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保利(香港)投資有限公司
Poly (Hong Kong) Investments Limited

(Incorporated in Hong Kong with limited liability)
(Stock code: 119)

(1) PLACING OF EXISTING SHARES

(2) SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

AND

(3) RESUMPTION OF TRADING



(in alphabetical order)

as

Placing Agents

On 14 October 2009, the Vendor, the Company and the Placing Agents entered into the Placing and Subscription Agreement.

Pursuant to the Placing and Subscription Agreement, BOCI Asia Limited and Citigroup Global Markets Asia Limited agreed to act severally as the placing agents of the Vendor during the Placing Period to procure purchases for or, failing which, to purchase themselves, 320,000,000 Shares (the Initial Placing Shares) at the Placing Price (being HK\$8.10 per Share). The Vendor also granted to the Placing Agents severally an Upsize Option pursuant to which the Vendor may, in addition, be required to sell a total of 60,000,000 Shares (the Option Shares) at the Placing Price. On 14 October 2009, each of the Placing Agents exercised its Upsize Option in full.

The Placing Price of HK\$8.10 per Share, represents:

- (i) a discount of approximately 8.89% to the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on 13 October 2009 as the last day before entering into the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.73% to the average closing price of HK\$9.176 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 13 October 2009.

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to subscribe for, and the Company agreed to allot and issue to the Subscriber, the Subscription Shares at the Subscription Price, which is the same as the Placing Price. The Subscription is subject to certain conditions set out below. The number of Subscription Shares is the same as the aggregate of the number of Initial Placing Shares and the Option Shares.

The Placing Shares (i.e. 380,000,000 Shares) represent (i) approximately 14.94% of the existing issued share capital of the Company of 2,543,991,046 Shares as at the date of this announcement (and approximately 14.59% of the issued share capital of 2,603,991,046 Shares upon the issue of Shares under the CIC Subscription), and (ii) approximately 13.00% of the issued share capital of the Company of 2,923,991,046 Shares as enlarged by the Subscription (and approximately 12.73% of the issued share capital of 2,983,991,046 Shares as enlarged by the CIC Subscription and the Subscription).

It is expected that the net proceeds (after deducting all applicable costs and expenses, including commission, legal fees, stamp duty and levies) from the Subscription will amount to approximately HK\$3,013 million.

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30a.m. on Wednesday, 14 October 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30a.m. on Thursday, 15 October 2009.

THE PLACING AND SUBSCRIPTION AGREEMENT

Date 14 October 2009
Parties The Vendor, the Company, and the Placing Agents

(1) THE PLACING OF THE PLACING SHARES

Parties The Vendor and the Placing Agents

The Vendor is currently a Substantial Shareholder of the Company, holding 819,129,080 Shares (representing approximately 32.20% of the issued share capital of the Company). The Vendor and its concert parties are currently holding an aggregate of 1,512,849,362 Shares (representing approximately 59.47% of the issued Share capital of the Company). The Vendor is an indirect wholly-owned subsidiary of China Poly.

Pursuant to the Placing and Subscription Agreement, the Vendor agreed to appoint the Placing Agents as placing agents, and the Placing Agents agreed to act severally as the placing agents for the Vendor during the Placing Period and to procure purchasers for or, failing which, to purchase itself, the total number of Initial Placing Shares set out in the table below at the Placing Price. The Vendor also granted to each of the Placing Agents an Upsize Option pursuant to which the Vendor may be required to sell in aggregate 60,000,000 Shares at the Placing Price.

<u>Name of Placing Agent</u>	<u>Number of Initial Placing Shares</u>	<u>Maximum Number of Option Shares</u>
BOCI Asia Limited	160,000,000	30,000,000
Citigroup Global Markets Asia Limited	160,000,000	30,000,000
Total	320,000,000	60,000,000

On 14 October 2009, each of the Placing Agents fully exercised its right in respect of the Upsize Option, as a result of which the Vendor was required to sell in aggregate 60,000,000 Option Shares.

Pursuant to the Placing and Subscription Agreement, the Vendor sold, and the Placing Agents collectively procured purchasers for, 380,000,000 Shares, comprising the Initial Placing Shares and the Option Shares.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the Placing Agents and its ultimate beneficial owners are not connected persons of the Company.

Placees

It is expected that there will be not fewer than six Placees who and whose ultimate beneficial owners will not be connected persons of the Company. It is not expected that any Placee will become a Substantial Shareholder of the Company immediately after the Placing.

Placing Price

The Placing Price is HK\$8.10 per Share (exclusive of stamp duty, brokerage, Stock Exchange trading fees and SFC transaction levies). The Placing Price represents:

- (i) a discount of approximately 8.89% to the closing price of HK\$8.89 per Share as quoted on the Stock Exchange on 13 October 2009 as the last day before entering into the Placing and Subscription Agreement; and
- (ii) a discount of approximately 11.73% to the average closing price of HK\$9.176 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including 13 October 2009.

The Placing Price was determined with reference to the prevailing market price of the Share and was negotiated on an arm's length basis between the Company and the Placing Agents and determined in accordance with the terms of the Placing and Subscription Agreement on the date of the Placing and Subscription Agreement. The Directors consider that the terms of the Placing are fair and reasonable based on the current market conditions and in the interests of the Company and the Shareholders as a whole.

Number of the Placing Shares

The Placing Shares (i.e. 380,000,000 Shares) represent (i) approximately 14.94% of the existing issued share capital of the Company of 2,543,991,046 Shares as at the date of this announcement (and approximately 14.59% of the issued share capital of 2,603,991,046 Shares upon the issue of Shares under the CIC Subscription), and (ii) approximately 13.00% of the issued share capital of the Company of 2,923,991,046 Shares as enlarged by the Subscription (and approximately 12.73% of the

issued share capital of 2,983,991,046 Shares as enlarged by the CIC Subscription and the Subscription).

Ranking of the Placing Shares

The Placing Shares rank *pari passu* among themselves and with Shares in issue as at the date of this announcement.

Conditions of the placing of the Placing Shares

The placing of the Placing Shares is unconditional.

Completion

The Placing is expected to be completed on 19 October 2009 or such other date as the Vendor and the Placing Agents may agree in writing. The Placing Agents shall not be obliged to complete the Placing unless the Vendor performs its obligations under the Placing and Subscription Agreement.

(2) THE SUBSCRIPTION

Parties The Subscriber (i.e. the Vendor) and the Company

Pursuant to the Placing and Subscription Agreement, the Subscriber agreed to subscribe as principal for the Subscription Shares at the Subscription Price.

The Subscription Price

The Subscription Price is HK\$8.10 per Share, which is the same as the Placing Price.

Number of the Subscription Shares

The number of the Subscription Shares is the same as the number of the Placing Shares.

Ranking of the Subscription Shares

The Subscription Shares, when issued and fully paid, will rank *pari passu* among themselves and with all of the Shares in issue as at the date of this announcement.

Conditions of the Subscription

Completion of the Subscription is conditional upon the fulfilment of the following conditions:

- (i) the Listing Committee of the Stock Exchange granting listing of and permission to deal in the Subscription Shares (and such listing and permission not subsequently revoked prior to the delivery of definitive share certificate(s) representing the Subscription Shares);
- (ii) completion of the Placing having occurred pursuant to the terms of the Placing and Subscription Agreement; and
- (iii) if China Poly is required to make a general offer for all Shares (other than those owned by it and parties acting in concert with it) pursuant to Rule 26 of the Takeovers Code, a waiver from the Executive of the SFC from such requirement according to the notes on dispensations from Rule 26 of the Takeovers Code.

If the conditions of the Subscription are not fulfilled within 14 days after the date of the Placing and Subscription Agreement or such later date as may be agreed between the Company and the Subscriber, the obligations and liabilities of the Subscriber and the Company under the Subscription shall be null and void.

Completion

Completion of the Subscription shall take place on the second Business Day after the date upon which the last of the subscription conditions (set out above) to be satisfied shall have been so satisfied provided that it shall take place on a date no later than a date falling 14 days after the date of the Placing and Subscription Agreement or such other time and/or date as the Subscriber and the Company may agree in writing.

General Mandate to Issue the Subscription Shares

The Subscription Shares will be issued under the General Mandate to allot and issue Shares granted to the Directors by resolution of the Shareholders passed at the EGM subject to the limit up to 20% of the then issued share capital of the Company as at the date of the EGM. Under the General Mandate, the Company is authorised to issue up to 428,269,409 Shares. Up to the date of this announcement, no Share has been issued under the General Mandate. Following the completion of the Subscription, a total of 380,000,000 Shares will be allotted and issued, representing approximately 88.73% of the 428,269,409 Shares granted under the General Mandate.

(3) SHAREHOLDING STRUCTURE

Set out below is the shareholding structure of the Company (i) as at the date of this announcement, (ii) immediately after the completion of the CIC Subscription; (iii) immediately after the completion of the Placing and (iv) immediately after completion of the Placing and the Subscription:

Name of Shareholder	Shareholding as at the date of this announcement		Shareholding immediately after completion of CIC Subscription		Shareholding immediately after completion of the Placing		Shareholding immediately after completion of the Placing and the Subscription	
	Number of Shares	% of share-holding (approx.)	Number of Shares	% of share-holding (approx.)	Number of Shares	% of share-holding (approx.)	Number of Shares	% of share-holding (approx.)
Vendor and its concert parties (Note 1)	1,512,849,362	59.47	1,512,849,362	58.10	1,132,849,362	43.50	1,512,849,362	50.70
Director (Note 2)	4,500,000	0.18	4,500,000	0.17	4,500,000	0.17	4,500,000	0.15
CIC Subscription Shares (Note 3)	-	-	60,000,000	2.30	60,000,000	2.30	60,000,000	2.01
Other Public Shareholders	1,026,641,684	40.35	1,026,641,684	39.43	1,406,641,684	54.03	1,406,641,684	47.14
Total	2,543,991,046	100.00	2,603,991,046	100.00	2,603,991,046	100.00	2,983,991,046	100.00

Note 1: These concert parties are Source Holdings Limited, Ting Shing Holdings Limited, Poly (Hong Kong) Holdings Limited, Poly Southern Group Limited and China Poly.

Note 2: As at the date of this announcement, Mr. He Ping holds 4,500,000 Shares.

Note 3: Pursuant to the CIC Subscription Agreement dated 17 September 2009, the Company agreed to issue and Best Investment Corporation, a wholly-owned subsidiary of CIC, agreed to subscribe 60,000,000 Shares at HK\$6.81 per Share. As of the date of this announcement, the conditions precedent to the CIC Subscription have all been fulfilled and completion of the CIC subscription is expected to take place on or before 16 October 2009.

(4) LOCK UP UNDERTAKINGS

Pursuant to the Placing and Subscription Agreement, the Vendor has undertaken to each Placing Agent that (except for the sale of the Placing Shares pursuant to the Placing and Subscription Agreement) for a period commencing on the date of the Placing and Subscription Agreement and ending on 90th day from the Closing Date, it will not and will procure that none of its nominees and companies controlled by it and trusts associated with it (whether individually or together and whether directly or indirectly) will (i) offer, lend, pledge, issue, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, or otherwise transfer or dispose of (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares (including, in respect of the Vendor, the Subscription Shares) or any interests therein beneficially owned or held by it or any securities convertible into or exercisable or exchangeable for or substantially similar to any such Shares or interests or (ii) enter into any swap or similar agreement that transfers, in whole or in part, the economic risk of ownership of such Shares, whether any such transaction described in (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above, unless with the prior written consent of the Placing Agents (such consent not to be unreasonably withheld).

Pursuant to the Placing and Subscription Agreement, the Company has undertaken to each Placing Agent, and the Vendor undertakes to the Placing Agents to procure, that for a period commencing on the date of the Placing and Subscription Agreement and ending on 90th day from the Closing Date, the Company will not, except for the Subscription Shares and save pursuant to (1) the terms of any employee share option scheme of the Company (if any) or (2) any outstanding subscription warrants (if any) or (3) bonus or scrip dividend or similar arrangements which provide for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with its articles of association or (4) conversion of outstanding convertible bonds (if any), (i) allot or issue or offer to allot or issue or grant any option, right or warrant to subscribe (either conditionally or unconditionally, or directly or indirectly, or otherwise) any Shares or any interests in Shares or any securities convertible into or exercisable or exchangeable for or substantially similar to any Shares or interest in Shares or (ii) agree (conditionally or unconditionally) to enter into or effect any such transaction with the same economic effect as any of the transactions described in (i) above or (iii) announce any intention to enter into or effect any such transaction described in (i) or (ii) above without first having obtained the written consent of each Placing Agent (such consent not to be unreasonably withheld).

(5) REASONS FOR THE PLACING OF THE PLACING SHARES AND THE SUBSCRIPTION AND USE OF PROCEEDS

The Directors consider that the Placing and the Subscription represent an opportunity to raise capital for the Company while broadening the Shareholder base and capital base of the Company. Accordingly, the Directors consider the Placing and the Subscription are in the interests of the Company and the Shareholders as a whole.

The net proceeds (after deducting all applicable costs and expenses, including commission, legal fees, stamp duty and levies) of approximately HK\$3,013 million from the Subscription is intended to be used (i) to fund the payments of remaining balance of certain acquisitions according to the respective agreements as set out in the circular of the Company dated 25 September 2009; (ii) for the Company's future investment opportunities (including buildup of its landbank); and (iii) for general corporate purposes. The net proceeds (after deducting all applicable costs and expenses, including commission,

legal fees, stamp duty and levies) raised per Subscription Share upon completion of the Subscription will be approximately HK\$7.93.

(6) FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company conducted a placing on 17 June 2009 for 230,000,000 Shares at an issue price of HK\$3.45 per Share raising net proceeds of approximately HK\$776 million. As of the date of this announcement, approximately HK\$240 million has been applied to repayment of loans with the remaining amount maintained as cash for future investment opportunities and general working capital purposes.

In addition, the Company entered into the CIC Subscription Agreement on 17 September 2009 with Best Investment Corporation, a wholly-owned subsidiary of CIC, pursuant to which the Company agreed to issue and Best Investment Corporation agreed to subscribe 60,000,000 Shares at HK\$6.81 per Share. The net proceeds of HK\$409 million is intended for general working capital purposes. As of the date of this announcement, the conditions precedent to the CIC Subscription have all been fulfilled and completion of the CIC subscription is expected to take place on or before 16 October 2009.

(7) APPLICATION FOR LISTING

An application will be made by the Company to the Stock Exchange for the listing of, and permission to deal in the Subscription Shares.

(8) RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange has been suspended from 9:30 a.m. on Wednesday, 14 October 2009 pending the release of this announcement. Application has been made to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange from 9:30 a.m. on Thursday, 15 October 2009.

TERMS AND DEFINITIONS

In this announcement, unless the context otherwise requires, the expressions below have the meanings assigned:

“Board”	the board of Directors
“Business Day”	any day (excluding a Saturday or Sunday or public holiday) on which banks are generally open for business in Hong Kong
“Closing Date”	19 October 2009 or such other date as the Vendor and the Placing Agents may agree in writing
“China Poly”	中國保利集團公司 (China Poly Group Corporation), a state-owned enterprise established in the People’s Republic of China, which is the controlling Shareholder of the Company
“CIC”	China Investment Corporation, an investment institution established as a wholly state-owned company under the Company Law of the People’s Republic of China
“CIC Subscription”	the subscription of 60,000,000 Shares at HK\$6.81 per Share by a wholly-owned subsidiary of CIC pursuant to the CIC Subscription Agreement
“CIC Subscription Agreement”	the subscription agreement entered into on 17 September 2009 by the Company and Best Investment Corporation, a wholly-owned subsidiary of CIC
“Company”	Poly (Hong Kong) Investments Limited (保利(香港)投資有限公司), a company duly incorporated under the laws of Hong Kong with limited liability and the shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	have the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company held on 13 October 2009
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“General Mandate”	the refreshed general mandate granted to the Directors by the Shareholders at the EGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the EGM
“HK\$”	Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Initial Placing Shares”	320,000,000 Shares, all beneficially owned by the Vendor as at the date of this announcement, to be placed pursuant to the Placing and Subscription Agreement
“Option Shares”	60,000,000 Shares, all beneficially owned by the Vendor as at the date of this announcement, subject of the Upsize Option
“Placee(s)”	any professional institutional and other investor(s) whom the Placing Agents have procured to purchase any of the Placing Shares
“Placing”	the placing by the Placing Agents of the Placing Shares subject to the terms and conditions which are set out in the Placing and Subscription Agreement
“Placing Agents”	BOCI Asia Limited and Citigroup Global Markets Asia Limited
“Placing and Subscription Agreement”	the agreement dated 14 October 2009 entered into between the Vendor, the Company and the Placing Agents in relation to the Placing and Subscription
“Placing Period”	means the period commencing upon the execution of the Placing and Subscription Agreement and terminating on 19 October 2009 (or such later time and date as the Vendor and the Placing Agents may agree in writing)
“Placing Price”	HK\$8.10 per Placing Share, as determined in accordance with the terms of the Placing and Subscription Agreement
“Placing Shares”	the Initial Placing Shares and the Option Shares in respect of which the Placing Agents have exercised their right to require the Vendor to sell
“SFC”	The Securities and Futures Commission
“Share(s)”	the ordinary issued share(s) of HK\$0.50 each in the share capital of the Company
“Shareholder(s)”	the holder of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber” or “Vendor”	Congratulations Company Limited, a company duly incorporated under the laws of the British Virgin Islands with limited liability and is an indirect wholly-owned subsidiary of China Poly
“Subscription”	the subscription by the Subscriber of the Subscription Shares on and subject to the terms and conditions set out in the Placing and Subscription Agreement

“Subscription Price”	HK\$8.10 per Subscription Share, which is the same as the Placing Price
“Subscription Shares”	the new Shares to be issued by the Company to the Subscriber, the total number of such new Shares being equal to the total number of the Initial Placing Shares and Option Shares
“Substantial Shareholder”	any Shareholder who is entitled to exercise, or control the exercise of, 10% or more of the voting power at the general meeting of the Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“Upsize Option”	the option granted by the Vendor to each of the Placing Agents pursuant to which each Placing Agent may require the Vendor to sell, in addition to the Initial Placing Shares, Option Shares
“%”	per cent.

By order of the Board
Poly (Hong Kong) Investments Limited
XUE Ming
Managing Director

Hong Kong, 14 October 2009

As at the date of this announcement, the executive Directors of the Company are Mr. He Ping, Mr. Chen Hong Sheng, Mr. Wang Xu, Mr. Xue Ming, Mr. Han Qing Tao, Mr. Ye Li Wen and Mr. Chan Tak Chi, William, the non-executive Director is Mr. Ip Chun Chung, Robert, and the independent non-executive Directors are Mr. Yao Kang J.P., Mr. Lam Tak Shing, Harry and Mr. Choy Shu Kwan.