



RESPONSE TO SGX QUERY ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015

The Board of Directors of China International Holdings Limited (the “**Company**”), or together with its subsidiaries (the “**Group**”) refers to the Company’s Annual Report (the “**Annual Report**”) for the financial year ended 31 December 2015 (“**FY2015**”) released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 13 April 2016. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 27 April 2016:-

SGX Query 1

On page 25 of the FY2015 Annual Report, the Company disclosed that there were nil interested person transactions excluding transactions less than \$100,000. On page 125 of the Annual Report, the Company reported that there were transactions with related parties and associates that amount to RMB 66.8 million.

Please provide further disclosure on the following:

- (a) Who are the related parties and associates disclosed on page 125 of the Annual Report;
- (b) Are these parties not interested persons and the basis for the Board’s views;
- (c) Please reconcile the figures disclosed on page 25 and 125;
- (d) If any of the figures are interested person transactions, please make the appropriate disclosures as required under Rule 907 of the Listing Manual; and
- (e) An Amount of RMB 8,942,000 was for “the arrangement of cash received on behalf of the Group by related parties”. Please provide the circumstances and reasons for such arrangements where the Company’s cash was received by related parties.

Company’s response

- (a) Page 125 of the Annual Report discloses related party transactions which were carried out between the Group and related parties or associates (“**Related Party Transactions**”).

The related parties on page 125 of the Annual Report refer to Jing Wealth Investment Enterprises Limited, CIGIS (China) Limited, Beijing Jinlongshidai Investment Co. Ltd (北京津隆时代投资有限公司) and China Urban Construction Consulting Co. ,Ltd (北京中城建建设监理有限公司) (the “**Related Parties**”).

The associates on page 125 of the Annual Report refer to Future Trillion Holdings Limited and Liuhe County Yukun Mining Co. Ltd. (the “**Associates**”).

Related Parties

Save for China Urban Construction Consulting Co. Ltd (北京中城建建设监理有限公司) (“**CUCC**”), the Company had previously disclosed the relationship between the Company and each of the Related Parties in the Company’s announcement on 12 June 2015, an extract of which is set out below (references to Related Entities shall refer to Related Parties):

The details of each of the Related Entities, including the business activities and roles of the Company's directors in each of the Related Entities are as follows:

(a) Jing Wealth Investment Enterprises Limited ("**JWIEL**") is an investment holding company incorporated in Samoa. Mr. Zhang Rong Xiang ("**Mr. Zhang**"), the Managing Director of the Company, is also a non-executive director of JWIEL.

Mr. Zhang is a trustee appointed pursuant to a trust deed dated 20 November 2006 by the beneficiary of the trust, Eversmart Investment Limited ("**Eversmart**") holds 100% of the shares of JWIEL on its behalf. Under the terms of the trust deed, Mr. Zhang is to take instructions from Eversmart and to act for and on behalf of Eversmart on voting and dividend matters.

Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in JWIEL.

(b) CIGIS (China) Limited ("**CIGIS**") is a design and consulting civil engineering company established in the People's Republic of China ("**PRC**"). Mr. Shan Chang ("**Mr. Shan**") is a founding member and non-executive chairman of CIGIS, where he is responsible for matters related to shareholders' and board meetings. He is not involved in the day-to-day management of the business.

The interests of CIGIS is held by Mr. Shan, as to 12.54%, a trust as to 9.94%, Mr Zhang as to 0.44% with the remaining interests held by unrelated third parties. The trust was established as a vehicle to hold the interests of CIGIS for the forty four (44) individual shareholders who are beneficiaries to the trust and also employees of CIGIS. Mr. Shan was appointed trustee on 26 May 2010. Mr. Zhang is the beneficial shareholder of 0.44% of the interests of CIGIS. Save for Mr. Zhang, all other beneficial shareholders under the trust and the unrelated third parties referred to above, are not related to the directors and/or controlling shareholders of the Company and their respective associates.

Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in CIGIS.

(c) Beijing Jinlongshidai Investment Co., Ltd (北京津隆时代投资有限公司) ("**BJIL**") is an investment company established in the PRC. Mr. Zhang is a non-executive director of BJIL.

The shareholders of BJIL are Beijing Longaoxintong Jianzhuzhuangshi Co. Ltd (北京隆澳新通建筑装饰有限公司) ("**BLJC**") and CIH (Tianjin) Haihe Development Limited (中翔(天津)海河发展有限公司) ("**CIHTHD**").

CIHTHD is an urban infrastructure construction and engineering management company established in the PRC. Both Mr. Shan and Mr. Zhang are non-executive directors of CIHTHD.

Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in BLJC and CIHTHD.

CUCC

CUCC is a construction consulting company incorporated in the People's Republic of China. CIGIS holds a 67% equity interest in CUCC. Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in CUCC.

Associates

As disclosed above, the associates on page 125 of the Annual Report refer to Future Trillion Holdings Limited ("**Future Trillion**") and Liuhe County Yukun Mining Co. Ltd ("**LCYMC**") (the "**Associates**").

Future Trillion

The Company holds a 34.53% equity interest in Future Trillion, an investment holding company incorporated in the British Virgin Islands, which in turn holds an 82.086% equity interest in MKS Limited, a company incorporated in the Independent State of Papua New Guinea. MKS Limited is licensed to explore and drill early stage oil and gas fields in Papua New Guinea. Mr Shan Chang, a non-executive director of the Company, is also a non-executive director of Future Trillion. Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in Future Trillion.

LCYMC

The Company holds a 20.054% equity interest in LCYMC, a company incorporated in the People's Republic of China. LCYMC is licensed to explore and conduct gold mining in Jilin province, People's Republic of China. Ms Lv Jing Hua, a senior officer of Beijing Shiji Longquan Real Estate Development Co. Limited (北京世纪龙泉房地产开发有限公司), an indirect wholly-owned subsidiary of the Company, is also a non-executive director of LCYMC. Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in LCYMC.

- (b)
- to (d) The Related Party Transactions disclosed on page 125 of the Annual Report are not interested person transactions as they do not involve any interested person of the Company (as defined in Chapter 9 of the SGX-ST Listing Manual to refer to a director or controlling shareholder of the Company, or their associates). As none of the Related Party Transactions are interested person transactions, no disclosure is required under Rule 907 of the SGX-ST Listing Manual. As there were no interested person transactions, the figures as disclosed relate to the Related Party Transactions only.
- (e) As previously disclosed in the Company's announcement of 12 June 2015, JWIEL acted as an intermediary to facilitate the transfer of RMB14,398,000 in cash from a wholly-owned subsidiary of the Company, CIHL (Tianjin) City Development Limited ("**CCDL**") to another wholly-owned subsidiary of the Company, China Infrastructure Management (Hong Kong) Limited ("**CIM**") in the financial year ended 31 December 2014. JWIEL is an investment holding company incorporated in Samoa, which Mr Zhang, the managing director of the Company, is also a non-executive director of. JWIEL acted as an intermediary to facilitate the exchange purely out of goodwill and to expedite matters since Mr Zhang is the trustee

of Eversmart Investments Limited, the sole shareholder of JWIEL. JWIEL did not charge any fees for acting as an intermediary.

In this instance, JWIEL again acted as the intermediary to facilitate the transfer of RMB8,942,000 from CCDL to CIM in FY2015. The amount of RMB8,942,000 was remitted via JWIEL as CIM required cash denominated in RMB to pay interest on loans granted by Hong Kong Profit Light International Limited and Victor Japan Real Estate Development Co. Ltd, in favour of the Company and to pay administration expenses on behalf of the Company. As per the previous transaction JWIEL did not charge any fees for acting as an intermediary. Save as disclosed above, none of the directors and/or controlling shareholders of the Company and their respective associates have any interest, direct or indirect, in JWIEL and/or Hong Kong Profit Light International Limited and/or Victor Japan Real Estate Development Co. Ltd.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman

5 May 2016