

**China International Holdings Limited**  
**("Company")**  
**Response to Shareholders' Queries**

Date of Response: 29 June 2020

<b>S/N</b>	<b>Shareholders' Queries</b>	<b>Company's Responses</b>
1.	<b><i>Board Composition</i></b>	
1.1	For clarification, why is Mr Shan Chang considered a Non-Independent Director for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited?	<p>As stated in Page 5 of the Annual Report, Mr Shan Chang is one of the founders and the Chairman of the Company. He has over 20 years of experience in the construction industry in the PRC and Hong Kong as well as more than 20 years of business and financial management experience. Given his vast experience in the industry, the Management team would consult him for advice in relation to the Group's operations and in business discussions with customers and relevant authorities.</p> <p>Based on the above, the NC deemed that he should not be considered independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.</p>
1.2	Assuming the Chairman remains as a Non-Independent Chairman for the next 2 years, what are the Board's current plans to increase the number of independent directors to form the majority of the Board by 1 Jan 2022 (or earlier) so as to comply with the Code of Corporate Governance 2018?	<p>As stated on page 16 of the Annual Report, members of the Board have experience in accounting or finance, business management, legal or corporate governance, relevant industrial knowledge, strategic planning and customer-based experience or knowledge. Their profiles are set out on pages 05 to 09 of the Annual Report.</p> <p>The size and composition of the Board are reviewed annually by the NC, taking into account the scope and nature of operations of the Company, to ensure that the size of the Board is appropriate to facilitate effective decision-making, and that the Board has an appropriate balance of independent Directors.</p> <p>The NC, together with the Board, will continue to review the size and mix of the Board and Board Committees annually, including the need to appoint additional independent directors.</p>
2.	<b><i>Dividend Policy</i></b>	

2.1	Why no dividends? What is the Company's dividend policy?	The Company has not yet established a dividend policy. The Board has discussed the issue of dividend policy at recent board meetings with a view to formulating one. With the onset of Covid-19 short term cashflow and liquidity have become more important consideration for the Management and the Board. The Board endeavours to formulate a dividend policy in due course.
2.2	I agreed with the Chairman's statement in the Annual Report that our Company has grown stronger financially over the past 3 years. Going forward, I hope our Company establishes a dividend policy by 1 Jan 2022 (or earlier), so as to comply with the Code of Corporate Governance 2018.	The Group has adopted a strategy of cash generation and cautious investment since 2015, and our financial situation has improved. The Group is in the process of formulating a dividend policy.
3.	<b><i>Yichang Property Project</i></b>	
3.1	Can our Company provide some recent photos of the Yichang Project with different phases labeled? Our Company has not provided this pictorial information to shareholders since the Project acquisition in 2013. This would give all shareholders a better understanding of the Project, our most significant investment.	The Group will separately publish graphic information later on the Yichang Project for shareholders' information.
3.2	For the Yichang project, what is the upfront deposit % collected from the buyers for phase 3-1 and 3-2 respectively?	Upon selling units approved for pre-sale or sale, the developer typically receives full payment within one month, with buyers typically able to secure bank finances ranging from 50%-70% of the purchase price.
3.3	Can the Company provide the total Gross Floor Area Planned and Range of Transacted Prices (RMB per SQM) of the	Phase 3-1: total floor area available for sale: 90,233 square meters; range of prices per square meter: RMB8,600 to RMB13,000.

	Phase 3-1 and 3-2 respectively? What is the total Gross Floor Area Planned for Phase 3-3, as previously approved?	<p>Phase 3-2: total floor area available for sale: 75,100 square meters; range of prices per square meter: RMB8,700 to RMB11,000.</p> <p>Phase 3-3: total floor area available for sale: 44,976 square meters; range of prices per square: not yet published.</p>
3.4	As of end-May 2020, what is the total presales value achieved for Phase 3-1 and 3-2 respectively?	<p>Phase 3-1: RMB987,911,592.</p> <p>Phase 3-2: RMB573,463,861.</p>
3.5	Can the Company provide an update on completion of the convention centre, hotel and 2 office buildings since it is material to potentially claim the RMB 105m reward from Yichang Municipal Government?	<p>Expected date for completion for the Convention Centre: 31 Oct 2020.</p> <p>Expected date for completion for the hotel and office: 31 May 2022.</p>
3.6	When all the 3 Residential Phases i.e. 3-1, 3-2 and 3-3 are fully sold, will our Company be able to recover the investment cost of HKD 550m paid for Yichang Project 55% stake? Or how much this cost has our Company recovered from this project so far?	Given that the project still has many uncertain developments in future, such as the outcome of the Convention Centre and the dispute over the promised government awards, etc., the Group is currently not in a position to determine if the Group is able to recover the original investment cost.
3.7	As of now, has the Yichang project resumed construction for Phase 3-1, Phase 3-2, Convention Centre, Hotel and Office Blocks respectively? If resumed, when is the expected delivery date to the house buyers in Phase 3-1 and 3-2 respectively? Also when is the expected completion date for the Convention Centre, Hotel and Office Blocks respectively?	<p>Construction work on the Yichang Project has resumed. It is expected that Phase 3-1 would be completed by 31 August 2020 and Phase 3-2 by 31 March 2021. The Convention Center is expected to be completed by 30 September 2020, and certified by the authorities by 31 Oct 2020.</p> <p>The hotel and office block are expected to complete by 31 May 2022.</p>

4.	<p><b><i>Oil and Gold Investments</i></b></p> <p>Refer to “UPDATE ON GOLD MINING &amp; OIL EXPLORATION PROJECTS” on the Annual Report 2019, Pg 3</p>	
4.1	<p>Why did the Board change their opinion of the Liuhe Gold Mine to “do not expect this project to be viable” from “this project has been put under care and maintenance” in the Annual Report 2018? Especially when the gold price has risen at least 25% in the past 1 year.</p>	<p>The Management and the Board reviewed the project towards the end of 2019 and formed a view that the project could not be developed on a commercially viable basis even at the higher prevailing gold prices. This conclusion was based on the technical as well as commercial factors. The Group is second largest shareholder of the project. The largest shareholder who is also the operator of the project has already abandoned support for the project and has left only a care-taker team on site now.</p>
4.2	<p>Why does the Board “intends to support the partners in the project to apply for or renew the exploration rights in 2020” in Papua New Guinea (PNG) when oil price are still highly uncertain and more importantly, the current PNG Government has a nationalistic “Take Back PNG” policy direction in the mineral sector.</p>	<p>The Management and Board believe this project may have a long term value although the short term prospect is not favorable. The previous license for the project area has just expired and an application for a new license covering the same area has been submitted to the PNG Government. There is no certainty that a new license will be granted.</p>
4.3	<p>Who are the existing partners in Future Trillion and MKS Limited respectively? Are there any existing partners with operating experience in the oil and gas industry?</p>	<p>The Group has a partner in Future Trillion from Malaysia, and several other partners in MKS are from Australia and PNG, all of whom have with some experience in PNG.</p>
5.	<p><b><i>Issues discussed in SGX Announcement dated 4 March 2020:</i></b></p> <p><a href="https://links.sgx.com/1.0.0/corporate-announcements/XHX2VVTTMMR5V6M5A/CIH%20-%20Voluntary%20Announcement%204%20Mar%202020-%20Final.pdf">https://links.sgx.com/1.0.0/corporate-announcements/XHX2VVTTMMR5V6M5A/CIH%20-%20Voluntary%20Announcement%204%20Mar%202020-%20Final.pdf</a></p> <p><b>Baoding RMB 30m Deposit</b></p>	

5.1	Can the Board provide an update on the status of Baoding RMB 30m Deposit? We seem to be experiencing difficulty recovering the Baoding RMB 30million Deposit.	The Board considered the Management's assessment on the recoverability of this deposit, which remains unpaid to date. The Board is aware that the project company has commenced property development activities. The Company is in active discussions with the project company for the return of the deposit and expects to reach a resolution in the near future. The Company will make prompt announcement when there is a change of status regarding this deposit.
6.	<b>Amounts Due to KYWJ from Hongkun and CIH</b>	
6.1	What are the internal controls by KYWJ when Hongkun requests for an advance? Is CIH involved?	<p>Under the arrangement between Hongkun and CIH, Hongkun must seek consent from the CIH representative when requesting cash advances from KYWJ. The same applies to any request from CIH.</p> <p>The CIH representative will take into account factors such as amount and duration, and rate of interest to be charged, and also CIH's own liquidity requirements.</p>
6.2	What are the credit controls by KYWJ to assess Hongkun's credit risks when Hongkun requests advances from KYWJ?	<p>KYWJ's credit considerations would include:</p> <ol style="list-style-type: none"> <li>1. total advances are within the expected range of final cash flows due to Hongkun;</li> <li>2. Hongkun must provide a corporate guarantee for any advances received.</li> </ol>
6.3	Are the advances charged at market arm's length interest rates?	The average interest rate charged is 10% p.a. which the Group believes is in line with the market.
6.4	Why is there a disproportionate amount of KYWJ cash being advanced to Hong Kun, as compared to our Company (RMB 534.23m vs RMB 49.35m)? We are allowing our 50-50 JV (KYWJ) to give Cash advances of RMB534m to HongKun, at 11 times the advances that is being given to CIH. What is the rationale here? Aren't we assuming a lot of unnecessary risks in the event that HongKun unable pay back? IF KYWJ had excess CASHs, which it seem to have, should it NOT	The cash advances from KYWJ to its shareholders, ie Hongkun and CIH, is a form of short term utilization of spare cash, and is not a distribution of KYWJ to its shareholders. Moreover the short term cash advances carries market rate of interest. If there is any long term cash surplus, KYWJ will distribute to its shareholders. Although CIH has equal rights to cash advances from KYWJ as Hongkun does, the Group will not request for cash advances unless necessary as such advances carry interest costs. The Group however will monitor closely the cash positions of KYWJ and propose cash distributions when opportunities arise.

	ONLY be given out in EQUAL amounts to both CIH and HongKun?	
7.	<b>Employee Share Options Scheme (ESOS)</b>	
7.1	<p>Although I support the idea of alignment of interests of the board/management with the shareholders, how is it in the best interests of shareholders when the ESOS exercise price and performance share awards can potentially be issued below market prices when the market prices (ranges from S\$0.19 to S\$0.32) are already way below the NTA per share (S\$0.87)?</p>	<p>The CIHL ESOS is aimed at enticing employees who have the requisite knowledge, technical skills and experience to join the Group, while the CIHL PSP is aimed at motivating existing employees and officers of the Group to work towards achieving the performance conditions, which will in turn contribute to the success and development of the Company. Please refer to paragraph 3.1 and 4.1 of the Circular for more details on the rationale of the proposed adoption of the CIHL ESOS and the CIHL PSP.</p> <p>With regard to the Options, the Company would like to take this opportunity to clarify that the Company currently does not intend to grant any Options at a discount. Should the Company decide to grant any Options at a discount in future, it will seek separate shareholders' approval to do so in accordance with Rule 845(5) of the Listing Manual.</p> <p>In the case of Awards, the Committee will review the report of the Chairman and/or Chief Executive Officer on the job performance of the participant concerned in respect of the Performance Condition specified in that Award and determine whether it has been satisfied and, if so, the extent to which it has been satisfied. The Award will only be granted if the Performance Condition specified in that Award has been satisfied. If the Committee determines in its sole discretion that the Performance Condition has not been satisfied or if the participant has not continued to be an employee from the date of grant up to the end of the relevant performance period, that Award shall lapse and be of no value and shall be of no effect.</p>
8.	<b>Corporate Strategy</b>	
8.1	<p>I observed that our Company has a history of making big bets by diversifying into unfamiliar sectors. Going forward, I hope our Company would prudently manage the windfall from the Yichang Project.</p>	<p>The Group is committed to prudently manage cash flows from existing investments including the Yichang Project. The Group has no plans to invest outside of the core businesses of water treatment and property development.</p>

9.	<b>Staff and office location issues</b>	
9.1	<p>How many management and staff are there in the Hong Kong office? What are the total related costs of having an office in Hong Kong?</p> <p>How many management and staff are there in the Beijing office? What are the total related costs of having an office in Beijing?</p> <p>How many management and staff are there in the Tianjin office?</p> <p>What are the objectives of having a Beijing office and a Hong Kong office when our main operating business is in Tianjin?</p>	<p>Besides the main office in Beijing, The Company believes it is in the Group's best interests to maintain an office outside of mainland PRC, in Hong Kong, where our executives can undertake business activities and make business decisions.</p> <p>The Group does not publish details of office staff or their expenses, except as disclosed in the financial statements.</p> <p>The Tianjin office is used solely for the water treatment business undertaken by CIHL Tianjing Water.</p>
10.	<b>Share price issue</b>	
10.1	<p>If NAV so high, why share price so low? What actions can be carried out to increase share price to reflect NAV?</p>	<p>The Group is aware of low liquidity of CIH shares. The Management and the Board have considered this issue for quite some time, and will explore for opportunities of shareholder promotions, as well as other measures.</p>
11.	<b>Directors' fee issue</b>	
11.1	<p>What have Directors done / achieve in order to be rewarded the director fees especially as shareholders have lost so much from IPO price?</p>	<p>The Directors' fees are in line with the market and are subject to approval by shareholders.</p>

<b>12.</b>	<b>Face to face meeting</b>	
12.1	Can the Board of Directors agree to a dialogue / face to face meeting once government allows it?	The Board of Directors is willing to meet shareholders when face to face meetings are permitted by government authorities and also under relevant rules of SGX-ST.