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)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL RESULTS ANNOUNCEMENT OF THE COMPANY FOR THE YEAR ENDED 31 MARCH 2018 AND DISCLOSEABLE TRANSACTION RELATING TO INVESTMENTS IN AVAILABLE-FOR-SALE INVESTMENTS

Reference is made to the annual results announcement for the year ended 31 March 2018 (the "**Results Announcement**") of China Properties Investment Holdings Limited (the "**Company**") dated 29 June 2018. The capitalised terms used herein have the same meanings as defined in the Results Announcement unless otherwise specified.

In addition to the information provided in the Results Announcement, the Company would like to further inform the shareholders and potential investors of the Company the following.

IMPAIRMENT LOSS OF AVAILABLE-FOR-SALE INVESTMENTS

As stated in the Results Announcement, the Company recorded approximately HK$372 million of impairment loss of available-for-sale investments reclassified from equity to profit or loss. The recognition of the said impairment loss is due to significant decline in the fair values of the Company's investment in Avant Capital Dragon Fund SP and Tiger High Yield Segregate Portfolio (the "**Investment Funds**"). For the purpose of assessment of the fair value of the Investment Funds, the Company has engaged an independent valuer to prepare valuation report on the Investment Funds. The investment portfolio of the Investment Funds comprises various stocks of listed companies and a private company. The stock price of the listed companies in 2018 underwent a downward plunge in comparing with the stock price in 2017, which poses a significant change in the market value of the Investment Funds.

* *For identification purposes only*

Basis and Assumptions for Valuation Adopted by the Valuer

In valuing the market value of the stocks in the investment portfolio of the Investment Funds, the valuer adopted the closing stock price as at 31 March 2018 (the "**Valuation Date**"). For the valuation of a private company, the valuer adopted price to earnings ratio to assess its market value.

The valuation of the Company's interest in the Investment Funds requires consideration of all pertinent factors affecting the operations of the Investment Funds and their ability to generate future investment returns. The factors considered in the appraisal including, but were not limited to, the following factors:

– the economic and industry outlooks affecting the Investment Funds;

– the nature and the performance of the Investment Funds and their invested enterprises; and

– the risks facing by invested enterprises.

In view of the ever-changing business environment in which the Investment Funds are operating, a number of reasonable assumptions were made in the course of the appraisal, which are set out as follows:

– the continuous operation of the Investment Funds;

– there will be no material changes from political, legal, economic or financial aspects in the jurisdictions in which the Investment Funds currently incorporate or invest which will materially affect its operation;

– there will be no substantial market fluctuation in the economy in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds;

– there will be no substantial fluctuation in current interest rates and foreign currency exchange rates in the jurisdictions in which the Investment Funds currently invest which will materially affect their operations and the earnings attributed to the Investment Funds; and

– the investment managers of the Investment Funds will not make any decision which is harmful to the profit generation ability of the Investment Funds

In the process of valuing the Company's interest in the Investment Funds, the asset-based approach was adopted by the valuer. Asset-based approach is a means of estimating the value of a business/investment fund based on market value of individual business assets less liabilities. This approach provides an indication of the value of the business enterprise/investment fund by developing a market value balance sheet and all of the business's liabilities are brought to current value as of the Valuation Date. The difference between the market value of the assets and the current value of the liabilities is an indication of the business enterprise equity value under the asset-based approach.

In the process of valuing the investment portfolio of the Investment Funds, the valuer adopted the market approach to estimate the market value of the stocks in the investment portfolio. The market approach is basically a comparison method which estimates market value from analyzing sales and financial data and ratios of comparable public and, whenever possible, private companies.

There is no change in the value of the inputs and assumptions from those previously adopted.

Valuation methodology

The valuer has adopted the following valuation methodology:–

(A) Asset Accumulation Method: the value of the individual assets (both tangible and intangible) less the value of the liabilities (both recorded and contingent) represents the subject business value of the Investment Funds

(B) Price-to-Earnings Ratio

(C) Liabilities Valuation – Carrying Value: the valuer opted to apply (i) a 25% lack of marketability discount to the private company pursuant to "A Companion Guide to FMV Restricted Stock Study" (2016 Edition) prepared by FMV Opinions, Inc. and based on their professional judgment; and (ii) 25% minority discount to reflect the absence of control.

There is no change in the valuation methodology used from those previously adopted.

DISCLOSEABLE TRANSACTION RELATING TO INVESTMENTS IN AVAILABLE-FOR-SALE INVESTMENTS

During the year ended 31 March 2018, a subsidiary of the Company has subscribed two short-term financial products issued by Bank of Beijing* (the "**Investments**") with principal amount of RMB3,000,000 (the "**First Investment**") and RMB8,000,000 (the "**Second Investment**") respectively.

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First Investment

Date of transaction:	22 December 2017	
Parties:	Issuer:	Bank of Beijing*
	Subscriber:	Shanghai Xiang Chen Hang Place The Industry Co. Limited*, a wholly-owned subsidiary of the Company
Financial Product:	121st Phase of Financial Management Plan of Xinxi Series RMB Jing Hua Zun Xiang of Bank of Beijing* (北京銀行心喜系列人民幣京華尊享第一百二十一期理財管理計劃) (the "**Plan**")	
	Type of the Plan:	Open principal non-guaranteed floating net proceeds
	Open day:	The 22nd day of every six months since the Plan was established, namely 22 June and 22 December, and postponed to the next working day of the bank automatically if it falls on a non-working day
	Subscription/redemption confirmation day:	The subscription/redemption confirmation date is the open date of the Plan, for confirming success of subscription and redemption by the investors, and to confirm the number to be subscribed and capital for redemption at the net value of the product on the open date announced by the manager of that day in accordance with the principle of "subscribe by amount, redeem by number, time preference".
	Closed period:	The Plan is closed since the day it was established. Outstanding shares at the open day of the Plan will enter into the next closed period automatically, until the end of this Plan.
Subscription Amount:	RMB3,000,000 (approximately HK$3,567,000)	

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Second Investment

Date of transaction:	13 February 2018	
Parties:	Issuer:	Bank of Beijing*
	Subscriber:	Shanghai Xiang Chen Hang Place The Industry Co. Limited*, a wholly-owned subsidiary of the Company
Financial Product:	Sound series principal non-guaranteed wealth management product in RMB investment portfolio with a period of 86 days (穩健系列人民幣86天期限組合投資型非保本理財產品) (the "**Product**")	
	Type of the Product:	Principal non-guaranteed floating proceeds
	Term:	86 days, subject to terms of early termination and other content
	Yield:	Yield of the Product mainly originates from various investment returns under wealth management plan, after deducting various costs and other fees of the Product. The cap for annual yield is 5.00%.
Subscription Amount:	RMB8,000,000 (approximately HK$9,868,000)	

The First Investment and the Second Investment were redeemed on 23 June 2018 and 10 May 2018 respectively. The interest incomes generated by the First Investment and the Second Investment were RMB78,777.79 and RMB94,246.58 respectively.

The Company confirmed that, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, the Issuer and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

The Directors are of the view that the subscription of the Investments provides the Group with a good investment opportunity to expand investment portfolio with quality assets which will provide satisfactory return. The Directors consider that the terms of the Investments are fair and reasonable and in the best interests of the Company and its shareholders as a whole.

As all the applicable percentage ratios (as defined under the Listing Rules) in respect of the First Investment are less than 5%, the First Investment does not constitute a discloseable transaction for the Company.

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As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Second Investment standalone and when aggregated with the First Investment exceeds 5% but all of them are less than 25%, the Second Investment constitutes a discloseable transaction for the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules, including Rule 14.34 of the Listing Rules. The Board regrettably admits that the Company has overlooked such reporting and announcement requirements but reiterate that such instances of non-compliance were purely unintentional and oversight. The Company will implement measures to strengthen its internal controls, in particular to the continuous compliance with the Listing Rules, including training for the Directors and senior management of the Group on compliance of the Listing Rules and review and update of internal control systems.

Save as disclosed above, there is no other acquisition or disposal of available-for-sale investments for the Group for the year ended 31 March 2018.

INVESTMENTS IN TRADING SECURITIES

The Group has acquired and disposed trading securities during the year ended 31 March 2018 and details of the acquisitions and disposals shall be disclosed in the annual report of the Company for the year ended 31 March 2018.

INVESTMENT STRATEGY

The Group adopts the investment strategy with the aim to improve the capital usage efficiency and to generate additional investment returns on the idle funds of the Group. Accordingly, the Group will continue to maintain a diversified portfolio of investment of various industries to minimize the possible financial risks. Also, the Directors will cautiously assess the performance progress of the investment portfolio from time to time.

By Order of the Board
China Properties Investment Holdings Limited
Han Wei
Chairman

Hong Kong, 23 July 2018

As at the date of this announcement, the executive Directors are Mr. Han Wei and Mr. Au Tat On and the independent non-executive Directors are Mr. Lai Wai Yin, Wilson, Ms. Cao Jie Min and Mr. Liang Kuo-Chieh.

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