China International Holdings Limited
中翔國際集團有限公司
(Incorporated in Bermuda with limited liability)
(Bermuda Company Registration No. 23356)

PROPOSED DISPOSAL OF INTERESTS IN TIANJIN JIXIAN PROJECT

1. INTRODUCTION

The Board of Directors (the "**Board**") of China International Holdings Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refer to the announcement made by the Company on 20 September 2016 in relation to the potential disposal of a majority or the entire equity interest in a subsidiary within the Group.

The Board wishes to announce that Tianjin Xinzhong City Development Co., a wholly-owned subsidiary of the Company, (the "**Vendor**") has on 29 September 2016, entered into a conditional sale and purchase agreement (the "**Agreement**") with Beijing Hongkunweiye Property Development Co. Ltd (北京鸿坤伟业房地产开发有限公司) (the "**Purchaser**") in relation to the disposal of the entire equity and debt interests in its subsidiary, Tianjin Xinzhong Property Development Co. (天津中翔新中房地产开发有限公司) (the "**Target Company**"), to the Purchaser (the "**Proposed Disposal**"), for an aggregate cash consideration of RMB460 million ("**Consideration**") (equivalent to approximately S$93.31 million). Further details of the principal terms of the Agreement are set out in this announcement.

The Proposed Disposal is considered a major transaction under Rule 1014 of the Listing Manual, which requires approval of the shareholders of the Company ("**Shareholders**"). Please refer to paragraph 7 below for further details on the computation of the relative figures under Rule 1006 of the Listing Manual.

2. DETAILS OF THE PROPOSED DISPOSAL

2.1 Information on the Purchaser

The Purchaser is a limited liability company established in Beijing, the People's Republic of China on 20 August 2002 and is engaged in the business of property management, as well as residential, commercial, industrial, cultural and tourism property development in Tianjin, Beijing, Hebei and Hainan. The directors and shareholders of the Purchaser are parties unrelated to the Company.

2.2 Information on the Target Company

The Target Company is a limited liability company established in Tianjin, the People's Republic of China on 30 August 2010. As at the date of this announcement, the Vendor holds the entire registered capital of RMB30 million in the Target Company (the "**Sale Shares**").

The Target Company holds the rights, powers, interests and benefits which the Group has in relation to the Tianjin Jixian Project, which comprises the land use rights for the land located at the North Shore of Cui Ping Lake Tourist District, east of Ji Xian (Ji County), Tianjin. The Tianjin Jixian Project was acquired on 30 July 2010 for development into residential and commercial areas and has a total site area of 121,778.9 square metres, details of which was announced by the Company on 30 July 2010.

Pursuant to the Agreement, the Purchaser agreed to purchase and the Group agreed to dispose by transferring to the Purchaser (i) the sum of RMB30 million for the Sale Shares, and (ii) the debt owing by the Target Company to the Group in the sum of RMB430 million, comprising an outstanding Vendor's loan of RMB241.23 million and an interest amount of RMB188.77 million.

Based on the latest available valuation dated 22 September 2016 commissioned by the Company, the interim market value of the Tianjin Jixian Project as at 30 June 2016, based on the valuation multiples of comparable companies using the valuation methodology (按照市场法), is RMB350.11 million.

As the Sale Shares represent the entire interest held by the Vendor in the Target Company, the Vendor and the Company will cease to have any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company following the completion of the Proposed Disposal.

3. PRINCIPAL TERMS OF THE AGREEMENT

3.1 Consideration

The Consideration for the Project Disposal shall be an aggregate sum of RMB460 million which was arrived at after arm's length negotiations between the Vendor and the Purchaser, on a willing buyer and willing seller basis, after taking into account the following factors:

(a) the current market valuation of the land use rights;
(b) the potential profits upon completion of the Tianjin Jixian Project;
(c) the cost of funds incurred by the Group and to be incurred by the Purchaser;
(d) the tax structure of the Vendor and Purchaser; and
(e) the adjusted net tangible assets of the Group.

The Consideration shall be satisfied in cash in Renminbi, as follows:

(a) RMB300 million shall be paid upon the results of the due diligence exercise having been conducted and completed by the Purchaser and/or its advisors being satisfactory to the Purchaser; and
(b) RMB160 million to be paid on the completion date ("**Completion Date**").

3.2 Conditions precedent

The obligation of the parties under the Agreement to complete the Proposed Disposal are conditional upon, *inter alia*, the following salient conditions being satisfied, fulfilled or waived, as the case may be, before Completion:

3.2.1 the results of the due diligence exercise having been conducted and completed by the Purchaser and/or its advisors being satisfactory to the Purchaser;

3.2.2 all approvals, waivers and consents as may be necessary from any third party or governmental agency having jurisdiction over the transaction contemplated under this Agreement being granted or obtained, and being in full force and effect and not having been withdrawn, suspended, amended or revoked, and if such consents or approvals are granted or obtained subject to any conditions, such conditions being acceptable to the Company, in particular:-

(a) the approval of Shareholders being obtained at a special general meeting ("**SGM**") to be convened before the Completion Date for the Proposed Disposal; or

(b) a waiver from the requirement for shareholder approval in Rule 1014 of the Listing Manual having been granted by SGX-ST.

3.3 **Representations and warranties**

Pursuant to the terms of the Agreement, the parties have furnished to each other various representations and warranties customary for transactions of a similar nature such as the Proposed Disposal.

4. RATIONALE FOR PROPOSED DISPOSAL

The Target Company has been loss-making since 2010. Based on the unaudited accounts of the Target from 2010 to 2015, the accumulated net losses of the Target amounted to RMB3.66 million since its acquisition to date.

As the Target Company is non-operational, it has not contributed positively to the Group's core business in the last five years from 2010 to 2015 and is not able to generate revenue from sales without further injections of working capital for the development of the Tianjin Jixian Project. As stated in the Company's FY2015 annual report, the Company expects the Chinese economy to remain challenging. The property market in first tier cities and to some extent, second tier cities in the PRC have benefited from the decrease in mortgage rates. However, the lower mortgage rates have yet to benefit third tier cities such as Jixian, which has resulted in the delay in development of the Tianjin Jixian Project.

The Proposed Disposal provides an opportunity for the Company to realise the capital value of the Project, which will reduce the debts and increase the financial strength of the Group.

Accordingly, the Board believes that the Proposed Disposal is in the best interests of the Company and the Shareholders, having regard to the terms of the Proposed Disposal, and the uncertain market in the challenging property industry.

5. USE OF PROCEEDS AND GAIN ON THE PROPOSED DISPOSAL

5.1 The net proceeds from the Proposed Disposal, after deducting all costs and expenses are estimated to be approximately RMB421.51 million.

5.2 Based on the latest announced consolidated unaudited financial statements of the Group for the six months ended 30 June 2016, the book value of the Target Company was RMB26.34 million. For illustrative purposes only, assuming the Proposed Disposal was completed on 30 June 2016, the gain on disposal for the Group would have been approximately RMB115.46 million.

5.3 The Company intends to use the net proceeds to repay the Group's outstanding debts and strengthen the financial position of the Group, and allow it to focus its resources on future business opportunities for the Company to achieve its aim to increase shareholder value.

6. FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

6.1 General

The proforma financial effects of the Proposed Disposal on the net tangible assets ("**NTA**") per share and the earnings per share ("**EPS**") of the Group are set out below. The proforma financial effects have been prepared based on the audited consolidated financial results of the Group for the financial year ended 31 December 2015. The proforma financial effects are purely for illustration purposes only and are therefore not necessarily indicative of the actual financial position of the Group after Completion.

6.2 NTA

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the Group's NTA per share, assuming that the Proposed Disposal had been completed on 31 December 2015, being the end of the most recently completed financial year, are set out below:

	Before Proposed Disposal	**After Proposed Disposal**
NTA (RMB'000)	255,124	378,492(2)
Number of Shares(1)	51,230,187	51,230,187
NTA per Share (RMB)	4.98	7.39

Notes:

(1) Based on the number of issued Shares (excluding treasury shares) as at 30 June 2016.

(2) The NTA has been determined after taking into account the net proceeds to be received, after deducting the estimated transaction expenses.

6.3 EPS

For illustrative purposes only, the proforma financial effects of the Proposed Disposal on the consolidated earnings of the Group, assuming that the Proposed Disposal had been completed on 1 January 2015, being the beginning of the most recently completed financial year, are set out below:

	Before Proposed Disposal	**After Proposed Disposal**
Loss attributable to the owners of the Company (RMB'000)	(384,999)	(261,631)(2)
Number of Shares(1)	51,230,187	51,230,187
EPS (RMB)	(7.52)	(5.11)

Notes:

(1) Based on the number of issued Shares (excluding treasury shares) as at 30 June 2016.

(2) The losses attributable to the owners of the Company has been determined after deducting the estimated transaction expenses.

7. RELATIVE FIGURES COMPUTED ON THE BASES SET OUT IN RULE 1006 OF THE LISTING MANUAL

7.1 The relative figures computed on the bases set out in Rule 1006 of the Listing Manual are as follows:

Rule 1006	Bases	Relative Figures
(a)	Net asset value of the assets to be disposed of, compared with the Group's net asset value(1)	10.11%
(b)	Net profits attributable to the assets to be disposed of, compared with the Group's net profits(2)	Not meaningful
(c)	Aggregate value of the consideration received, compared with the Company's market capitalisation based on the total number of issued shares excluding treasury shares(3)	1,626.17%
(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 to disposal of assets

Notes:

(1) Based on the net asset value of the Target and the net asset value of the Group as at 30 June 2016 being RMB26.34 million and RMB260.64 million respectively.

(2) Based on the net loss of the Target and the net loss of the Group for the 6 month period ended 30 June 2016 being RMB0 and RMB9.54 million respectively.

(3) Based on the consideration of RMB460 million and market capitalisation of the Company of RMB28,287,260, which is determined by multiplying the issued share capital of the Company of 51,230,187 Shares in issue with the weighted average price of S$0.112 transacted on the Mainboard of SGX-ST on 28 September 2016 (being the last market day for which the Shares were traded prior to the day the Agreement was entered into) and based on an exchange rate of S$1 : RMB4.93.

7.2 As the relative figure under Rule 1006(c) of the Listing Manual exceeds 20%, the Proposed Disposal constitutes a "major transaction" as defined in Chapter 10 of the Listing Manual and is subject to the approval of Shareholders at a SGM to be convened.

7.3 The Company is of the view the Proposed Disposal was entered into in the ordinary course of its business and under the Listing Manual does not constitute a transaction that requires the approval of Shareholders. The Company has sought clarification of its position, and in the event SGX-ST is of the view the Proposed Disposal is not in the ordinary course of business, the Company has also sought a waiver of the requirement for the approval of Shareholders for the Proposed Disposal. Further announcements will be made by the Company in due course.

8. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest, direct or indirect (other than through their shareholdings in the Company), in the Proposed Disposal.

9. SERVICE CONTRACTS

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

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Agreement will be available for inspection during normal business hours at HEP Corporate Services Pte. Ltd., SGX Centre 2, #17-01, 4 Shenton Way Singapore 068807 during normal business hours for a period of three (3) months from the date of this announcement.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman
4 October 2016