

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

LOAN AGREEMENT WITH AN ASSOCIATE COMPANY

The Board of Directors of China International Holdings Limited ("**Company**") wishes to announce that its wholly owned subsidiary, Pinnacle China Limited ("**PCL**"), has on 27 May 2011 entered into a Loan Agreement ("**Loan Agreement**") with Future Trillion Holdings Limited ("**FTHL**"), a 25% owned associate company, under which PCL shall provide a loan facility in an amount not exceeding US\$3,000,000 ("**Loan**") to FTHL on the terms and conditions set out in the Loan Agreement.

Key Terms and Conditions of the Loan Agreement

The Loan shall be used by FTHL for the purpose of providing funding and support to MKS Limited ("**MKS**"), a project company 80% owned by FTHL, for the works to be carried out in the oil field in Papua New Guinea ("**PNG**") over which MKS holds a Petroleum Prospecting License No. 294 issued by the Minister for Petroleum and Energy of PNG pursuant to Section 23 of the Oil and Gas Act of PNG in respect of the Fly River Map Sheet S.B. 54 oil field ("**Oil Field**"), and in particular, for the express purpose of funding the ongoing exploration expenses in relation to the Oil Field and in particular to carry out seismic investigation and other ancillary and related expenses.

The Loan shall be in the form of a standby loan facility available for drawdown by FTHL as and when required for the specified purpose stated above.

The Loan shall bear simple interest at the rate of 6% per annum, on a non-compound basis.

The Loan together with accrued interest shall be repaid by FTHL to PCL in a single lump sum bullet repayment or by progressive repayment on or before the expiry of 12 months from the date of first drawdown of the Loan.

As security for the repayment of the Loan and the payment of accrued interest thereon, FTHL shall procure the following documents be executed:

- (a) a corporate guarantee by Mega Sino Investments Limited ("**Mega Sino**"), a 75% shareholder of FTHL, in favour of PCL guaranteeing the repayment of the Loan and payment of accrued interest by FTHL within the time and in the manner provided in the Loan Agreement; and
- (b) a share charge by Mega Sino creating a first fixed charge over 222 ordinary shares in FTHL in favour of PCL to secure the repayment of the Loan and payment of accrued interest by FTHL within the time and in the manner provided in the Loan Agreement.

Source of Funds for the Loan

The cash for the Loan (as may be disbursed by PCL from time to time) is expected to be funded from the internal resources of the Company.

Interest of Directors and Controlling Shareholders

None of the Directors or controlling shareholders has any interest, direct or indirect, in the transaction.

BY ORDER OF THE BOARD

Shan Chang
Chairman

27 May 2011