



RESPONSE TO SGX QUERIES ON THE ANNOUNCEMENT OF LITIGATION

The Board of Directors of China International Holdings Limited (the “Company”, and together with its subsidiaries, the “Group”), refers to the Company’s announcement in relation to the announcement of litigation released to the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 17 May 2023 (“17 May Announcement”). The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 18 May 2023.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning ascribed to them in the 17 May Announcement.

SGX Query 1

Please explain why the Plaintiff has alleged that Yichang Zeyou is in violation of tax regulations, including the relevant tax regulation or law referenced in the notice of legal proceedings.

Company’s Response

The Plaintiff alleged that Yichang Zeyou had made a significant distribution to the shareholders after a notice of outstanding tax bill was issued on 26 October 2022 (Notice of Land Value-added Tax Calculation and Auditing on Property Development, file no. YIYISHUITONG 2022-10001 房地产开发项目土地增值税清算审核通知, 编号宜夷税通 2022-10001 号) from Yichang Yiling Tax Bureau to the Yichang Zeyou (“26 October Notice”).

The Law of the People’s Republic of China (“PRC”) on the Administration of Tax Collection prohibits companies from making significant distributions to shareholders after receiving a notice of tax arrears without consultation with the tax authority. The Plaintiff alleged that the distribution by Yichang Zeyou after receipt of the 26 October Notice was a significant distribution in violation of the said regulation, causing Yichang Zeyou to lack sufficient funds to pay the taxes under the 26 October Notice. The Plaintiff is therefore requesting that the court declare the shareholders’ resolution of Yichang Zeyou passed on 1 September 2022 (“1 September Resolutions”) to approve such dividend payment invalid. For reference, the 1 September Resolutions authorized dividend payments of RMB 119.08 million to KYWJ.

SGX Query 2

To also provide an explanation on how the alleged tax regulation violation is relating to “the shareholders’ resolution passed on 1 September 2022 to approve dividend payment”.

Company’s Response

Please refer to the Company’s response to Query 1 above. The several distributions to the shareholders of Yichang Zeyou on 26 October 2022, 11 November 2022 and 15 November 2022 were made pursuant to the 1 September Resolutions.

SGX Query 3

To explain whose shareholders' resolution is the Plaintiff seeking to invalidate and elaborate on the nexus of this to Yichang Zeyou and to the Company.

Company's Response

The Plaintiff, in his/(her) capacity as the Supervisor of Yichang Zeyou, is seeking to invalidate the 1 September Resolutions authorizing the distribution of dividends to the then shareholder, KYWJ. The Company had been an indirect shareholder of KYWJ through its wholly-owned subsidiary, CIHL Tianjin. CIHL Tianjin had a 50% equity interest in KYWJ until CIHL Tianjin disposed of its stake to Beijing Hongkunweiye Property Development Co. Ltd (“北京鸿坤伟业房地产开发有限公司” or “Hongkun”) on 18 December 2022.

SGX Query 4

Please explain the basis why the Plaintiff has alleged that Yichang Zeyou is in violation of tax regulations, including the relevant tax regulation or law referenced in the notice of legal proceedings.

Company's Response

Please refer to the Company's response to Query 1 above.

SGX Query 5

To also provide an explanation on how the alleged tax regulation violation is relating to the shareholders' resolution passed on 1 September 2022 to approve dividend payment.

Company's Response

Please refer to the Company's response to Query 2 above.

SGX Query 6

To quantify the amount of dividends which is the subject of the allegations, when and how were these payments determined and paid.

Company's Response

The 1 September Resolutions authorized dividend payments of RMB 119.08 million to KYWJ, out of which a dividend payment of RMB 59.5 million to the Group was implemented in several payouts from Yichang Zeyou to the parties nominated by the shareholder KYWJ, including RMB 11 million paid to the Group in cash on 26 October 2022, and seven pieces of completed properties valued at RMB 49,352,573 transferred to the Group on 11 November 2022 and 15 November 2022. The total amount of assets received by the Group was RMB 60.35 million, which represents repayment of dividend receivable of RMB 59.5 million and other receivables of RMB 0.85 million. To clarify, the RMB 0.85 million was authorised by a separate shareholders' resolution.

SGX Query 7

Please provide an assessment of the potential financial impact and detailed explanation on how the legal proceedings are relating the Company.

Company's Response

Before CIHL Tianjin disposed of its 50% stake in KYWJ on 18 December 2022, the Group had received payments of RMB 11 million in cash and RMB 49,352,573 in kind pursuant to the 1 September Resolutions, totaling approximately RMB 60,352,573. Therefore, any decision by the court on the 1 September Resolutions will impact the Group. If the court makes a decision in favour of the Plaintiff, KYWJ is likely to try to claim back all or part of the dividend payments made pursuant to the 1 September Resolutions. It is noteworthy that these distributions were accounted for in the Group's 2022 financial statements.

SGX Query 8

Please also explain why the Company's wholly owned subsidiaries CIHL Tianjin and Yichang Zhongjia Xinye Asset Management Co Ltd are being called to participate in the legal proceedings when the matter involves payments from Yichang Zeyou through KYWJ Group.

Company's Response

KYWJ is the 100% shareholder of Yichang Zeyou and CIHL Tianjin was a shareholder of KYWJ until 18 December 2022. KYWJ had directed some of the dividends to be paid to CIHL Tianjin and Yichang Zhongjia Xinye Asset Management Co Ltd. As such, CIHL Tianjin and Yichang Zhongjia Xinye Asset Management Co Ltd had received cash or completed properties in kind pursuant to the 1 September Resolutions and they are deemed as third parties to the case by the court.

SGX Query 9

To provide details and background of (i) the Plaintiff, (ii) who appointed him; (iii) the date when he was appointed as the supervisor of Yichang Zeyou; (iv) on whose authority he is filing the legal proceedings against the Yichang Zeyou; (v) on whose instruction the legal proceedings are filed and whether the legal proceedings are also filed against the Board of Yichang Zeyou; (vi) to disclose the names of legal representative and the Board member of Yichang Zeyou and for which shareholder are they nominees of; (vii) how the payment for the dividends by Yichang Zeyou was approved; (viii) whether the approval of the supervisor Yichang Zeyou was required and obtained and who signed the approval for the payment for the dividends.

Company's Response

(i) We do not know the personal background of the Plaintiff.

(ii-iii) We understand that the Plaintiff was appointed as the Supervisor of Yichang Zeyou by Hongkun on 16 January 2023.

(iv) The Plaintiff commenced the legal action against Yichang Zeyou in his capacity as Supervisor of Yichang Zeyou on his own behalf.

(v) The Plaintiff commenced the legal action against Yichang Zeyou in his capacity as Supervisor (sole member of the Board of Supervisors) of Yichang Zeyou on his own behalf. Based on the court documents received by the Company, the legal proceedings were not filed against the Board of Yichang Zeyou.

(vi) The Company is not aware of the identity of Yichang Zeyou's legal representative nor for which shareholder Yichang Zeyou's legal representative is a nominee of. Based on public records, the Plaintiff is the sole supervisor and Mr Xiang Jianjun is the sole director of Yichang Zeyou.

(vii) The 1 September Resolutions were passed after careful examination of the financial situation and projections of Yichang Zeyou by the management of Yichang Zeyou and its then ultimate

shareholders, the Company and Hongkun, prior to 1 September 2022. Taxes and third-party liabilities were carefully evaluated.

(viii) The 1 September Resolutions were recommended to the shareholders by the Board of Yichang Zeyou and approved by its sole shareholder, KYWJ, with the consent of KYWJ's shareholders, Hongkun and CIHL Tianjin. PRC Law does not require the dividend distribution to be approved by the Supervisor(s). Following the passing of 1 September Resolutions, Yichang Zeyou, Hongkun and CIHL Tianjin had worked together to implement the resolution in several steps as set out in the Company's response to Query 2 and Query 6. Part of the dividend was set off against the money owed by Hongkun to Yichang Zeyou. The implementation was made in accordance with proper procedures of Yichang Zeyou, with the approval of the then legal representative Mr Ou Lizhi.

**BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED**

Shan Chang
Chairman
22 May 2023