

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

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**PROPOSED ACQUISITION OF 55% OF THE ISSUED AND PAID-UP SHARE CAPITAL IN TRIUMPH KIND INVESTMENT LIMITED (凯恩投资有限公司) (*PROPOSED ACQUISITION*)**

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**1. INTRODUCTION**

- 1.1. The board of directors (**Board**) of China International Holdings Limited (**Company**), together with its subsidiaries, (**Group**) wishes to announce that on 15 September 2012, the Company has entered into a conditional share transfer agreement (**Agreement**) with China Resources and Transportation Group Limited (**Vendor**) in relation to the acquisition of 55% of the issued and paid-up share capital (**Target Shares**) of Triumph Kind Investment Limited (凯恩投资有限公司) (**Target**), in order to acquire a 55% equity interest in Yichang Xinshougang Property Development Company Limited (宜昌新首钢房地产开发有限公司) (**Project Company**). Further details of this Proposed Acquisition are set out in Section 2 of this Announcement.
- 1.2. The Proposed Acquisition is considered to be a very substantial acquisition by the Company pursuant to Rule 1015 of the Listing Manual (**Listing Manual**) of the Singapore Exchange Securities Trading Limited (**SGX-ST**), details of which are set out in Section 2.9 of this Announcement.

**2. PROPOSED ACQUISITION**

**2.1. The Target**

The Target is a limited company incorporated in Hong Kong Special Administrative Region with its registered office at Room 1801-07 China Resources Building, 26 Harbour Road, Wanchai, Hong Kong. As at the date of this Announcement, the Target has an issued and paid-up share capital of HK\$100 comprising 100 ordinary shares of HK\$1 each.

**2.2. The Project Company**

The Project Company is a limited company established in the People's Republic of China (**PRC**).

**2.3. Principal business of the Project Company**

The Project Company holds the land use rights of the land located in Meiziya Village, Xiaoxita, Yilling District, Yichang City, Hubei Province, the PRC with a total site area of 587,726 square metres (**Property**). The Property has been planned for the development of the Yichang Three Gorges International Convention Centre, the Three Gorges State Guest House and the Three Gorges State Guest Garden Commercial Property (**Project**). The total gross floor area above the ground of the Project is approximately 600,000 square metres and the gross floor area under the ground is approximately 200,000 square metres.

## 2.4. The Vendor

The Vendor is a listed company on the Stock Exchange of Hong Kong Limited.

## 2.5. Restructuring of Target Group

The Vendor will restructure the Target group of companies (**Target Group**) so that the Target shall become a special purpose vehicle holding 100% equity interest in an intermediary subsidiary which will in turn hold 100% equity interest in the Project Company (**Restructuring**).

## 2.6. The Proforma Financial Information of the Target Group

The following tables present a summary of the proforma unaudited consolidated financial statements of the Target Group after the Restructuring for the financial years (**FY**) ended 31 December 2011, 31 December 2010 and 31 December 2009<sup>(1)</sup>.

Income Statements			
(RMB)	Year ended 31 December 2011	Year ended 31 December 2010	Year ended 31 December 2009
Revenue	-	-	-
Gross profit	-	-	-
Profit / (loss) before income tax <sup>(2)</sup>	(868,700)	(1,206,382)	(2,271,184)
Income tax expense	-	-	-
Profit / (loss) after income tax <sup>(2)</sup>	(868,700)	(1,206,382)	(2,271,184)

Balance Sheets			
(RMB)	As at 31 December 2011	As at 31 December 2010	As at 31 December 2009
Non-current assets	-	-	887,982,100
Current assets	1,298,394,299	1,052,938,853	177,140
Current liabilities	267,400,623	257,271,266	110,941,766
Net current (liabilities) / assets	1,030,993,676	795,667,587	(110,764,626)
Non-current liabilities	82,000,000	-	-
Total equity <sup>(3)</sup>	948,993,676	796,667,587	777,217,474
Net tangible assets <sup>(4)</sup>	948,993,676	795,667,587	777,217,474

Notes:

- (1) The pro forma unaudited financial statements are extracted from the management accounts of the Target Group and have not been adjusted to comply with International Financial Reporting Standards.

- (2) It is assumed that there will be no gain or loss arising from the Restructuring. The actual profit or loss of the Target Group could be different from the amount set out herewith based on the actual gain or loss to the Target Group from the Restructuring.
- (3) As part of the Restructuring, any amount due to the Target Group arising from the expenditures/costs incurred for the development of the Project Company are assumed to be equity in nature and have been classified as “other reserve”.
- (4) The value of the net tangible assets is computed based on the total assets (including land use rights) less the total liabilities, goodwill and intangible assets.

## 2.7. Principal Terms of the Proposed Acquisition

### 2.7.1. Consideration

The purchase consideration for the Proposed Acquisition (**Consideration**) is HK\$550,000,000 and shall be payable as follows:

- (a) a refundable deposit of HK\$150,000,000 (**Deposit**) to be paid to the Vendor on or before the expiry of three (3) business days from the date of the Agreement, the Deposit is refundable if any conditions precedent under the Agreement is not fulfilled or if the Company exercises its right to terminate under the terms of the Agreement;
- (b) a sum of HK\$200,000,000 to be paid to the Vendor on the completion date under the Agreement; and
- (c) a sum of HK\$200,000,000 to be paid to the Vendor on 31 March 2013.

The Consideration was arrived at following arm’s length negotiations and on a willing-buyer and willing-seller basis after taking into consideration, *inter alia*, the following:

- (a) the independent valuation report of the Project as determined by LCH (Asia-Pacific) Surveyors Limited (**Independent Valuer**) and commissioned by the Vendor. Based on the information provided to and analysis conducted by the Independent Valuer, and subject to the terms of reference, principal assumptions and limitations set out in the Independent Valuer’s report dated 25 June 2012 (**Independent Valuer’s Report**), the market value of the Project as at 31 March 2012 is HK\$1,494,000,000; and
- (b) the investment analysis report setting out the market price for high-end residential units in Yichang city, sales conditions in Yiling District and projected sales and cash flows for the next four (4) years.

### 2.7.2. Conditions Precedent

Completion of the Proposed Acquisition is conditional upon, *inter alia*, the following:

- (a) the Proposed Acquisition being approved by SGX-ST (if applicable);
- (b) the Proposed Acquisition being approved by the Company’s shareholders (**Shareholders**) at a special general meeting (**SGM**) of the Company;

- (c) the completion of all financial and legal due diligence investigations on the Target Group to the satisfaction of the Company;
- (d) no material adverse change (as determined by the Company in its reasonable discretion) in (i) the capacity and ownership status of the Target Shares; (ii) the Target Group; and (iii) the consolidated net tangible assets of the Target Group; and
- (e) the completion of the Restructuring.

### 2.7.3. Right of Termination

The Company may elect to terminate the Agreement if, *inter alia*:

- (a) more than 5% of the land area of the Project is affected by any written notice of compulsory or intended compulsory acquisition by the local government;
- (b) the Property suffers a material damage; or
- (c) there is a material breach of the Vendor's warranties by the Vendor.

### 2.8. Funding

The Company intends to fund this Proposed Acquisition through internal resources of the Group, bank borrowings, debt financing and such other sources as deemed appropriate by the Board. If the Board deems it appropriate to conduct equity fund raising exercises to support the Proposed Acquisition, the Company will make further announcement(s) in due course.

### 2.9. Relative Figures under Rule 1006 of the Listing Manual

#### 2.9.1. Very Substantial Acquisition

Based on the audited financial statements of the Company for the financial year ended 31 December 2011 (**FY 2011**), the relative figures computed on the bases set out in Rule 1006 of the Listing Manual in relation to the Proposed Acquisition are as follows:

Rule 1006 of the Listing Manual	Bases	Relative Figures (%)
(a)	The net asset value of the assets to be disposed of, compared with the Group's net asset value. This basis is not applicable to an acquisition of assets.	Not applicable
(b)	The net profits attributable to the assets acquired, compared with the Group's net profits.	Not applicable <sup>(1)</sup>
(c)	The aggregate value of the consideration given <sup>(2)</sup> , compared with the Company's market capitalisation <sup>(3)</sup> based on the total number of issued shares excluding treasury	248%

	shares.	
(d)	The 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 <sup>(4)</sup> .

Notes:

- (1) There was no profit generated by the Target Group in FY 2011.
- (2) The Consideration is HK\$550,000,000, which is equivalent to approximately S\$86,625,000 as calculated based on the exchange rate ratio of HK\$1 to S\$0.1575.
- (3) The Company's market capitalisation is approximately S\$34,984,150. The Company's market capitalisation is determined based on 874,603,750 Company's shares then in issue multiplied by the weighted average price of the Company's shares on 14 September 2012, being S\$0.04.
- (4) No securities in the Company are proposed to be issued in consideration for the Proposed Acquisition.

As the relative figure under Rule 1006(c) exceeds 100%, the Proposed Acquisition constitutes a very substantial acquisition.

#### 2.10. Application for Waiver

The Company will be submitting an application to the SGX-ST regarding to specific waivers in respect of certain provisions under Rule 1015 of the Listing Manual relating to very substantial acquisitions. If waivers of such provisions under Rule 1015 of the Listing Manual are not granted by the SGX-ST, the Company intends to comply with Rule 1015 of the Listing Manual as directed by the SGX-ST. Further announcements will be made by the Company in due course informing its Shareholders of the outcome of such application.

#### 2.11. Rationale for the Proposed Acquisition

- (a) On 30 March 2007, the Shareholders approved its increase in core businesses to include property development projects. The abolishment of the policy on toll collection for toll roads and bridges in some provinces of the PRC had prompted the Company to consider the necessity of diversifying its then core business of ownership and management of toll bridges.
- (b) The Company has in the recent years expanded its property development business by acquiring 95% of the registered share capital of Beijing Shiji Longquan Real Estate Development Co., Ltd (**SJLQ**) and incorporating Tianjin CIH Xinzhong Real Estate Development Co., Ltd (**Tianjin CIH**). SJLQ is in the business of real estate development with a focus on preliminary land development projects in Beijing, the PRC. Tianjin CIH was incorporated to develop and manage the parcel of land located in the North Shore of Cui Ping Lake Tourist District in Tianjin Ji County, the PRC, which land use right was awarded to the Group for a consideration of RMB200 million.
- (c) With the Proposed Acquisition, the Company has been presented with an opportunity to further develop its existing property development business which is in the interest of the Company.

### 3. FINANCIAL EFFECTS OF THE PROPOSED ACQUISITION

- 3.1 The financial effects of the Proposed Acquisition on the Group are for illustrative purposes only and are therefore not indicative of the actual financial performance or position of the Group after the completion of the Proposed Acquisition.
- 3.2 The financial effects of the Proposed Acquisitions are based on the audited consolidated financial statements of the Group for the financial year ended 31 December 2011, the proforma unaudited consolidated financial statements of the Target Group for the financial year ended 31 December 2011 (which have not been adjusted to comply with the International Financial Reporting Standards), and are subject to the following assumptions:
- 3.2.1 the Consideration is assumed to be funded by internal resources of HK\$150,000,000 and debt financing of HK\$400,000,000;
- 3.2.2 it is assumed that there will be no gain or loss to the Target Group arising from the Restructuring<sup>(1)</sup>;
- 3.2.3 the fair value of the net assets of the Target Group is assumed to be equivalent to the book value as at the Completion Date<sup>(2)</sup>;
- 3.2.4 for the purposes of computing the Net Tangible Assets (**NTA**) per share of the Group after the Proposed Acquisition, it is assumed that Proposed Acquisition had been effected on 31 December 2011; and
- 3.2.5 for the purposes of computing the Earnings Per Share (**EPS**) of the Group after the Proposed Acquisition, it is assumed that the Proposed Acquisition had been effected on 1 January 2011.

Notes:

- (1) The actual financial effects of the Proposed Acquisition could be different from the amount set out herewith based on the actual gain or loss to the Target Group from the Restructuring.
- (2) The fair value of the net assets as at the completion date could be different from the fair value used herewith and will be determined after the purchase price allocation exercise based on the actual book value of the net assets as at the completion date. The financial effects of the Proposed Acquisition exclude the effects of any changes to depreciation and amortisation and any adjustments arising from the fair value adjustments as the book value of the net assets of the Target Group exclude the effect of fair value adjustments to the assets, liabilities and contingent liabilities (if any) arising from the Proposed Acquisition. As the actual goodwill or gain on Bargain Purchase has to be determined at the completion of the Proposed Acquisition, the actual goodwill or gain on Bargain Purchase could be different from the amount derived based on the assumption used.

#### 3.3 NTA

	Before the Proposed Acquisition	After the Proposed Acquisition
NTA <sup>(1)</sup> (RMB)	713,799,000	1,211,792,676
NTA per share (RMB)	0.816	1.386

Notes:

- (1) The value of the net tangible assets is computed based on the total assets (including land use rights) less the total liabilities, goodwill and intangible assets.

### 3.4 EPS

	Before the Proposed Acquisition	After the Proposed Acquisition
Net profit attributable to equity holders of the Company (RMB)	10,826,000	9,957,300
Weighted average number of ordinary shares outstanding for basic/undiluted earnings per share	874,604,000	874,604,000
Basic/Diluted EPS (RMB)	0.012	0.011

### 4. NO APPOINTMENT OF NEW DIRECTOR

No person is proposed to be appointed as a director of the Company in connection with the Proposed Acquisition. Accordingly, no service contract is proposed to be entered into between the Company and any such person.

### 5. SPECIAL GENERAL MEETING

The Company shall seek Shareholders' approval for the Proposed Acquisition. A circular setting out the relevant information, together with a notice of the SGM to be convened, will be despatched to the Shareholders in due course.

### 6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors, and to the best of the Directors' knowledge, none of the controlling Shareholders have an interest, direct or indirect, in the Proposed Acquisition.

### 7. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement and the Independent Valuer's Report is available for inspection at Harry Elias Partnership LLP SGX Centre 2, #17-01 4 Shenton Way Singapore 068807 during normal business hours for three (3) months from the date of this Announcement.

### By Order of the Board

Shan Chang  
Chairman  
16 September 2012