



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)

FURTHER RESPONSE TO SGX QUERIES ON THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2021

The Board of Directors of China International Holdings Limited (the “Company”), and together with its subsidiaries (the “Group”), refers to the Company’s FY2021 Annual Report released to Singapore Exchange Securities Trading Limited (“SGX-ST”) on 8 April 2022 (the “Annual Report”) and the Company’s announcement released on 23 April 2022 and 29 April 2022 (the “Response Announcements”) in response to several queries raised by SGX-ST on 20 April 2022 and 27 April 2022. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 4 May 2022.

SGX Query a)

In response to SGX Query #2 to the Company on 27 April 2022 on the suitability of each of the auditors of each of the significant foreign-incorporated subsidiary and associated company, the Company responded on 29 April 2022 that all significant foreign-incorporated subsidiaries and associated companies were audited directly by Shanghai Nexia TS Certified Public Accountants (“Shanghai Nexia”), a subsidiary of Nexia TS Public Accounting Corporation (“Nexia Singapore”) for group consolidation purposes.

We note that Pages 89 to 92 of the Company's 2021 AR cited that several principal subsidiaries had been audited/reviewed by Shanghai Nexia for group consolidation purposes and were also audited by different local statutory auditors, other than Shanghai Nexia.

a) Please explain the differences in the scope of the work for the roles of these various local statutory auditors and the role of Shanghai Nexia as the auditor for group consolidation purposes.

Company’s Response

The local statutory auditors were appointed to meet relevant local statutory or regulatory requirements where applicable. Shanghai Nexia TS Certified Public Accountants (“Shanghai Nexia”) was engaged for audit work related to group consolidation, with the scope of work determined by the Group Auditors, Nexia TS Public Accounting Corporation (“Nexia Singapore”).

Shanghai Nexia has undertaken audit work on the Group’s subsidiaries and associated companies, including those which are dormant or have very limited operations. However it does not issue separate opinions on the financial statements of these subsidiaries and associated companies as these are not required by local laws.

The work performed by Shanghai Nexia has been reviewed and cleared by the Group Auditors, Nexia Singapore, as part of their audit of the Group in accordance with ISA 600 Special Consideration -

Audit of Group Financial Statements (including the work of component auditors). Nexia Singapore has issued an unmodified report to the Group's consolidated financial statements for FY2021.

SGX Queries b-e)

b) Please also explain how the group has ensured that the component or local statutory auditors retained for auditing the various principal subsidiaries met the requirements of LR 715(2).

c) Please disclose the component auditor for each of the Group's significant subsidiary and the specific reason why the Group did not engage the affiliated firms of the Group auditors to audit the significant subsidiary instead;

d) Please explain why the Group engaged numerous different firms of auditors for each of its significant subsidiary.

e) For each of the statutory auditor of significant subsidiaries which is not part of the Nexia Group, please provide details on (i) the size of the firm, (ii) the number of professionals in the firm, (iii) whether the firm is accredited or approved by any professional bodies or regulators, (iv) whether they are members of any accreditation professional body, (v) whether each local statutory auditor has audited listed issuers in the jurisdictions in which they are incorporated. (vi) Please describe the track record and experience of the audit firms and audit partners providing the audit opinion and involved in the audit, (vii) whether the partners or the audit firm involved in the audit have been subjected to penalties or enforcement actions and (viii) kindly provide details of such enforcement, if any.

Company's Response

In relation to Queries b) – d): the Group's 60% owned subsidiary, CIHL (Tianjin) Water Development Co., Ltd, is identified as the only significant operating subsidiary of the Group. CIHL (Tianjin) Water Development Co., Ltd was audited directly by Shanghai Nexia based on the scope of work determined by the Group Auditors. The financial statements of CIHL (Tianjin) City Development Limited, a 100% owned subsidiary, were also reviewed by Shanghai Nexia with the work carried out in accordance with applicable local laws. The remaining subsidiaries listed on pages 89 to 92 of the Company's 2021 AR are not significant subsidiaries of the Group and are either dormant or have very limited business operations.

The Board would like to highlight that the Group did not engage non-affiliated firms of the Group Auditors to audit the significant subsidiary.

As Shanghai Nexia is part of Nexia International, the Board is of the view that Shanghai Nexia is a suitable audit firm, having regard to its profile, size, experience and past track record and that it is a member of Nexia International. Moreover, the audit work performed by Shanghai Nexia was reviewed and cleared by our Group Auditors as part of the latter's audit of the Group. The Board therefore confirms that the Group has met the requirements of Listing Rule 715 (2).

Note: A subsidiary or associated company is considered significant if its net tangible assets represent 20% or more of the issuer's consolidated net tangible assets, or its pre-tax profits account for 20% or more of the issuer's consolidated pre-tax profits.

In relation to e), apart from CIHL (Tianjin) Water Development Co., Ltd, which is the only significant operating subsidiary, the other subsidiaries are either dormant or have very limited business operations. For such entities as indicated above, Shanghai Nexia conducts a limited audit review but do not issue separate audit opinions on their financial statements as these are not required under local laws.

By Order Of The Board
China International Holdings Limited

Shan Chang
Chairman
9 May 2022