

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

- (A) **PROPOSED LOAN OF RMB150,000,000 BY CIHL (TIANJIN) CITY DEVELOPMENT LIMITED (天津新中城市实业发展有限公司) (THE “PRC LENDER”) TO BEIJING SHOU LUN REAL ESTATE DEVELOPMENT CO., LTD (北京首伦房地产开发有限公司) (THE “PRC BORROWER”) (“RMB LOAN”)**
- (B) **PROPOSED LOAN OF HKD159,400,000 BY ZHONGLUN (HONG KONG) LTD (中伦国兴国际有限公司) (“HK LENDER A”) TO CHINA INFRASTRUCTURE MANAGEMENT (HONG KONG) LIMITED (THE “HK BORROWER”) (“HKD LOAN A”)**
- (C) **PROPOSED LOAN OF HKD25,198,582 BY VICTOR JAPAN CO., LTD (威亚日本不动产株式会社) (“HK LENDER B”) TO THE HK BORROWER (“HKD LOAN B”)**
- ((B) AND (C) COLLECTIVELY REFERRED TO AS THE “HKD LOANS”, AND (A), (B) AND (C) SHALL COLLECTIVELY BE REFERRED TO AS THE “LOAN TRANSACTIONS”)**
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1. DEFINITIVE LOAN AGREEMENTS

The board of directors (the “**Board**”) of the Company (together with its subsidiaries, the “**Group**”) wishes to announce that the Group has entered into the following definitive agreements in respect of the RMB Loan and the HKD Loans:

- (a) memorandum of understanding between the PRC Lender and the PRC Borrower dated 5 April 2012 (“**MOU**”);
- (b) trust loan agreement in respect of the RMB Loan among the Bank of Ningbo Co., Ltd., Beijing Branch (“**Bank**”), the PRC Lender and the PRC Borrower dated 6 April 2012 (“**RMB Loan Agreement**”);
- (c) loan agreement in respect of HKD Loan A between HK Lender A and the HK Borrower dated 5 April 2012 (“**HKD Loan A Agreement**”);
- (d) loan agreement in respect of HKD Loan B between HK Lender B and the HK Borrower dated 5 April 2012 (“**HKD Loan B Agreement**”); and
- (e) letter of undertaking by Mr. Zei Ahei (税亚兵) dated 5 April 2012 (“**Mr. Zei**”).

(collectively, the “**Loan Documents**”)

For the purposes of complying with PRC laws, and pursuant to the terms of the MOU, the principal amount of the RMB Loan shall be made by the PRC Lender to the Bank, which shall give a back to back loan of the same amount in RMB to the PRC Borrower.

The principal amount of HKD Loan A and HKD Loan B collectively will be equivalent to the principal amount of the RMB Loan.

2. INFORMATION ON THE PRC LENDER

The PRC Lender is a company incorporated in the People’s Republic of China (“**PRC**”) and a wholly-owned subsidiary of the Company.

3. INFORMATION ON THE PRC BORROWER

Beijing Shou Lun Real Estate Development Co., Ltd (北京首伦房地产开发有限公司) is a property development company jointly controlled by a major international property investment company (the “**Developer**”) and Mr Zei.

The PRC Borrower has entered into a development agreement with the land development authority of a district government in Beijing, PRC for the development of a piece of commercial land located in Beijing (the “**Project**”).

The Developer intends to buy and Mr. Zei intends to sell 11.35% of his stake in the PRC Borrower (“**Share Sale**”).

4. INFORMATION ON HK LENDER A AND HK LENDER B

HK Lender A is a company incorporated in the special administrative region of Hong Kong (“**HK SAR**”) and a fully-owned subsidiary of the Developer.

HK Lender B is a Japanese company controlled by Mr. Zei.

5. INFORMATION ON THE HK BORROWER

The HK Borrower is a company incorporated in the HK SAR and a wholly-owned subsidiary of the Company. The HK Borrower carries on the business of investment management for the Company.

6. MATERIAL TERMS OF THE MOU

The MOU confirms and supplements the terms and conditions of the RMB Loan Agreement. Material terms in the MOU which are not contained in the RMB Loan Agreement are, *inter alia*, as follows:

- (a) Early Repayment option: The PRC Borrower may make early repayment of part or the whole of the principal amount of the RMB Loan and interests accrued thereon no earlier than 18 months from date of disbursement of the RMB Loan, subject to the mutual agreement of the PRC Borrower and the PRC Lender. The PRC Lender shall not reject any early repayment by the PRC Borrower if both the PRC Borrower and HK Borrower have sufficient funds to repay the RMB Loan and HKD Loans respectively.
- (b) Exchange rate: The exchange rate for the purposes of the determination of the amount of the HKD Loans shall be RMB1: HKD1.2307;
- (c) Waiver: On the happening of any of the following events:
 - i. the HK Borrower fails to make repayment of all or part of the HKD Loan A or HKD Loan B when due; or
 - ii. the PRC Lender and the PRC Borrower fail to reach agreement on the extension of the repayment date of the PRC Loan,then, the PRC Lender shall waive the accrued interests and other rights of the PRC Lender under the RMB Loan and such other sums stipulated under the MOU.

Upon mutual agreement between the PRC Lender and the PRC Borrower, the PRC Lender may waive its rights to repayment of interests due on the principal amount of the RMB Loan by the PRC Borrower.

7. MATERIAL TERMS OF THE RMB LOAN AGREEMENT

The material terms of the RMB Loan Agreement are, *inter alia*, as follows:

- (a) Interest: Fixed rate of 0.7708% monthly;
- (b) Disbursement date of RMB Loan: The RMB Loan shall be disbursed on 10 April 2012;
- (c) Repayment Date: The estimated repayment date of the RMB Loan shall be 9 April 2015;
- (d) Purpose of RMB Loan: The RMB Loan shall be utilised for the Project;
- (e) Repayment and early repayment: The PRC Borrower shall make repayment of the RMB Loan in accordance with the RMB Loan Agreement and shall not make repayment to the PRC Lender directly. The PRC Borrower may request for early repayment of the RMB Loan, in which case, subject to the PRC Lender's consent, interest will be payable on the principal amount of the RMB Loan for the actual duration of the RMB Loan;
- (f) Extension of repayment date: The PRC Borrower may extend the term of the RMB Loan by giving notice to the PRC Lender through the Bank not less than 15 days before the date of repayment of the RMB Loan.
- (g) Commission fees: The Bank shall be entitled to commission charges at the rate of 0.1% of the principal amount of the RMB Loan and such commission charges shall be paid by PRC Lender to the Bank in a lump sum.

8. MATERIAL TERMS OF HKD LOAN A

The material terms of HKD Loan A are, *inter alia*, as follows:

- (a) Disbursement Date: HKD Loan A shall be disbursed on 10 April 2012 or such other date as may be agreed between HK Lender A and the HK Borrower;
- (b) Repayment Date: The estimated repayment date of HKD Loan A shall be 9 April 2015, which shall be extendable subject to the mutual agreement of HK Lender A and the HK Borrower. However, if the repayment date of the RMB Loan is extended to 9 May 2015 in accordance with the terms of the MOU, the repayment date of HKD Loan A shall be automatically extended to the same date;
- (c) Conditions Precedents:
 - i. The PRC Lender having provided the RMB Loan to the PRC Borrower;
 - ii. The RMB Loan and the HKD Loans do not violate relevant PRC foreign exchange regulations and other laws, regulations and rules which apply to the PRC Lender and the PRC Borrower.
- (d) Early repayment option: The HK Borrower may make early repayment of part or the whole of the principal amount of HKD Loan A and interests accrued thereon no earlier than 18 months from the date of disbursement of HKD Loan A, subject to the mutual agreement of the HK Borrower and HK Lender A. HK Lender A shall not reject any early repayment by the HK Borrower if the HK Borrower and PRC Borrower have sufficient funds to repay HKD Loan A and the RMB Loan respectively.

- (e) Interest: Interest shall be payable on HKD Loan A at the rate of 2.25% on quarterly rests;
- (f) Representations and warranties of HK Borrower: The HK Borrower represents and warrants that it shall not convert HKD Loan A to renminbi and shall indemnify HK Lender A for any losses arising out of a breach of any such representation and warranty;
- (g) Undertakings of the HK Borrower: The HK Borrower shall not use the HKD Loan A for purposes other than as HKD deposits or for usage outside the PRC as stipulated in the HKD Loan A Agreement.
- (h) Exchange rate: The exchange rate for the purposes of the determination of the amount of HKD Loan A shall be RMB1: HKD1.2307;
- (i) Waiver: On the happening of any of the following events:
 - i. the PRC Borrower fails to make repayment of all or part of the RMB Loan when due, and the HK Lender A and the HK Borrower fails to reach an agreement in respect of the extension of the repayment of HKD Loan A; or
 - ii. the PRC Lender's rights under the MOU are waived in accordance with the MOU, then, HK Lender A shall waive of the accrued interests and other rights of HK Lender A under the HKD Loan A Agreement and such other sums stipulated under the HKD Loan A Agreement.

9. MATERIAL TERMS OF HKD LOAN B

The material terms of HKD Loan B are, *inter alia*, as follows:

- (a) Disbursement Date: HKD Loan B shall be disbursed on 10 April 2012 or such other date as may be agreed between HK Lender B and the HK Borrower;
- (b) Repayment Date: The estimated repayment date of HKD Loan B shall be 9 April 2015, which shall be extendable subject to the mutual agreement of HK Lender B and the HK Borrower. However, if the repayment date of the RMB Loan is extended to 9 May 2015 in accordance with the terms of the MOU, the repayment date of HKD Loan B shall be automatically extended to the same date;
- (c) Conditions Precedents:
 - i. The PRC Lender having provided the RMB Loan to the PRC Borrower; and
 - ii. The RMB Loan and the HKD Loans do not violate relevant PRC foreign exchange regulations and other laws, regulations and other rules which apply to the PRC Lender and the PRC Borrower.
- (d) Option to postpone drawdown: HK Lender B has the option to postpone the drawdown date of HKD Loan B for no more than 90 days, by serving a written notice to the HK Borrower. In the event such option is exercised, HK Lender B shall compensate the HK Borrower as follows:
 - i. Where the delay is less than 45 days, there shall be no compensation;
 - ii. Where the delay exceeds 45 days but does not exceed 90 days, HK Lender B shall pay an amount equivalent to 10% of the annual interest payable on the HKD Loan B per day of delay on daily rests; or

- iii. Where the delay exceeds 90 days, the HK Borrower is entitled to receive compensation at the rate of 12% per annum on such amount of the HKD Loan B which has not been disbursed by HK Lender B, commencing from the 91st day after 10 April 2012 until the full amount of the HKD Loan B is disbursed.

(referred to as the “**Late Drawdown Fee**”)

- (e) Early repayment option: The HK Borrower may repay part or the whole of the principal amount of HKD Loan B and interests accrued thereon before the repayment date after 18 months from the disbursement of HKD Loan B, subject to the mutual agreement of the HK Borrower and HK Lender B. HK Lender B shall not reject any early repayment by the HK Borrower if the HK Borrower and PRC Borrower have sufficient funds to repay HKD Loan B and the RMB Loan.
- (f) Interest: Interest shall be payable on HKD Loan B at the rate of 2.25% on quarterly rests;
- (g) Representations and warranties of HK Borrower: The HK Borrower represents and warrants that it shall not convert HKD Loan B to renminbi and shall indemnify HK Lender B for any losses arising out of a breach of any such representation and warranty.
- (h) Undertakings of the HK Borrower: The HK Borrower shall not use the HKD Loan B for any other purposes other than as HKD deposits or for usage outside PRC as stipulated in HKD Loan B Agreement.
- (i) Exchange rate: The exchange rate for the purposes of the determination of the amount of HKD Loan B shall be RMB1: HKD1.2307;
- (j) Waiver: On the happening of any of the following events:
- i. the PRC Borrower fails to make repayment of all or part of the RMB Loan when due, and the HK Lender B and the HK Borrower fail to reach an agreement in respect of the extension of the repayment of the HKD Loan B; or
- ii. the PRC Lender's rights under the MOU are waived in accordance with the MOU,
- then, HK Lender B shall waive of the accrued interests and other rights of HK Lender B under the HKD Loan B Agreement and such other sums stipulated under the HKD Loan B Agreement.

10. PERSONAL UNDERTAKING BY MR. ZEI

Pursuant to the grant of HKD Loan B, Mr. Zei, the controlling shareholder of HK Lender B, has given personal undertakings to the HK Borrower as follows:

- (a) he shall not transfer the whole or any part of his controlling stake in Beijing Anji Century Real Estate Development Co., Ltd (北京安吉世纪房地产有限公司) before the provision of HKD Loan B;
- (b) to utilise all the proceeds from the Share Sale for the purpose of providing HKD Loan B in priority;
- (c) in the event HK Lender B is unable to provide all or part of the HKD Loan B to the HK Borrower, he shall procure an adjustment to the amount of RMB Loan such that the RMB Loan will be of an amount equivalent to the actual amount drawn down from the HKD Loans (the “**Adjustment**”); and
- (d) the HK Borrower shall be entitled to claim compensation from Mr. Zei (as primary obligor) in respect of the Late Drawdown Fee and liquidated damages (if

any) payable by HK Lender B, should HK Lender B be unable to fulfill its obligations under the HKD Loan B Agreement.

This above undertakings will terminate upon the earlier of (i) the disbursement of HKD Loan B to the HK Borrower in accordance with HKD Loan B Agreement; or (ii) the Adjustment to the RMB Loan.

11. PURPOSE AND RATIONALE OF THE LOAN TRANSACTIONS

The RMB Loan will be utilised by the PRC Borrower for the purpose of financing the Project while the HKD Loans are intended to make available funds to the HK Borrower for potential investments outside of the PRC. The Company will make further announcements to inform shareholders of any utilisation of the proceeds from the HKD Loans.

The Board, having considered the terms of the Loan Transactions, is of the view that the Loan Transactions will be beneficial to the Group for the following reasons:

- (a) the RMB Loan will allow the Group to utilise surplus cash held by the RMB Lender in the PRC to generate interest income; and
- (b) the HKD Loans will enhance the cashflow and financial position of the HK Borrower and provide more flexibility and resources to allow the Company to pursue suitable investment opportunities on a timely basis.

12. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors has, and to the best of the Directors' knowledge, there are no controlling Shareholders who have any interest, direct or indirect, in any of the Loan Transactions.

13. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the Loan Documents are available for inspection by shareholders during normal business hours at the office of the Company's share transfer agent, Boardroom Corporate & Advisory Services (Pte) Ltd at 50 Raffles Place Singapore Land Tower #32-01 Singapore 048623 for a period of three (3) months from the date of this Announcement.

BY ORDER OF THE BOARD

Shan Chang
Non-Executive Chairman
9 April 2012