



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)

JOINT VENTURE WITH AN INTERESTED PERSON

1. INTRODUCTION

On 28 April 2017, China Resources and Transportation Group Limited (“**CRT**”) entered into a conditional sale and purchase agreement (“**CRT SPA**”) with Zhongxiang Zhengxing (Beijing) Technology Development Company Limited (“**Zhengxing**”) to dispose its 45% interests in Beijing Kaiyuan Wanjia Management Consulting Company Limited (the “**Target**”) for a consideration of RMB200 million (“**CRT Disposal**”). On 28 April 2017, approval was issued by Beijing Administration for Industry and Commerce Shijingshan Branch and Zhengxing was registered as a member of the Target with the balance 55% interests held by CIHL (Tianjin) City Development Limited (“**CIHL Tianjin**”), a wholly owned subsidiary of the Company.

Yichang Xinshougang Property Development Company Limited (“**YXSG**”) is wholly-owned by the Target. YXSG holds the land use right to a land parcel located in Meiziya village, Xiaoxita, Yiling District, Yichang City, Hubei Province, the PRC, which has a total site area of 587,726 square metres (the “**Project Land**”). YXSG is currently developing residential units, commercial units, the Yichang Convention Centre and the Yichang Hotel on the Project Land (the “**Yichang Project**”). The 55% interests in YXSG, indirectly held by the Company, was acquired on 16 September 2013. Please refer to the circular despatched by the Company on 24 July 2013 and an announcement released on 16 September 2013 for details on the Yichang Project.

2. INTERESTED PERSON TRANSACTIONS

Zhengxing is a limited liability company incorporated in the People’s Republic of China. As Mr Zhang Rong Xiang, the managing director of the Company, is deemed to be interested in 60% interests in Zhengxing held through various entities, Zhengxing is deemed an associate of Mr Zhang Rong Xiang for the purpose of Chapter 9 of the Listing Manual. Accordingly, the acquisition by Zhengxing of the 45% interests in the Target, resulting in Zhengxing being in a joint venture with CIHL Tianjin (“**Target Joint Venture**”), is an interested person transaction.

Pursuant to Rule 916(2) of the Listing Manual, an investment in a joint venture with an interested person is not required to comply with Rule 906 of the Listing Manual if certain conditions are satisfied as set out in paragraphs 3 to 6 below. As the conditions in Rule 916(2) of the Listing Manual are satisfied, the Target Joint Venture is not subject to Shareholders’ approval required under Rule 906 of the Listing Manual.

3. RATIONALE OF THE JOINT VENTURE

Prior to the CRT Disposal, CRT had approached the Company to acquire its 45% interests as the Company had a pre-emptive right under the articles of association of Target Company.

However as the Company did not have the financial resources to undertake this acquisition, the prescribed period under the pre-emptive right lapsed and under the articles of association, the Company was deemed to have consented to any transfer by CRT to a non-shareholder. CRT then subsequently approached Zhengxing which led to the entry into of the CRT SPA.

On 28 April 2017, Zhengxing entered into a conditional sale and purchase agreement with Beijing Hongkunweiye Property Development Co. Ltd (“**Ultimate Purchaser**”) to dispose its 45% interests in the Target to for a consideration of RMB200 million (“**On-Sale**”), the same price as the consideration in the CRT SPA. Upon approval being issued by the Beijing Administration for Industry and Commerce Shijingshan Branch, Zhengxing would cease to be a member of the Target and consequently, the Target Joint Venture with the Company will cease. None of the interested person has any existing interest in the Target prior to the participation of Zhengxing.

The Board believes that although the period of the Target Joint Venture is envisaged to be fairly short, the purpose of the CRT SPA was to facilitate the On-Sale with Ultimate Purchaser, resulting in the Ultimate Purchaser being in a joint venture with CIHL Tianjin. No form of financial assistance was given by the Company to Mr Zhang Rong Xiang and his associates including Zhengxing, for facilitating the On-Sale.

Given that the Ultimate Purchaser is an established real estate developer in PRC, the Target will be able to leverage on the resources and network of the Purchaser, and enjoy economies of scale in the planning, construction, and marketing of the remaining phases in the development of the Yichang Project.

4. CURRENT TOTAL VALUE OF THE INTERESTED PERSON TRANSACTIONS

Other than transactions of less than S\$100,000, the current total of all transactions for the financial year ending 31 December 2017 with Mr Zhang Rong Xiang and his associates including Zhengxing for the financial year ending 31 December 2017 is \$0. Accordingly, the current total of all interested person transactions for the same financial year, as at the date of this announcement is S\$0 representing 0% of the Group’s audited tangible assets as at 31 December 2016.

5. STATEMENT OF AUDIT COMMITTEE

For the reasons set out in paragraph 3, the Audit Committee of the Company is of the view that:

- (a) the entry into of the Target Joint Venture is not prejudicial to the interests of the Company and its minority shareholders; and
- (b) the risks and rewards of the Target Joint Venture are in proportion to the equity of each joint venture partner and the terms of the Target Joint Venture are not prejudicial to the interests of the Company and its minority shareholders.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

Save as disclosed in this Announcement, 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 above transactions.

**BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED**

Shan Chang
Chairman
8 May 2017