



**WAIVER FROM REQUIREMENT TO COMPLY WITH RULE 1014(2) OF THE LISTING MANUAL IN
RELATION TO THE PROPOSED DISPOSAL OF INTERESTS IN TIANJIN JIXIAN PROJECT**

Unless otherwise defined herein, capitalised terms used in this announcement shall have the meanings ascribed to them in the announcement issued by the Company on 4 October 2016 in relation to the proposed disposal of interests in the Tianjin Jixian Project. (“Announcement”).

1. INTRODUCTOIN

1.1 The Board of Directors of the Company refer to the Announcement where the Company had sought a clarification from the SGX-ST on whether the Proposed Disposal was entered into in the ordinary course of its business and therefore under the Listing Manual does not constitute a transaction that requires the approval of Shareholders. In the event SGX-ST is of the view the Proposed Disposal is not in the ordinary course of business, the Company had also sought a waiver of the requirement for the approval of Shareholders for the Proposed Disposal (“**Waiver**”).

1.2 The Company wishes to announce it has received a letter from SGX-ST on 7 October 2016 stating that SGX-ST is of the view the Proposed Disposal is not in the ordinary course of business and has granted the Company the Waiver, subject to the following:-

- (a) the Company announcing the Wavier granted, the reasons for seeking the Waiver and the conditions as required under Rule 107 of the Listing Manual;
- (b) Board of Director’s unanimous view that the disposal is in the best interest of the Company. Please disclose this via SGXNet;
- (c) Board’s confirmation that substantial shareholders holding 64.55% interests have undertaken to vote in favour of the Proposed Disposal. Please disclose this via SGXNet;
- (d) Disclosure of the information required under Rule 1010 of the Listing Manual; and
- (e) submission of a written confirmation from the Company that the Waiver does not contravene any laws and regulations governing the Company and the articles of association of the Company.

2. REASONS FOR SEEKING THE WAIVER

On 20 September 2016, the Company had applied for the Waiver on the following grounds:

2.1 Disposal of a non-operational asset

- (a) The Tianjin Jixian Project has been loss-making since 2010. Based on the unaudited accounts of the Target from 2010 to 2015, the accumulated net losses of the Target amounted to RMB3.66 million since its acquisition to date;

- (b) As the Tianjin Jixian Project is non-operational, it has not contributed positively to the Group's core business in the last five years from 2010 to 2015 and is not able to generate revenue from sales without further injections of working capital for the development of the land. As stated in the FY2015 annual report, the Company expects the Chinese economy to remain challenging. The property market in first tier cities and to some extent, second tier cities in the PRC have benefited from the decrease in mortgage rates. However, the lower mortgage rates have yet to benefit third tier cities such as Jixian, which has resulted in the delay in development of the Tianjin Jixian Project. Accordingly, the Proposed Disposal provides an opportunity for the Company to realise the capital value of the Tianjin Jixian Project without having to inject additional working capital for the development and subsequent sale of the Tianjin Jixian Project;
- (c) The Board is of the view that the Proposed Disposal will allow the Group to rationalise its financial and capital resources since the Target is currently loss-making and not in operation. Due to the poor prevailing market conditions, further investment or a continued investment in the Target is unlikely to provide positive returns in the foreseeable future. The Proposed Disposal will also enable the Company to free up its resources and capital for allocation to its other businesses.

2.2 No material effect on risk profile

Given the Target is currently loss-making and non-operational, the Board is of the view that there will be no material change to the risk profile of the Group following by the Proposed Disposal.

2.3 Positive financial impact

- (a) For illustrative purposes only, assuming the Proposed Disposal was completed on 30 June 2016, the gain on disposal for the Group would have been approximately RMB115.46 million, which allows the Company to improve its financial position.
- (b) The Company intends to use the net proceeds from the Proposed Disposal to fulfil its current outstanding and immediate loan obligations with any balance to be retained for working capital and investment on its other businesses.
- (c) Accordingly, the Board is of the opinion that the Proposed Disposal is expected to have a positive impact on the financial position of the Company.

2.4 Existing businesses are not affected

The Proposed Disposal will not impact the existing operations of the Group's businesses. The Group currently derives its operating income from two subsidiaries, China (Tianjin) Water Resources Limited and Yichang Xinshougang Property Development Company Limited.

2.5 To expedite commercial intentions

As both the Company and the Purchaser are keen to pursue the Proposed Disposal without any delay, the Waiver sought will help to expedite both parties' commercial intentions to complete the Proposed Disposal. It is in the interest of the Company and the shareholders to avoid incurring unnecessary costs and expenses in convening a special general meeting to vote on the Proposed Disposal.

3. THE BOARD'S VIEW OF THE PROPOSED DISPOSAL

Having carefully considered the terms of the Proposed Disposal, the rationale for the Proposed Disposal as set out in the Announcement, the Board is of the unanimous view that the Proposed Disposal is in the best interests of the Company.

4. UNDERTAKING FROM SUBSTANTIAL SHAREHOLDERS

As at the date of this announcement, the Company has obtained letters of undertaking from 2 substantial shareholders, Wellful Holdings Limited and Wisdom Accord Limited, who collectively hold 43.08% interests in the Company, have undertaken to vote in favour of the Proposed Disposal at the special general meeting to be convened, if required (*Undertaking*).

The Company is currently in the process of obtaining the Undertaking from China Construction Group Inc, who holds 21.47% interest in the Company. Further announcements will be made by the Company in due course.

5. WAIVER FROM SPECIAL GENERAL MEETING

Save as disclosed in paragraph 4 above, as the SGX-ST has granted the Waiver to the Company, the Company will not be convening a special general meeting to seek shareholder's approval for the Proposed Disposal and accordingly, will not be dispatching a circular to shareholders in relation thereto.

**BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED**

Shan Chang
Chairman
11 October 2016