laws and regulations of all relevant jurisdictions, including the obtaining of any governmental or other consents, and to pay any taxes and duties required to be paid in any such jurisdiction in connection therewith. The Company reserves the right to refuse to accept any application for the Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction. No application for the Rights Shares will be accepted from any person who is a Non-Qualifying Shareholder.

No receipt will be issued in respect of any application monies received.

### **Application for excess Rights Shares**

Qualifying Shareholders may apply, by way of excess application, for any unsold entitlements of the Non-Qualifying Shareholders and for any Rights Shares provisionally allotted but not accepted.

Application for excess Rights Shares must be made by completing the EAF and lodging the same with a separate remittance for the excess Rights Shares being applied for with the Branch Registrar, Tricor Secretaries Limited, by not later than 4:00 p.m. on Friday, 14 September 2012. All remittances must be made in Hong Kong dollars. Cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**China Properties Investment Holdings Limited – Excess Application Account**" and crossed "**Account Payee Only**".

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## LETTER FROM THE BOARD

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The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis on the following principles:

- (1) preference will be given to applications for topping-up odd lots holdings to whole lot holdings; and
- (2) subject to availability of excess Rights Shares after allocation under principle (1) above, the excess Rights Shares will be allocated to Qualifying Shareholders who have applied for excess Rights Shares based on a pro-rata basis based on the number of the excess Rights Shares applied by them (i.e. the Qualifying Shareholders applying for any number of excess Rights Shares are allocated with the same percentage of successful application.) with board lots allocation to be made on a best effort basis.

In the event that the Company discovers certain applications may have been made with the intention to abuse the mechanism whereby preference would have been given to applications for topping up odd-lot holdings, the Company will change the allocation method for the excess Rights Shares on a fair and equitable basis.

There are no restrictions affecting the remittance of profits or repatriation of capital into Hong Kong from outside Hong Kong.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually.

The Qualifying Shareholder(s) will be notified of the allotment result of excess Rights Shares on Friday, 21 September 2012 by the Company by way of announcement. If no excess Rights Shares are allotted to the Qualifying Shareholder who has applied for excess Rights Shares, it is expected that a cheque for the amount tendered on application in full without interest will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 24 September 2012. If the number of excess Rights Shares allotted to the Qualifying Shareholder is less than that applied for, it is expected that a cheque for the amount of the surplus application monies, without interest, will be posted to his/her/its registered address by ordinary post at his/her/its own risk on or before Monday, 24 September 2012.

All cheques and cashier's orders will be presented for payment immediately following receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and return of the EAF together with a cheque or cashier's order in payment for the excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or the cashier's order will be honoured on first presentation.

If any cheque or cashier's order accompanying a completed EAF is dishonoured on first presentation, without prejudice to the other rights of the Company, such EAF is liable to be rejected.

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## LETTER FROM THE BOARD

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The EAF is for use only by the Qualifying Shareholder(s) to whom it is addressed and is not transferable. All documents, including refund cheques, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as appeared on the Company's register of members.

No receipt will be issued in respect of any application monies received.

If the Underwriter exercises the right to terminate the Underwriting Agreement or if the conditions of the Rights Issue are not fulfilled, the monies received in respect of applications for excess Rights Shares will be returned, without interest, to the applicants by means of cheques despatched by ordinary post to their respective registered addresses at their own risk on or before Monday, 24 September 2012.

### Conditions of the Rights Issue

The Rights Issue is conditional upon the following conditions being fulfilled or waived (as appropriate):

- (a) the completion of the Capital Increase;
- (b) the delivery to the Stock Exchange for authorization and the registration by the Registrar of Companies in Hong Kong of one copy of each of the Prospectus Documents duly certified by two Directors (or by their agents duly authorized in writing) as having been approved by a resolution of the Directors (and all other documents required to be attached thereto) not later than the Record Date or otherwise in compliance with the Listing Rules and the Companies Ordinance;
- (c) the filing of one copy of each of the Prospectus Documents signed by one Director (for and on behalf of all Directors) with the Registrar of Companies in Bermuda prior to or as soon as reasonably practicable after publication of the Prospectus Documents;
- (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 in each case, on the 1st Business Day after the Record Date;
- (e) the Listing Committee of the Stock Exchange granting or agreeing to grant (subject to allotment) and not having revoked, the 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;
- (f) if required, the Bermuda Monetary Authority granting consent to the issue of the Rights Shares on or before the Acceptance Date;
- (g) compliance with and performance of all the undertakings and obligations of the Company in accordance with the terms of the Underwriting Agreement; and
- (h) the Underwriting Agreement not being terminated by the Underwriter pursuant to the terms thereof on or before the Latest Time For Termination.

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## LETTER FROM THE BOARD

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If the above conditions are not satisfied and/or waived in whole or in part by the Underwriter by 30 September 2012 or such later date or dates as the Underwriter may agree with the Company in writing, the Underwriting Agreement shall terminate and (save for any antecedent breach of the Underwriting Agreement and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) no party will have any claim against any other party for costs, damages, compensation or otherwise.

As at the Latest Practicable Date, condition (a) had been fulfilled.

### Underwriting Agreement

Date	:	24 July 2012
Underwriter	:	United Simsen Securities Limited
		To the best knowledge, information and belief of the Directors and having made all reasonable enquiries, as at the Latest Practicable Date, the Underwriter and its ultimate beneficial owners are Independent Third Parties
Total number of Rights Shares	:	147,305,164 Rights Shares
Total number of Rights Shares being underwritten by the Underwriter	:	The Underwriter has conditionally agreed pursuant to the Underwriting Agreement to underwrite the Rights Shares not subscribed by the Qualifying Shareholders on a fully underwritten basis, being 147,305,164 Rights Shares
Commission	:	3.0% of the aggregate Subscription Price of the 147,329,312 Underwritten Shares as determined on the Record Date

The commission rate was determined after arm's length negotiations between the Company and the Underwriter by reference to the existing financial position of the Company, the size of the Rights Issue, and the current and expected market condition. The Board considers the terms of the Underwriting Agreement including the commission rate are fair and reasonable so far as the Company and the Shareholders are concerned.

### Termination of the Underwriting Agreement

If, prior to the Latest Time for Termination:

- (a) (1) there is any change or prospective change (whether or not permanent) in the business or in the financial or trading position or prospects of the Company or any other member of the Group; or

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## LETTER FROM THE BOARD

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- (2) any event or series of events resulting or representing or likely to result in any change or development (whether or not permanent) in local, national, regional or international financial, political, industrial, economic, currency, military, conflict-related, legal, fiscal, exchange control, regulatory conditions or any monetary or trading settlement system (including but not limited to a change in the system under which the value of the Hong Kong currency or Renminbi is linked to that of the currency of the United States), equity or other financial market or other conditions, circumstances or matters shall have occurred, happened or come into effect; or
- (3) any relevant new law, regulations, decree or change (whether or not forming part of a series of changes) in existing laws or any change in the interpretation or application thereof by any court or Governmental Authority in Hong Kong, Bermuda, the PRC, the United States, European Union or in other jurisdiction which the Group operates or has or is deemed by any applicable law to have a presence (by whatever name called) or any other jurisdiction relevant to the Group shall have been introduced or effected (each a “**Relevant Jurisdiction**”); or
- (4) a change or development occurs involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in Hong Kong, Bermuda, the PRC, the United States, the European Union (or any member thereof), or any Relevant Jurisdiction; or
- (5) the imposition of economic or other sanctions, in whatever form, directly or indirectly, by the United States, the European Union (or any member thereof) or any other country or organisation in any Relevant Jurisdiction; or
- (6) any event, or series of events, beyond the control of the Underwriter (including without limitation, any acts of God, acts of government, large scale labour disputes, acts or threats of war, riots, public disorder, civil commotion, fire, flooding, explosion, outbreak of diseases or epidemic (including but not limited to severe acute respiratory syndrome and H5N1, avian flu, influenza A (H1Na) (swine flu) and such related or mutated forms), terrorism, strikes or lockouts) or extensive interruption or delay in transportation, economic sanction and any declaration of a national or international emergency or war shall have occurred, happened or come into effect in any Relevant Jurisdiction; or
- (7) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any Relevant Jurisdiction; or
- (8) the imposition or declaration of (i) any suspension or material limitation on dealings in shares or securities generally on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange, New York Stock Exchange, Inc., London Stock Exchange plc or any other major international stock exchange or (ii) any moratorium on banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting Hong Kong, the PRC, New York, London or any other jurisdiction; or



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## LETTER FROM THE BOARD

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- (9) any change or deterioration in the conditions of local, national or international securities markets occurs; or
- (10) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or
- (11) any litigation of claim of any third party being instigated against any member of the Group; or
- (12) any loss or damage sustained by any member of the Group (howsoever caused and whether or not the subject of any insurance or claim against any person); or
- (13) a petition is presented for the winding-up or liquidation of any member of the Group or any member of the Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of the Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of the Group or anything analogous thereto occurs in respect of any member of the Group; or
- (14) approval by the Listing Committee of the listing of, and permission to deal in, the Rights Shares to be issued or sold under the Rights Issue is refused or not granted, other than subject to customary conditions, prior to the Latest Time For Termination, to terminate the Underwriting Agreement, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld,

which in the sole and absolute opinion of the Underwriter:

- (i) is or will or may individually or in aggregate have a material adverse effect on the business, financial, trading or other condition or prospects of the Company taken alone or the Group taken as a whole and/or, in the case of (a)(4) above, to any present or prospective shareholder in its capacity as such; or
  - (ii) has or will or may have a material adverse effect on the success of the Rights Issue; or
  - (iii) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any material part of the Underwriting Agreement and/or the Rights Issue to be performed or implemented as envisaged or (ii) to proceed with the Rights Issue on the terms and in the manner contemplated thereunder; or
- (b) the Underwriter shall become aware of the fact that, or have cause to believe that:
- (1) any of the warranties or undertakings given by the Company pursuant to the Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Underwriter in its sole and absolute discretion;



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## LETTER FROM THE BOARD

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- (2) any statement contained in the Announcements and/or the Prospectus was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if the Announcements and/or the Prospectus were to be issued at that time, constitute a material omission therefrom as determined by the Underwriter in its sole and absolute discretion; or
- (3) there has been a breach in any material respect on the part of any of the Company of any of the provisions of the Underwriting Agreement as determined by the Underwriter in its sole and absolute discretion,

then and in any such case, the Underwriter may terminate the Underwriting Agreement without liability to the Company by giving notice in writing to the Company, provided that such notice is received by the Company prior to the Latest Time For Termination, to terminate the Underwriting Agreement.

Any such notice shall be served by the Underwriter prior to the Latest Time For Termination.

If prior to the Latest Time For Termination any such notice as referred to above is given by the Underwriter, the obligations of all parties under the Underwriting Agreement shall terminate forthwith and no party shall have any claim against any other party for costs, damages, compensation or otherwise save for any antecedent breaches.

### **WARNING OF THE RISKS OF DEALING IN SHARES AND RIGHTS SHARES**

**The Shares had been dealt in on an ex-rights basis from Thursday, 23 August 2012. Dealings in the Rights Shares in the nil-paid form will take place from Tuesday, 4 September 2012 to Tuesday, 11 September 2012 (both days inclusive). If the conditions of the Underwriting Agreement are not fulfilled or the Underwriting Agreement is terminated by the Underwriter, the Rights Issue will not proceed.**

**Any Shareholders or other persons contemplating selling or purchasing Rights Shares in their nil-paid form during the period from Tuesday, 4 September 2012 to Tuesday, 11 September 2012 (both days inclusive) who are in any doubt about their position are recommended to consult their professional advisers. Any Shareholders or other persons dealing in the Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) and any persons dealing in the nil-paid Rights Shares during the period from Tuesday, 4 September 2012 to Tuesday, 11 September 2012 (both days inclusive) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.**

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## LETTER FROM THE BOARD

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### Shareholding structure of the Company

Set out below is the shareholding structure of the Company (extracted from the Disclosure of Interests forms posted on the website of the Stock Exchange) immediately before and after completion of the Rights Issue (assuming no further Shares will be issued or repurchased by the Company after the Record Date):

Shareholder	As at the Latest Practicable Date		Immediately after completion of the Rights Issue			
			All Rights Shares are subscribed by the Qualifying Shareholders		None of the Rights Shares are subscribed by the Qualifying Shareholders <i>(Note)</i>	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Yu Wai Fong <i>(Non-executive Director)</i>	2,118,871	0.72	3,178,306	0.72	2,118,871	0.48
<i>Public Shareholders</i>						
Underwriter <i>(Note)</i>	–	–	–	–	147,305,164	33.33
Existing public Shareholders	292,491,458	99.28	438,737,187	99.28	292,491,458	66.19
Total	294,610,329	100	441,915,493	100	441,915,493	100

**Note:** The above scenario is for illustrative purpose only and will unlikely occur.

The Underwriter has sub-underwritten its underwriting obligations under the Underwriting Agreement to a sub-underwriter such that the Underwriter (together with their respective parties acting in concert as defined in the Takeovers Code will not own 30% or more of the issued share capital of the Company immediately after completion of the Rights Issue and the sub-underwriter will not own 10% or more of the issued share capital of the Company immediately after the Rights Issue. So far as the Company is aware, each of the Underwriter and the sub-underwriter (and their respective ultimate beneficial owners) is not a party acting in concert with each other. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the Underwriter and the sub-underwriter and their respective ultimate beneficial owners are Independent Third Parties.

As stipulated in the Underwriting Agreement, in the event that the Underwriter or the sub-underwriter mentioned above is required to take up the Rights Shares pursuant to their underwriting/sub-underwriting obligations, the Underwriter shall use its best endeavours to ensure that: (a) each of the independent placees shall be an Independent Third Party and not acting in concert with the Directors or chief executive of the Company or substantial Shareholders or their respective associates; and (b) the Underwriter shall and shall cause the sub-underwriter to procure independent placees to take up such number of Right Shares so that each of the sub-underwriter or the independent placees shall not, together with any party(ies) acting in concert (within the meaning of the Takeovers Code) with it, hold 10% or more of the issued share capital of the Company upon completion of the Rights Issue, as necessary to ensure that the public float requirements under Rule 8.08 of the Listing Rules are complied with.

In addition, the Underwriter has confirmed with the Company that it has sub-underwritten 16,000,000 Rights Shares to a sub-underwriter, who is Independent Third Party.

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## LETTER FROM THE BOARD

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### Reasons for the Rights Issue and use of proceeds

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

The gross proceeds of the Rights Issue will be approximately HK\$10.017 million (equivalent to approximately RMB8.214 million)<sup>#</sup>. The estimated net proceeds of the Rights Issue will be approximately HK\$8.41 million (equivalent to approximately RMB6.896 million)<sup>#</sup> and the Company intends to apply such net proceeds from the Rights Issue for the general corporate and working capital requirements of the Group.

The Board considers that the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro-rata shareholding interests in the Company and, hence the Board considers that fund raising through the Rights Issue is in the best interests of the Company and the Shareholders as a whole.

### FINANCIAL AND TRADING PROSPECT

For the year ended 31 March 2012, the Group’s turnover was approximately RMB7.2 million. The audited net loss for the year was approximately RMB329.0 million. The basic loss per share was RMB1.37. The increase in loss was mainly due to the change of fair value of the mining rights for the copper and molybdenum in Inner Mongolia which was caused by the decrease in the market price of copper and molybdenum last year resulting from the deteriorating global economic conditions. It was also attributable to the impairment loss of the loan receivable and the change of fair value of the investment properties.

As at 31 March 2012, the aggregate gross floor area of the investment properties being held by the Group was approximately 7,004 square meters, of which approximately 100% of the properties were leased to third parties under operating leases with lease terms ranging up to twelve years.

Regarding the mining business, the Keshi Ketengqi Great Land Mine Industries Company Limited (the “**Mining Company**”), a subsidiary of the Company, began to develop and construct the Mine in 2011. In order to support the construction of the Mine, the Mining Company built a three-kilometer road in the mining area. The new road leads directly to the mining face transport equipments and production water supply. In accordance with the provisions of the national work safety laws, a safety pre-assessment should be reported for record before the construction of a mine. The Mining Company has entrusted the relevant technical adviser to deliver the safety pre-assessment report regarding the production systems of the Mine. So far, the field exploration, sampling and test have been completed. In order to provide scientific basis for the Mine construction, the Mining Company entrusted a professional scientific geological surveyor to survey the Mine and provide data related to engineering survey, engineering geology and hydrological geology. The surveyor has completed the survey and delivered a topographic mapping report on the Mine. After the topographic mapping, the Mining Company also entrusted a survey and design company to perform a detailed geological survey on the Mine. By drilling, sampling and analysis, a geological exploration report has been completed. With an aim to provide a basis for the mine construction so as to reduce the risk of development and achieve maximum economic benefits, the Mining Company has entrusted 內蒙古有色金屬勘査局 (Non-Ferrous

<sup>#</sup> For the purpose of this Prospectus, unless otherwise specified, amounts denominated in RMB have been translated for the purpose of illustration only into HK\$ at the exchange rate of HK\$1.00 = RMB0.82.

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## LETTER FROM THE BOARD

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Metal Geological Exploration Bureau of Inner Mongolia) to perform a geological survey, high-precision magnetic survey, deep engineering reveal, systematic sampling and test in order to find out the structure of magmatite at the bottom level of the Mine and other basic geological characteristics of the deposit. The fieldwork is under process and is expected to complete by the end of August this year.

With the Eurozone crisis and the slowdown in economic growth of the PRC, it will be challenging for the Group for the years to coming. Due to the continuous macro control over the property market in the PRC and unforeseeable factors during the period of global recession, the Group is cautious about the prospects of the real property market in the PRC. The Board believes that the profitability potential in properties investment will be reduced in the short and medium term.

Despite the global financial crisis over the past decade, there are still substantial global demand in oil which is increasingly dependent on the economic growth in developing countries such as the PRC. As such, we are still optimistic on oil industry in the long run. The possible acquisition of the oilfield in the Nevada is still under negotiation. Further announcement will be made by the Company if there is any further progress.

In order to achieve better shareholders' return, the Group has diversified its business scope into money lending business in April 2012. The Directors consider that the demand for money lending in Hong Kong is significant and this business can provide an attractive opportunity to broaden the income base of the Group. Therefore, the Group intends to concurrently continue its existing business while developing the new money lending business as one of its principal business activities.

Going ahead, the Group will continue to look for other investment opportunities in any other streams in the long run so as to broaden the source of income of the Group and diversify the Group's business portfolio.

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## LETTER FROM THE BOARD

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### FUND RAISING EXERCISE OF THE COMPANY

Date of announcement	Fund raising activity	Net proceeds raised (approximately)	Proposed use of proceeds	Actual use of proceeds
6 January 2012	Placing of new shares under general mandate	HK\$9.14 million	(i) financing the acquisition of the oilfield in Nevada (the “ <b>Acquisition</b> ”) and general working capital after the completion of the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; and (ii) the possible redemption of the convertible bonds issued by the Company.	Deposited at bank
28 September 2011	Placing of new shares under general mandate	HK\$6.88 million	(i) financing the Acquisition and general working capital after the completion of the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; and (ii) the possible redemption of the convertible bonds issued by the Company.	Deposited at bank
15 August 2011	Placing of new shares under general mandate	HK\$26.86 million	(i) financing the consideration for the Acquisition and the relevant required general working capital after the completion of the Acquisition (if materialize), or financing any other acquisition opportunities identified by the Company; and (ii) the possible redemption of the convertible bonds issued by the Company.	HK\$15 million was used to redeem the convertible bonds, and the remaining balance was deposited at bank

The Acquisition mentioned above is still under negotiation and has not yet been materialized. If the intended use of unutilized proceeds is changed, the Company will issue an announcement to inform the Shareholders in due course.

Save for the above, the Company had not conducted any other fund raising exercise in the past twelve months immediately preceding the Latest Practicable Date.

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## LETTER FROM THE BOARD

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### ADJUSTMENT TO THE SHARE OPTIONS

In accordance with the Share Option Scheme, the Rights Issue may lead to adjustment to the number of Shares to be issued on the exercise of the Share Options and/or the exercise price payable by each Share Option holder in respect of each Share to be issued on the exercise of Share Options. Such adjustment will be certified either by the auditors or independent financial advisers of the Company. Further announcement in respect of the said adjustment will be made as and when appropriate.

### ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Prospectus.

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

**FINANCIAL INFORMATION INCORPORATED BY REFERENCE**

The audited consolidated financial statements of the Group for the years ended 31 March 2010, 31 March 2011 and 31 March 2012, including the notes thereto, have been published in the annual reports of the Company for the years ended 31 March 2010 (pages 24 to 108) dated 29 July 2010, 31 March 2011 (pages 23 to 106) dated 14 July 2011, of which the revised version was dated 21 July 2011, and 31 March 2012 (pages 24 to 110) dated 13 July 2012 respectively, which are incorporated by reference into this Prospectus. The said annual reports of the Company are available on the Company's website at [www.736.com.hk](http://www.736.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

**STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 July 2012, the Group had total outstanding borrowings of approximately of HK\$60,976,000 (equivalent to RMB50,000,000), which comprised secured bank loans of approximately HK\$60,976,000 (equivalent to RMB50,000,000). The secured bank loans were secured by the investment properties of the Group of approximately HK\$241,044,000 (equivalent to RMB197,656,000) as at the valuation dated 31 March 2012.

Save for the aforesaid, the Group did not have any other borrowings or indebtedness in the nature of borrowing of the Group including mortgages, charges, debentures, loan capital, bank loans and overdrafts, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits, or any guarantees, or other material contingent liabilities outstanding.

For the purpose of this indebtedness statement, foreign currency amounts have been translated into Hong Kong dollars at the approximately rates of exchange prevailing as at 31 July 2012.

The Directors are not aware of any material adverse changes in the Group's indebtedness position and contingent liabilities since 31 July 2012.

**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 generated 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 Prospectus.

**MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 March 2012, being the date to which the latest published audited consolidated accounts of the Group were made up.

**CCIF****CCIF CPA LIMITED**34/F The Lee Gardens  
33 Hysan Avenue  
Causeway Bay Hong Kong

The Board of Directors  
China Properties Investment Holdings Limited  
Room 2001, 20/F  
Lippo Centre, Tower Two  
89 Queensway Road  
Hong Kong

31 August 2012

Dear Sirs,

We report on the unaudited pro forma adjusted consolidated net tangible assets (the “**Unaudited Pro Forma Financial Information**”) of China Properties Investment Holdings Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”), set out in Appendix II to the prospectus dated 31 August 2012 (the “**Prospectus**”) in connection with the rights issue on the basis of one rights share for every two existing shares (the “**Rights Issue**”). The unaudited pro forma financial information on the Group has been prepared by the directors of the Company, for illustrative purposes only, to provide information about how the Rights Issue might have affected the consolidated net tangible assets of the Group as if the Rights Issue had been taken place at 31 March 2012. The basis of preparation of the Unaudited Pro Forma Financial Information is set out in Appendix II to the Prospectus.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS OF THE COMPANY AND REPORTING ACCOUNTANTS**

It is responsibility solely of the directors of the Company to prepare 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 Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants.

It is our responsibility to form 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.



**BASIS OF OPINION**

We conducted our engagement in accordance with Hong Kong Standard in Investment Circular Reporting Engagements 300 “Accountants’ Reports on Pro Forma Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants. Our work consisted primarily of comparing the unadjusted financial information with source documents, considering the evidence supporting the adjustments and discussing the Unaudited Pro Forma Financial Information with the directors of the Company. This engagement did not involve independent examination of any of the underlying financial information.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated, that such basis is consistent with the accounting policies of the Group and that the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

The Unaudited Pro Forma Financial Information is for illustrative purpose only, based on the judgements and assumptions of the directors of the Company, and, because of its hypothetical nature, does not provide any assurance or indication that any event will take place in future and may not be indicative of the financial position of the Group as at 31 March 2012 or any future dates.

**OPINION**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company 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 Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**CCIF CPA Limited**

*Certified Public Accountants*

Hong Kong

**Alvin Yeung Sik Hung**

Practising Certificate Number P05206

## 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 31 March 2012 which is based on the audited consolidated net assets of the Group as at 31 March 2012, which has been extracted from the Annual Report 2012 of the Group, and adjusted as follows:

Audited consolidated net assets of the Group attributable to the equity owners of the Company as at 31 March 2012	Less: Intangible assets	Audited consolidated net tangible assets of the Group attributable to the equity owners of the Company as at 31 March 2012	Estimated net proceeds from the Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets	Audited consolidated net tangible assets per Share before Rights Issue	Unaudited pro forma adjusted consolidated net tangible assets per Share after Rights Issue
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB</i>	<i>RMB</i>
<i>(Note a)</i>			<i>(Note b)</i>		<i>(Note c)</i>	<i>(Note d)</i>
573,756	259,000	314,756	6,897	321,653	1.068	0.73

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 audited consolidated net assets of the Group attributable to the equity owners of the Company as at 31 March 2012 is extracted from the Consolidated Statement of Financial Position as contained in the Annual Report 2012 of the Group.
- b) The estimated net proceeds from the Rights Issue are based on the Subscription Price of HK\$0.068 per Rights Share and 147,305,164 Rights Shares will be issued, after deduction of the underwriting commission and other related expenses payable by the Company of approximately HK\$1,606,000 (equivalent to RMB1,317,000).
- c) The unaudited consolidated net tangible assets per Share before the Rights Issue is arrived based on 294,610,329 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 441,915,493 Shares, which represents 294,610,329 Shares in issue as at the Latest Practicable Date and adjusted for 147,305,164 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 RMB0.82 to HK\$1.

## 1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this Prospectus 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 Prospectus misleading.

## 2. SHARE CAPITAL

The authorized and issued share capital of the Company as at the Latest Practicable Date and immediately upon completion of the Rights Issue were as follows:

<i>Authorized</i>		<i>HK\$</i>
<u>3,000,000,000</u>	Shares as at the Latest Practicable Date	<u>90,000,000</u>

There were no new Shares being issued/no Shares being repurchased by the Company and no exercise of the Share Options on or before the Record Date:

<i>Issued and to be issued:</i>		<i>HK\$</i>
294,610,329	Shares in issue as at the Latest Practicable Date	8,838,309.87
<u>147,305,164</u>	Rights Shares to be issued	<u>4,419,154.92</u>
<u>441,915,493</u>	Shares in issue following completion of the Rights Issue	<u>13,257,464.79</u>

All of the Rights Shares to be issued will rank *pari passu* in all respect with each other, including, in particular, as to dividends, voting rights and capital, and with all the Shares in issue as at the date of allotment and issue of the Rights Shares. The Rights Shares to be issued will be listed on the Stock Exchange.

No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, save for the Share Options, the Company had no other outstanding convertible securities, options or warrants in issue which confer any right to subscribe for, convert or exchange into Shares.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

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 and no warrant or conversion right affecting the Shares has been issued or granted or agreed conditionally, or unconditionally to be issued or granted, except for the Rights Shares and the Share Options.

### 3. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company or their respective associates in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO), or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange were as follows:

#### The Company:

Name of Director	Personal interests	Number of Shares held			Total
		Corporate interest	Other interests		
Ms. Yu Wai Fong ( <i>Non-executive Director</i> )	2,118,871	–	–	2,118,871	

#### Long positions in the underlying Shares of the Share Options

Name of Directors	Date of grant of the Share Options	Exercise periods of the Share Options	Exercise price per Share	Number of Share Options outstanding	Number of total underlying Shares
Ms. Yu Wai Fong ( <i>Non-executive Director</i> )	28 November 2007	28 November 2007 to 3 October 2012	HK\$876.30	12,074	12,074
Mr. Au Tat On ( <i>Executive Director</i> )	28 November 2007	28 November 2007 to 3 October 2012	HK\$876.30	12,074	12,074

Save as disclosed above, as at the Latest Practicable Date, none of the Directors, the chief executive of the Company nor their associates had any other interests or short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8

of Part XV of the SFO (including interests or short positions which any such Director or chief executive of the Company is taken or deemed to have under such provisions of the SFO); or which (b) were required to be entered into the register maintained by the Company, pursuant to Section 352 of the SFO; or which (c) were required to be notified to the Company or the Stock Exchange, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies contained in the Listing Rules.

#### 4. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

Save as disclosed below, as at the Latest Practicable Date, according to the register of interest kept by the Company under Section 336 of the SFO and so far as was known to the Directors, no other person or companies had an interest or short positions in Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who were, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or had any option in respect of such capital:

##### Long position in Shares of the Company

Name	Capacity of Shares held	Number of Shares held	Percentage of issued share capital
Simsen International Corporation Limited ( <i>Note 2</i> )	Controlled corporation	131,329,312	44.58% ( <i>Note 1</i> )
United Simsen Securities Limited ( <i>Note 2</i> )	Beneficial owner	131,329,312	44.58% ( <i>Note 1</i> )

*Notes:*

1. Approximate percentage based on 294,610,329 Shares in issue before the completion of the Rights Issue.
2. United Simsen Securities Limited is an indirect wholly-owned subsidiary of Simsen International Corporation Limited.

#### 5. DIRECTORS' INTERESTS IN CONTRACTS AND ASSETS

As at the Latest Practicable Date, none of the Directors or proposed Directors, directly or indirectly, had any interest in any assets which had since 31 March 2012 (being the date to which the latest published audited financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

## 6. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors nor their respective associates was interested in any business apart from the Group's business which completes or is likely to compete, either directly or indirectly, with the Group's businesses pursuant to Rule 8.10 of the Listing Rules.

## 7. LITIGATION

As at the Latest Practicable Date, save as disclosed below, no member of the Group was engaged in any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group:

In 1998, the Company brought up legal proceedings against ASG Capital Limited and ASG Brokerage Limited (the "**Defendants**") for breach of the placing agreement 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 pretrial 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 the 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.

## 8. SERVICES CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into any service contracts with any member of the Group which was not determinable by the Company within one year without payment of compensation, other than statutory compensation.

## 9. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinion and advice, which are contained in this Prospectus:

<b>Name</b>	<b>Qualification</b>
CCIF CPA Limited	Certified Public Accountants

CCIF CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its letters, references to its name and/or its advice in the form and context in which they respectively appear.

**10. EXPERT'S INTERESTS IN ASSETS**

As at the Latest Practicable Date, CCIF CPA Limited:

- (a) was not interested, either directly or indirectly, 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 2012, being the date to which the latest published audited consolidated accounts of the Group were made up; and
- (b) did not have any shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

**11. MISCELLANEOUS**

The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM11, Bermuda and the head office and principal place of business of the Company in Hong Kong is situated at Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway, Hong Kong.

The Branch Registrar is Tricor Secretaries Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.

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.

The English text of this Prospectus shall prevail over the respective Chinese text in the case of any inconsistency.

**12. MATERIAL CONTRACTS**

The Group had entered into the following contracts within two years immediately preceding the date of this Prospectus and up to the Latest Practicable Date which were contracts not being in the ordinary course of business of the Company or may be material:

- (a) (i) The top-up placing agreement dated 5 August 2010 entered into among Ms. Yu Wai Fong as vendor, Cheong Lee Securities Limited as placing agent and the Company whereby the placing agent agreed to place and the vendor agreed to sell up to 100,000,000 shares of the Company to not less than six independent placees at a price of HK\$0.076 per placing share; (ii) the subscription agreement dated 5 August 2010 whereby Ms. Yu Wai Fong conditionally agreed to subscribe for and the Company agreed to issue such number of shares of the Company to Ms. Yu Wai Fong as is equal to the number of top-up placing shares successfully placed by the

placing agent pursuant to the top-up placing agreement at the price of HK\$0.076 per subscription share of the Company; and (iii) the new shares placing agreement dated 5 August 2010 entered into between the placing agent and the Company whereby the placing agent agreed to place up to 180,000,000 new shares of the Company at a price of HK\$0.076 per placing share, further details of which are set out in the announcement of the Company dated 5 August 2010.

- (b) The conditional sale and purchase agreement dated 18 August 2010 entered into among the Company as purchaser, Star Lucky Group Limited (being the sole shareholder of Universe Prosper Limited) as vendor and Mr. Yang Wen Hua (being the sole shareholder of Star Lucky Group Limited) as guarantor in relation to a possible acquisition of the entire interest in Sinowood Holdings Limited (being the wholly owned subsidiary of Universe Prosper Limited) at a consideration of HK\$300 million. Sinowood Holdings Limited, through its wholly-owned subsidiaries, is a substantial shareholder of 克什克騰旗大地礦業有限責任公司 (Keshi Ketengqi Great Land Mine Industries Company Limited\*), which is an indirect 51% owned subsidiary of the Company. Further details of which are set out in the announcement of the Company dated 27 August 2010.
- (c) The placing agreement dated 6 September 2010 entered into between the Company and Cheong Lee Securities Limited as the placing agent whereby the placing agent agreed to place up to 360,000,000 new shares of the Company to not less than six independent placees at a placing price of HK\$0.056 per placing share, further details of which are set out in the announcement of the Company dated 6 September 2010.
- (d) The supplemental agreement dated 8 September 2010, which is supplemental to the sale and purchase agreement dated 18 August 2010, entered among the Company as purchaser, Star Lucky Group Limited as vendor and Mr. Yang Wen Hua as guarantor, in relation to the provision of a loan with a principal amount of RMB27 million (the “**Loan**”) by Mr. Yang Wen Hua to 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.\*) (being an indirect wholly owned subsidiary of Sinowood Holdings Limited as stated in contract (b) above), and the unconditional assignment of the Loan by Mr. Yang Wen Hua to the purchaser at nil consideration, further details of which are set out in the announcement of the Company dated 8 September 2010.
- (e) The loan assignment agreement dated 9 September 2010 entered into between Mr. Yang Wen Hua and the Company whereby Mr. Yang Wen Hua agreed to assign the Loan due from 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.\*) (being an indirect wholly owned subsidiary of Sinowood Holdings Limited as stated in contract (b) above) to the Company at nil consideration, as signed and acknowledged by 北京海創天元貿易有限公司 (Beijing Hai Chong Tianyuan Trading Co., Ltd.\*).
- (f) (i) The placing agreement dated 20 September 2010 entered into between the Company and Cheong Lee Securities Limited as placing agent in relation to the proposed placing of convertible bonds of up to an aggregate principal amount of HK\$100 million; and (ii) the

\* For identification purposes only



termination agreement dated 20 September 2010 entered into between the Company and Cheong Lee Securities Limited to terminate the previous placing agreement dated 15 August 2009, further details of which are set out in the announcement of the Company dated 20 September 2010.

- (g) The supplemental memorandum of understanding to the memorandum of understanding of the Company, which was dated 21 June 2010 and set out the basic terms and conditions under the negotiation on the acquisition by the Company of the entire interest in Pure Power Holdings Limited (“**Oilfield MOU**”), dated 20 September 2010 entered into among the Company as purchaser and the vendors in relation to the extension of the term of the Oilfield MOU (“**Supplemental Oilfield MOU**”). According to the Oilfield MOU (supplemented by the Supplemental Oilfield MOU), a refundable cash deposit in an aggregate amount of up to US\$150 million, shall be paid by the Company to each of the shareholders of Pure Power Holdings Limited or their nominees in proportion to their respective ultimate beneficial shareholdings in Pure Power Holdings Limited. Further details of which are set out in the announcement of the Company dated 20 September 2010.
- (h) The placing agreement dated 27 January 2011 entered into between the Company and Pico Zeman Securities (HK) Limited as the placing agent whereby the placing agent agreed to place up to 27,000,000 new shares of the Company to not less than six independent placees at a placing price of HK\$0.405 per placing share of the Company, further details of which are set out in the announcement of the Company dated 27 January 2011.
- (i) The underwriting agreement dated 16 February 2011 entered into between the Company and Radland International Limited as the underwriter in relation to the rights issue on the basis of thirty rights shares for every one existing share of the Company at a subscription price of HK\$0.068 per rights share as announced in the announcement dated 16 February 2011 of the Company.
- (j) The participation deed dated 27 July 2011 entered into between the Company and Simsen Capital Finance Limited and the sub-participation agreement dated 27 July 2011 entered into between the Company and Power Alliance International Limited in relation to the participation on the advancement of the participation loan of HK\$42 million and HK\$8 million respectively, further details of which are set out in the announcement of the Company dated 27 July 2011.
- (k) The placing agreement dated 15 August 2011 entered into between the Company and United Simsen Securities Limited as the placing agent whereby the placing agent agreed to place up to 1,028,000,000 new shares of the Company to not less than six independent placees at a placing price of HK\$0.027 per placing share, further details of which are set out in the announcement of the Company dated 15 August 2011.
- (l) The supplemental agreement dated 23 August 2011 entered into between the Company and United Simsen Securities Limited as the placing agent in respect of the placing agreement dated 15 August 2011 pursuant to which the placing price of HK\$0.027 per placing share has been amended and replaced by the new placing price of HK\$0.022 per placing share, further details of which are set out in the announcement of the Company dated 23 August 2011.

- (m) The placing agreement dated 28 September 2011 entered into between the Company and Pico Zeman Securities (HK) Limited as the placing agent whereby the placing agent agreed to place up to 40,000,000 new shares of the Company to not less than six independent placees at a placing price of HK\$0.181 per placing share, further details of which are set out in the announcement of the Company dated 28 September 2011.
- (n) The placing agreement dated 6 January 2012 entered into between the Company and Cheong Lee Securities Limited as the placing agent whereby the placing agent agreed to place up to 49,000,000 new shares of the Company to not less than six independent placees at a placing price of HK\$0.195 per placing share, further details of which are set out in the announcement of the Company dated 6 January 2012.
- (o) The Underwriting Agreement dated 24 July 2012 (as amended by a letter of confirmation executed by the parties on 26 July 2012) entered into between the Company and United Simsen Securities Limited as the Underwriter in relation to the Rights Issue as announced in the announcement dated 25 July 2012 and 26 July 2012 of the Company.

### 13. CORPORATE INFORMATION AND PARTIES INVOLVED IN THE RIGHTS ISSUE

<b>Registered office</b>	Clarendon House 2 Church Street Hamilton HM11 Bermuda
<b>Head office and principal place of business in Hong Kong</b>	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
<b>Authorised representatives</b>	Ms. Yu Wai Fong Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong  Mr. Yip Yuk Sing Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
<b>Company secretary</b>	Mr. Yip Yuk Sing Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong

<b>Legal advisers</b>	As to Hong Kong Law Angela Ho & Associates 1109 Tower 1, Lippo Centre 89 Queensway Hong Kong
	As to Bermuda Law Conyers Dill & Pearman 2901 One Exchange Square 8 Connaught Place Central Hong Kong
<b>Auditors and reporting accountants</b>	CCIF CPA Limited 34/F The Lee Gardens 33 Hysan Avenue Causeway Bay Hong Kong
<b>Underwriter</b>	United Simsen Securities Limited 1906-10, The Center 99 Queen's Road Central Hong Kong
<b>Principal share registrar and transfer office in Bermuda</b>	HSBC Securities Services (Bermuda) Limited 6 Front Street Hamilton HM 11 Bermuda
<b>Branch share registrar and transfer office in Hong Kong</b>	Tricor Secretaries Limited 26/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
<b>Principal banker(s)</b>	ICBC (Asia) 33/F., ICBC Tower 3 Garden Road Central Hong Kong
	Wing Lung Bank Wing Lung Bank Building 45 Des Voeux Road Central Hong Kong

**14. EXPENSES**

The expenses in connection with the Right Issue, including financial advisory fees, underwriting commission (based on the scenario that the maximum number of 147,329,312 Underwritten Shares to be issued), printing, registration, translation, legal and accountancy charges are estimated to be approximately HK\$1.6 million, which are payable by the Company.

**15. PARTICULARS OF DIRECTORS****(a) Names and addresses of Directors**

<b>Name</b>	<b>Address</b>
<i>Executive Directors</i>	
Mr. Xu Dong ( <i>Chairman</i> )	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
Mr. Au Tat On	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
<i>Non-executive Director</i>	
Ms. Yu Wai Fong	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
<i>Independent non-executive Directors</i>	
Mr. Lai Wai Yin, Wilson	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong
Ms. Cao Jie Min	Room 2001, 20/F. Lippo Centre, Tower Two 89 Queensway Road Hong Kong

Mr. Tse Kwong Wah

Room 2001, 20/F.  
Lippo Centre, Tower Two  
89 Queensway Road  
Hong Kong

**(b) Profiles of Directors**

*Executive Directors*

*Mr. Xu Dong (Chairman)*

Mr. Xu Dong, aged 34, was appointed as an executive Director in May 2010 and was re-designated as the chairman and chief executive officer of the Company in August 2010. He holds a Bachelor's degree in Japanese from Shanghai International Studies University. He has extensive experience in business investment and management of mineral corporations. He is responsible for overall management, strategic planning and business development and management of the mineral business of the Group.

*Mr. Au Tat On*

Mr. Au Tat On, aged 56, was appointed as an executive Director in May 2006. He 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*

Ms. Yu Wai Fong, aged 49, 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 in August 2010. She has extensive experience in corporate management, corporate finance, mergers and acquisitions. She is responsible for strategic planning and business development of the Group.

*Independent non-executive Directors*

*Mr. Lai Wai Yin, Wilson*

Mr. Lai Wai Yin, Wilson, aged 47, 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. He 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, he gained extensive experience in the audits of Hong Kong listed companies and multinational 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*

Ms. Cao Jie Min, aged 27, 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. She holds a bachelor of laws degree in international economy from Shanghai Institute of Foreign Trade. She currently holds a practicing certificate issued by the Ministry of Justice PRC. She is currently working in the international settlement department of the Bank of Tokyo – Mitsubishi UFJ (Shanghai branch).

*Mr. Tse Kwong Wah*

Mr. Tse Kwong Wah, aged 39, 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. He graduated from Concordia University, Canada with a Bachelor of Arts degree majoring in applied mathematics in 1998. He also obtained certificate programme on business management and import/export & logistics practices from Hong Kong Baptist University and The Hong Kong Management Association respectively in 2001 and 2010. He has over 10 years of working experience in the area of marketing, merchandising and management.

**(c) Profiles of senior management of the Company**

*Mr. Hon Wei*

Mr. Hon Wei, aged 41, was appointed as the director and authorised representative of Shanghai Xiang Chen Hang Place The Industry Co. Limited, a wholly-owned subsidiary of the Company, in December 2008. He is also the director and legal representative of certain indirect wholly owned subsidiaries of the Company in the PRC. He has extensive experience in banking and business management. Prior to his appointment, he served as the general manager of an investment company in Shanghai for about five years and served as a manager of Bank of Shanghai.

*Mr. Zhou Hong Tao*

Mr. Zhou Hong Tao, aged 34, is currently a project manager of Keshi Ketengqi Great Land Mine Industries Company Limited, a non wholly owned subsidiary of the Company. He is also the director and legal representatives of certain indirect wholly owned subsidiaries of the Company in the PRC. He obtained a bachelor degree in Engineering from the Dalian University of Technology and a master degree in Business Administration from the Beijing Jiaotong University. He also obtained the IFM certificate from United States in 2005 and has over ten

years of experience in management and merger and acquisition of resource related projects. Prior to joining the Company, he served (i) at the office of Yanshan District Committee, Beijing City as deputy general manager; (ii) at PKU Resource Group as director of the project operation centre; (iii) at Shanghai Xiang Chen Hang Place The Industry Co. Limited as deputy general manager.

#### **16. DOCUMENTS DELIVERED TO THE REGISTRARS OF COMPANIES**

A copy of this Prospectus, together with copies of the PAL and the EAF and the written consent referred to in the paragraphs headed “Expert and Consent” in this appendix have been delivered to the Registrar of Companies in Hong Kong for registration as required by Section 342C of the Companies Ordinance. A copy of this Prospectus together with copies of the PAL and the EAF, will be filed with the Registrar of Companies in Bermuda, prior to or as soon as reasonably practicable after publication of the Prospectus as required by the Companies Act 1981 of Bermuda (as amended from time to time).

#### **17. LEGAL EFFECT**

The Prospectus Documents and all acceptance of any offer or application contained in such documents are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all person concerned bound by the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies Ordinance.

#### **18. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents are available for inspection at the principal place of business of the Company at Room 2001, 20/F, Lippo Centre, Tower Two, 89 Queensway Road, Hong Kong during normal business hours on any weekday other than public holidays, up to and including the Acceptance Date:

- (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 2010, 2011 and 2012;
- (c) the written consent referred to in the paragraph headed “Expert and consent” to this Appendix;
- (d) the material contracts referred to in the paragraph headed “Material contracts” to this Appendix;
- (e) the unaudited pro-forma financial information of the Group as set out in Appendix II to this Prospectus;
- (f) a copy of each of the circulars issued by the Company pursuant to the requirements set out in Chapter 14 and/or 14A of the Listing Rules since 31 March 2012, being the date of the latest published audited accounts of the Company; and
- (g) this Prospectus.