



China International Holdings Limited

中 翔 國 際 集 團 有 限 公 司

(Incorporated in Bermuda with limited liability)

(Bermuda Company Registration No. 23356)

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014 – SUPPLEMENTAL ANNOUNCEMENT TO THE ANNOUNCEMENT RELEASED ON 5 MAY 2015

Further to the Company's announcement released on 5 May 2015, the Board of Directors of China International Holdings Limited ("**Company**") would like to provide the following additional information in reply to the queries raised by SGX-ST on 10 June 2015:-

SGX Query 1

In relation to each of the related party transactions, please disclose the name of the related entities ("**Related Entities**") that transacted with the Company in FY2014, setting out the business activities of the Related Entities and the roles of the Company's directors in the Related Entities. Where the directors/controllers of the Company are directors of the Related Entities but not shareholders, please disclose the circumstances behind their appointments as directors of the Related Entities. Further, please disclose if the directors/controllers of the Company and/or their associates have any shareholding interests in the Related Entities.

Company's response

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.

Beijing Aodu Investment Company (北京奥都投资有限公司) (“**BAIC**”) is a property and investment management company registered in the PRC. Mr. Zhang is a non-executive director of BAIC. The sole shareholder of BAIC is Tianjin Zhongchengjianfashiye Co., Ltd. (天津中城建发实业有限公司).

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 BAIC.

- (c) Beijing Jinglongshidai 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.

SGX Query 2

With respect to transaction (a) – cash received on behalf of the Company amounting to RMB 14,398,000 – please disclose the underlying transactions and explain why the Related Entity is receiving cash on behalf of the Company.

Company’s response

In FY 2014, a total of RMB14,398,000 in cash was transferred 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**”). This amount of RMB14, 398,000 was converted into HK\$18,413,530 and remitted via JWIEL as the Company needed urgent cash for the undertaking provided by it in favor of Pinnacle China Limited in relation to a project in Papua New Guinea. Although the Company had access to cash denominated in RMB in the bank accounts maintained in the PRC, the cash in RMB had to be converted into foreign currency on an expedited basis to address the undertaking requirement. 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, the sole shareholder of JWIEL. JWIEL did not charge any fees for acting as an intermediary.

SGX Query 3

With respect to transactions (c) and (d) – borrowings and interest expense paid/payable amounting to RMB 75,000,000 and RMB 1,967,000 respectively – please disclose the terms of such borrowings/loans.

Company's response

In FY 2014, the Company repaid RMB 5,000,000 and RMB 70,000,000 borrowed from BAIC and BJIL respectively. The terms of the borrowings were as follows:

Lender	Tenure	Interest Rate	Principal Amount RMB'000'
BAIC	6 months	10 % per annum	5,000
BJIL	2 – 3 months	12 % per annum	70,000
			<hr/> <hr/> 75,000

As the Company needed short term financing at that time, and the Related Entities were able to provide the short term financing on an as-needed basis, the terms of which were not on an arm's length basis, resulting in the Company enjoying favourable rates than those market rates that were available to the Company.

In FY 2014, interest expense of RMB1, 967,000 in respect of the above borrowings was paid to BJIL and BAIC.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman
12 June 2015