

CHINA INTERNATIONAL HOLDINGS LIMITED
(Bermuda Company Registration No. 23356)
(Incorporated in Bermuda)

REPLY TO QUERY FROM SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

Any capitalised terms not defined in this Announcement shall bear the same meaning as ascribed to them in the Company's announcement dated 7 September 2011.

The Board of Directors of China International Holdings Limited (the "Company") would like to respond to the following queries raised by Singapore Exchange ("SGX") on 8 September 2011 ("SGX Query") in relation to the Company's announcement of 7 September 2011 on the Loan Agreement with an Associate Company, as follows:

Background to the Transaction

Query 1:

As stated in the Announcement, the Loan Agreement was executed on 2 September 2011, but announcement was only made on 7 September 2011. Please provide reasons for the delay.

Company's response

Due to the timing of the execution of the Loan Agreement was at the end of Friday 2 September 2011, the preparation and the review of the announcement was not completed until Tuesday night 6 September 2011, therefore causing the release to be Wednesday 7 September 2011 after market close.

Query 2:

We note that the Company previously announced on 27 May 2011 that PCL has entered into a similar loan agreement with FTHL. Please advise if the Announcement on 7 September 2011 concerns a separate loan agreement (i.e. an additional financing of US\$3 million to FTHL), or it relates to the same loan agreement as announced on 27 May 2011.

Company's response

The Announcement on 7 September 2011 concerns a separate loan agreement (i.e. an additional financing of US\$3 million to FTHL).

Query 3:

We note that Mega Sino Investments Limited ("Mega Sino") is the other shareholder of FTHL. The purpose of the Loan provided by PCL is for the purpose of providing funding and support to MKS Limited ("MKS"). Please advise if Mega Sino has entered into similar loan agreements with FTHL for purposes of providing funding and support to MKS, in proportion to its shareholding held in FTHL. If yes, please provide details (date of agreement, amount of loan, etc). If no, please provide the reasons why.

Company's response

Mega Sino has not entered into similar loan agreements with FTHL for purposes of providing funding and support to MKS, in proportion to its shareholding held in FTHL, because:

- 1) Mega Sino provided a corporate guarantee in favour of PCL guaranteeing the repayment of the Loan and payment of accrued interest by FTHL within the time and in the manner provided in the Loan Agreement;
- 2) A previous share charge by Mega Sino creating a fixed charge over 222 ordinary shares in FTHL in favour of PCL is extended to cover all outstanding amounts to secure the repayment of the Loan and payment of accrued interest by FTHL within the time and in the manner provided in the Loan Agreement.

Query 4:

Please provide the Audit Committee's view on whether the Loan is in the best interests of the Company, and the basis for the view.

Company's response

The Audit Committee having been informed by the management of the difficult terrain condition encountered on site and additional logistical costs in up keeping the field crew and helicopter transportation to complete the seismic investigation work which is critical for the geophysics analysis, considered the loan facilities is in the best interests of the Company to enable the project team to provide the essential seismic data for the next phase of work.

ON BEHALF OF THE BOARD

Shan Chang
Chairman

13 September 2011