

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

REPLY TO QUERY FROM SINGAPORE EXCHANGE LIMITED AND CORRECTION TO CASH FLOW STATEMENT

The Board of Directors of China International Holdings Limited (the “Company”) would like to respond to the following queries raised by Singapore Exchange Limited (“SGX”) on 17 November 2011 (“SGX Query”) in relation to the Company’s announcement of 8 November 2011 on the third quarter 2011 results, as follows:

Query 1: Under Current Liabilities on the Statement of Financial Position, the Group recorded an amount due to related companies of RMB13.2 million as at 30 September 2011. Please elaborate on such balance, including the name of the related party and details of the loan. Please also advise if this is an interested person transaction as defined under Chapter 9 of the Listing Manual, and whether the Company has complied with Chapter 9 of the Listing Manual.

Company’s response

In September 2011 the Company borrowed interest free short-term loans from Jing Wealth Investment Enterprises Limited (“JW”), a related party in that one of the Executive Directors of the Company also serves as Director of the Board at JW, in the amount of RMB13.2 million. These short-term interest free loans were made to the Company for working capital purposes and the loans were repaid to JW in October 2011. As these are interest free short-term loans, no interest expenses were incurred by the Company. By reason of the above, the Company considers that it has complied with its obligations under Chapter 9 of the Listing Manual.

Query 2: As reflected under the Statement of Cash Flows, the Group made a short-term investment of RMB3.55 billion. Please elaborate on such investment..

Company’s response

During Q3 2011, the Group placed capital guaranteed short-term banking investment products with maturities less than a month at 1.9% - 5.0% annual return rates. There were in total 40 such placements made in Q3 2011, with the total proceeds amounted to RMB1.602 billion. The income generated from the placements amounted RMB1.28 million in Q3 2011.

As of 30 September 2011, all the above placements have been matured.

After reviewing accounting records, the Company recognizes that the figures for short-term investment as well as proceeds from sale of short-term investment previously reported in the Q3 2011 under Statement of Cash Flows were incorrect. The correct amounts should both be RMB1.602 billion. However, these errors did not have a net impact on the Statement of Cash Flows as the amount of short-term investment and proceeds from sale of short-term investment were the same during Q3 2011 and the net of them was zero. A copy of the amended statement of cash flows is attached.

**THIRD QUARTER AND THE NINE MONTHS STATEMENT OF CASH FLOWS FOR THE PERIOD
ENDED 30 SEPTEMBER 2011**

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Profit before tax	7,686	3,260	25,391	10,441
Adjustments for:				
Amortisation of intangible assets	394	468	1,160	1,222
Depreciation of property, plant and equipment	1,347	517	4,032	1,229
Interest income	(780)	(2,122)	(3,594)	(4,872)
Short-term investment income	(1,287)	-	(1,287)	-
Share options granted to employees and directors	958	1,039	2,079	2,215
Gain on bargain purchase of a subsidiary	-	(783)	-	(783)
Gain on disposal of property, plant & equipment	-	-	-	2
Gain on disposal of a subsidiary	-	-	-	(3,911)
Gain on fair value changes of investment properties	-	-	-	(123)
Share of profit of a jointly controlled entity	-	(4,671)	-	(11,119)
Operating profit/(loss) before working capital changes	8,318	(2,292)	27,781	(5,703)
Increase in properties for development	(21,691)	-	(23,860)	-
Decrease /(Increase) in prepayments ,deposits and other receivables	322	(878)	(1,919)	(2,140)
Increase in deposits for land development projects	-	(108,010)	-	(108,010)
Increase in inventories	(1,026)	-	(1,447)	-
Decrease in trade receivables	175	-	67	-
Decrease in receipts in advance	(5,989)	-	(4,630)	-
Increase/(Decrease) in gross amount due to customers for construction work	3,044	-	(6,620)	-
Increase in due to related companies	58	-	-	-
Increase in gross amount due from customers for construction work	(158)	-	(8,745)	-
Increase in due from related companies	(192)	(89)	(192)	(222)
Increase in trade payables	545	-	5,213	-
Decrease in amount due to non-controlling shareholders	(18)	-	(10)	-
(Decrease)/increase in accounts payables, other payables and accruals	(3,883)	1,215	(4,075)	(5,148)
Cash used in operating activities	(20,495)	(110,054)	(18,437)	(121,223)
PRC income tax paid	(302)	(1,219)	(2,133)	(2,505)
Net cash used in operating activities	(20,797)	(111,273)	(20,570)	(123,728)
Cash flows from investing activities				
Interest received	1,010	2,133	3,552	11,777
Short-term investment income	1,287	-	1,287	-
Short-term investment	(1,602,050)	-	(3,550,050)	-
Proceeds on sale of short-term investment	1,602,050	-	3,550,050	-
Payments of property, plant and equipment	(311)	(1,881)	(1,024)	(1,905)
Refund of refundable deposits paid on land development projects	-	-	-	150,000
Proceed on disposal of operating right of a toll bridge and its ancillary facilities	-	-	-	140,000
Proceeds on disposal of property, plant & equipment	33	-	33	5
Payment of investment property	-	(813)	-	(813)
Payment of acquisition of an associate	(32,000)	-	(32,000)	-
Payment of acquisition of a subsidiary	-	(9,500)	-	(9,500)
Proceeds on disposal of a subsidiary, net	-	-	-	12,000
Payment of land auction deposit	-	(25,000)	-	(101,000)

	3 months ended		9 months ended	
	30.09.2011	30.09.2010	30.09.2011	30.09.2010
	RMB'000	RMB'000	RMB'000	RMB'000
Refund of land auction deposit	-	25,000	-	101,000
Cash reduction on disposal of a subsidiary	-	-	-	(8,142)
Cash received on acquisition of a subsidiary	-	13,901	-	13,901
Net cash (used in)/generated from investing activities	(29,981)	3,840	(28,152)	307,323
Cash flows from financing activities				
Proceeds from issuance of share options exercised	-	-	-	1,123
Loans granted to a non-controlling shareholders	-	(700)	(540)	(2,950)
Settlement of loans and receivables due from a third party	-	-	-	191,899
Loans repaid from non-controlling shareholders	-	-	-	1,098
Loan repaid to a jointly controlled entity	-	(1,325)	-	(1,325)
Short term loan advanced by third parties	-	-	-	150,215
Short term loan repaid to a third party	-	-	-	(150,700)
Cash advanced from related companies	-	-	-	13,537
Cash repaid to associate companies	-	(30)	-	(14,567)
Loan advanced from related companies	13,245	-	13,245	-
Loan advanced to a related company	-	-	-	(1,000)
Loans repaid from related companies	-	48	-	13,077
Loans advanced to an associate	(37,677)	-	(47,410)	-
Short term working capital loan	-	-	-	50,000
Short term working capital loan repaid	-	50,000	-	50,000
Cash received on behalf of a non-controlling shareholder	-	-	-	20,000
Loan advanced by a director	-	-	-	1,752
Loans repaid to a director	-	-	-	(1,752)
Dividends paid to owners of the Company	-	-	(15,758)	(14,833)
Dividends paid to non-controlling shareholders	(500)	-	(3,119)	(601)
Net cash(used in)/generated from financing activities	(24,932)	47,993	(53,582)	204,973
Net increase/(decrease) in cash and cash equivalents	(75,710)	(59,440)	(102,304)	388,568
Cash and cash equivalents at beginning of period	428,551	619,127	455,145	171,119
Cash and cash equivalents at end of period	352,841	559,687	352,841	559,687
Analysis of Cash and Cash Equivalents				
Cash and bank balances	352,841	559,687	352,841	559,687

BY ORDER OF THE BOARD

Shan Chang
Non-Executive Chairman

21 November, 2011