



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)

RESPONSE TO SGX QUERIES ON ANNUAL REPORT FOR FINANCIAL YEAR ENDED 31 DECEMBER 2014

The Board of Directors of China International Holdings Limited ("**Company**") would like to provide the following additional information in reply to the queries raised by SGX-ST on 29 April 2014:-

SGX Query 1

We note on page 21 of the Annual Report 2014 (the "**Annual Report**") the statement that there are no interested person transactions for the financial year ended 31 December 2014. However, on page 107 of the Annual Report the following significant related party transactions were noted:-

- (a) Cash received on behalf of the Company: RMB 14,398,000
- (b) Architectural service fee paid/payable: RMB 3,718,000
- (c) Borrowings: RMB 75,000,000
- (d) Interest expense paid/payable: RMB 1,967,000

Please provide details of each of the arrangements in (a) to (d) above and explain why these are not reported as interested person transactions on page 21.

Company's response

Items (a) to (d) on page 107 of the Annual Report are not interested person transactions as they do not involve an interested person of the Company (as defined in Chapter 9 of the Listing Manual), including a director or controlling shareholder of the Company, or their associates (as defined in the Listing Manual).

SGX Query 2

We note the Independent Auditor's emphasis of matter that there are conditions that "indicate the existence of a material uncertainty which may cast significant doubt on the Company and the Company's ability to continue as a going concern". For the purpose of determining if Rule 1303(3)(c) should apply, please provide the following information:-

- (a) the Board's opinion if the Company will be able to operate as going concern and basis for the Board's view; and
- (b) the Board's confirmation that all material disclosures have been provided for trading of the Company's shares to continue.

Company's response

- (a) The Board is of the opinion that the Company will be able to operate as a going concern after taking into consideration the following factors:
 - (i) The Company is in net tangible assets position of RMB988.40 million;
 - (ii) There are no other adverse events or condition that has come to the Board's attention that may hinder the ability of the Company to continue as going concern;
 - (iii) One of the subsidiaries of the Company, Yichang Xinshougang Property Development Company Limited, is able to generate positive cashflow from its operations through the launch of Phase 1-2 in the second half of FY2015;
 - (iv) One of the subsidiaries of the Company, CIHL (Tianjin) Water Development Co., Limited, continues to generate positive cashflow for FY2015 to meet its debts and liabilities;
 - (v) Collection of other receivables amounting to RMB173 million from a third party is due in FY2015. As at the date of this announcement, this amount has been received in full by the Company;
 - (vi) Based on the projected cash flow forecast, the Company and the Group is expected to generate sufficient cash inflows to meet its debts and liabilities and increase its cash balance in the next 12 months; and
 - (vii) The Group currently still has an undrawn borrowing facility of RMB120,000,000 expiring in April 2016 and also the directors have evaluated all the relevant facts available to them and are of the opinion that the Group have good track records or relationships with financial institutions which enhance the Group's ability to continue and/or obtain new credit facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future.
- (b) In addition, the Board confirms that, to the best of their knowledge, all material disclosures have been provided for trading of the Company's shares to continue.

SGX Query 3

Rule 1207(6)(b) of the Listing Manual provides that: "Confirmation by the audit committee that it has undertaken a review of all non-audit services provided by the auditors and they would not, in the audit committee's opinion, affect the independence of the auditors."

Please disclose whether the Company has complied with the above.

Company's response

The RMB 254,000 which was disclosed on page 19 of the Annual Report is related to fees paid to the internal auditors of the Company. The Board wishes to clarify the breakdown of this amount of RMB 254,000 which can be found on page 68 of the Annual Report, reproduced below for quick reference:

	FY2014 RMB'000	FY2013 RMB'000
Fees on audit services paid/payable to:		
- auditor of the Company	945	869
- other auditors (internal auditors)	95	51
Fees on non-audit services paid/payable to:		
- auditor of the Company	-	392
- other auditors (internal auditors)	254	203

There were no non-audit fees paid to the external auditors for FY2014. Nonetheless, as disclosed on page 19 of the Annual Report, the Audit Committee has reviewed and is satisfied with the external auditors' independence and objectivity.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman

5 May 2015