

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

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**SECOND EQUITY INVESTMENT IN THE FLY RIVER MAP SHEET S.B. 54 OIL FIELD,  
PAPUA NEW GUINEA**

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*All capitalize terms in this announcement shall have the same meaning as ascribed to it in the Company's previous announcements referred to below:*

Further to the announcements made by the Company on 1 December 2009, 8 December 2009, 27 April 2010, 28 October 2010, 27 May 2011, 7 September 2011 and 13 September 2011, the Board of Directors of China International Holdings Limited (the "Company") wishes to announce that its wholly owned subsidiary, Pinnacle China Limited ("PCL"), has on 16 December 2011 entered into an Investment Agreement (the "Second Investment Agreement") with Future Trillion Holdings Limited ("FTHL"), Mega Sino Investments Limited ("MSIL") and MKS Limited (formerly known as Media Karya Sentosa Limited) ("MKS") for the subscription of additional 388 new ordinary shares in FTHL, representing increased shareholding in FTHL from 667 shares to 1055 shares ( 25% to 34.53%) of the enlarged issued and paid capital of FTHL ("Subscription Shares") at the total subscription price of US\$3,500,000 (the "Consideration"); it is further agreed that MKS shall issue and allot to FTHL 757,000 new shares in MKS (the "Transaction"). Subsequent to the closing of this Transaction, the total equity investment in FTHL will amount to US\$9,500,000.

Background to the Transaction

Upon the completion of the first equity investment in FTHL in the amount of US\$6,000,000 in October 2010, MKS has been conducting seismic data acquisition exercises in 2011 and is currently conducting the analysis of the acquired seismic data. Due to the larger than previously planned scale of the ground activities conducted, additional funding is required to complete the stage of seismic data acquisition and analysis.

Consideration

The amount of the Consideration of US\$3,500,000, was arrived at on a willing buyer willing seller basis after taking into consideration the funds and working capital required by MKS to complete the first stage of the Project.

Other Salient Terms and Conditions of the Investment Agreement

As at the date of this Agreement, the Company has advanced a sum of US\$ 2,430,829 only ("the Advance") to FTHL as working capital loan, which Advances were forwarded to MKS and utilized to conclude the 2D seismic data acquisition in respect of the Oil Field. The Advance will be converted into equity investment under this Agreement.

Financial Effects of the Transaction

The Consideration is funded entirely from internal sources of the Group.

The Transaction is not expected to have any significant impact on the net tangible assets and earnings per share of the Company for the current financial year.

Relative Figures Under Chapter 10 of the SGX-ST Listing Manual

The relative figures computed on the bases set out in Rules 1006 (a) to 1006 (d) of the Listing Manual are as follows:

<b>Rule 1006</b>	<b>Bases</b>	<b>Relative Figures (%)</b>
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value	Not applicable as Transaction does not involve a disposal of assets
(b)	Net profits attributable to the assets to be disposed of, compared with the Group's net profit	Not applicable as the asset consist of a License as described above.
(c)	Aggregate value of the Consideration, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares as at 15 December 2011 (being the Market Day immediately preceding the date of the Investment Agreement)	14.50%
(d)	Number of equity securities issued by the Company as consideration for an acquisition, compared with the number of equity securities previously in issue	Not applicable because no shares will be issued

Based on the above, the Transaction is a discloseable transaction under Chapter 10 of the Listing Manual

Interests of Directors and Controlling Shareholders

None of the Directors and/or Substantial Shareholders of the Company has any interest, direct or indirect, in the Transaction.

**ON BEHALF OF THE BOARD**

**Shan Chang**  
**Chairman**

19 December 2011