



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 THE ANNUAL REPORT FOR YEAR ENDED 31 DECEMBER 2022

The Board of Directors of China International Holdings Limited (the “Company”), and together with its subsidiaries (the “Group”), refers to the Company’s FY2022 Annual Report ended 31 December 2022 released to Singapore Exchange Securities Trading Limited (“SGX-ST”) on 6 April 2023 (the “Annual Report”), in response to several queries raised by SGX-ST on 20 April 2023. The Company would like to provide the following information in reply to the queries raised by SGX-ST.

SGX Query 1

Rule 710A(2) of the Listing Manual states that an issuer must describe in its annual report its board diversity policy, including the following: (a) the issuer’s targets to achieve diversity on the board; (b) the issuer’s accompanying plans and timelines for achieving the targets; (c) the issuer’s progress towards achieving the targets within the timelines; and (d) a description of how the combination of skills, talents, experience and diversity of its directors serve the needs and plans of the issuer. Please elaborate on the Company’s specific targets for its board diversity policy, accompanying plans and timelines, and its progress towards achieving targets within the timelines, as required under Rule 710A(2).

Company’s Response

The Company recognises that an effective board requires Directors to possess not only integrity, commitment, relevant experience, qualifications and skills in carrying out their duties effectively but also include diverse background towards promoting good corporate governance. We believe the Board is comprised of Directors who possess the core competencies, experience and knowledge in business, finance and management skills critical to the Group’s businesses.

In the process of searching for qualified persons to serve on the Board, the NC strives for the inclusion of diverse groups. The final decision on selection of directors should be based on merit against the objective criteria set, after giving due regard for the benefits of diversity on the Board.

As noted in the Annual Report FY2022, the Board will be searching for candidates in the current year in view of the changes to requirements of SGX. This process has begun and is expected to be completed within the next 6 to 9 months. The Company will update shareholders via announcements when it is ready.

SGX Query 2

We refer to Note 30(a) on page 136 of the annual report relating to sales of good and services under Related Party Transactions (“RPTs”) described as “Receipt of payment of dividends” amounting to RMB11 million. In addition, the Company also noted “other related parties comprise mainly companies which are controlled or significantly influenced by Key Management Personnel (“KMP”) and their close family members”. The RPTs were not further described in the Annual Report.

Please provide details, disclosing who these “other related parties” are which are controlled or significantly influenced by the Group's KMP, the identities and designations of these KMP and their close family members, the nature and value of the commercial transactions with the related parties, and how the Board has assessed that the transactions do not fall within interested persons transactions pursuant to Chapter 9 Rules of the Listing Manual.

Company's Response

“Other related parties” refer to the parties outside of the Group in which a director of the Company is also a director on the board of these “other related parties”, as noted under the item “Board of Directors” on pages 4 to 8 of the FY2022 Annual Report. None of these “other related parties” had any transactions with the Group during the financial year ended 31 December 2022.

SGX Query 3

If there are material discrepancies between an issuer's preliminary full year results and its audited full year results, the issuer is required to disclose and explain the material discrepancies via an SGXNET announcement pursuant to Listing Rule 704(6). Please disclose details of and explain and the material discrepancies in net cash used in investing activities on page 44 of the Annual Report, when compared to the Company's unaudited Financial Statements For The Year Ended 31 December 2022 announced on 1 March 2023.

Company's Response

The variance amount of RMB1.903 million between the total amount of net cash used in investing activities of RMB12.651 million as stated in the Company's unaudited financial statements for the year ended 31 December 2022 announced on 1 March 2023 and the amount of RMB10.748 million stated on page 44 of the 2022 Annual Report arose from a re-classification of other payables of RMB1.903 million in respect of property, plant and equipment from investing activities to operating activities.

SGX Query 4

On page 25 of the Annual Report, it was disclosed that “the Board, with the concurrence of the AC, is of the opinion that the Group's internal controls and risk management systems were adequate and effective as at 31 December 2022 to address and mitigate any financial, operational, compliance risks and information technology risks, including sanctions-related risks which the Group considers relevant and material to its operations”. However, CLA Global TS has issued a Disclaimer of Opinion to the Group's consolidated financial statements for FY2022 “because of the significance of the matters described in the Bases for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements”.

Please reconcile the basis for the AC and Board's confirmation that its internal controls and risk management systems were adequate and effective when the Company did not have necessary documents and audit evidence to support their transactions to enable their external auditors to form an opinion of the audit matters taking into account the Company's announcement on 2 April 2023 that the Yiling District Public Security Bureau of Yichang City, Hubei Province ("湖北省宜昌市公安局夷陵分局") ("Yiling Public Security Bureau") has frozen the bank account of the Group's wholly-owned subsidiary, CIHL (Tianjin) City Development Limited, and that the Board is unaware the reason for their actions and unable to determine the financial impact on the Company and/or the Group relating to the freezing of the bank account.

Company's Response

The Company has appointed an independent external firm of professionals, Crowe Horwath First Trust Risk Advisory Pte Ltd ("Crowe Horwath") to conduct internal audit on the Group. Crowe Horwath carries out their internal audit functions based on a work plan agreed by the AC and has a primary reporting line to the AC.

For FY2022, Crowe Horwath has submitted a report to the Meeting of the Board on 20 February 2023 that they have performed a review of the internal controls of the Group, covering the sustainability reporting process, and internal controls of the Company's subsidiary, CIHL (Tianjin) Water Development Co., Ltd, covering human resource management and payroll processing for a selected review period in FY 2022. Crowe Horwath also followed-up on prior year findings for CIHL (Tianjin) Water Development Co., Ltd, covering areas such as accounts receivable and receipts, and the business continuity management process for the review period from their respective dates of implementation to 31 October 2022. Crowe Horwath did not perform internal audit on KYWJ Group and CIHL (Tianjin) City Development Co., Ltd in FY2022. Save for a few comments which they have highlighted to the Company and which have been duly noted by the management, Crowe Horwath did not identify any significant deficiencies or non-compliance of controls in the processes above.

Management understands that the external auditor has issued a disclaimer of opinion on the financial statements as at 6 April 2023, that they were unable to quantify the possible adjustments, if any, and related information that may be required to be disclosed, which could have significant impact on the consolidated financial statements of the Group.

The freezing of the Group's account with the China Bohai Bank occurred only a few days before the Group's FY2022 audited financial statements were finalised. From information received by management subsequently from the Yiling Public Security Bureau, the said investigations concern a taxation matter involving the Group's former associate, Yichang Xinshougang Real Estate Development Co. Ltd, and that no notice has been issued to CIHL (Tianjin) City Development Co., Ltd, the Company or any of its employees. Although management has taken all necessary steps to attempt to contact and follow up with the relevant authorities on the matter, there was insufficient information available by 6 April 2023 for the external auditor to assess the financial impact and related disclosure, if any, to the Group's FY2022 audited financial statements.

By Order Of The Board
China International Holdings Limited

Shan Chang
Chairman
23 April 2023