



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 CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

The Board of Directors of China International Holdings Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”), refers to the Company’s condensed interim financial statements for the six months ended 30 June 2023 released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 14 August 2023. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 11 September 2023.

SGX Query 1

Please provide an update on the Group's non-current other receivables amounting to RMB 30 million which the Group had noted is owed from Baoding Zhongshang Real Estate Development Limited (“Baoding Zhongshang”) since 2020 (as disclosed by the Group in its Response to SGX Queries on 8 March 2021, and as reflected on Page 2 of the latest financial statements).

The Group noted that it had reserved the rights to collect from Baoding Zhongshang RMB 30 million worth of development properties which were pending completion. Please provide an update on the Group's efforts to collect the RMB 30 million deposit, clarifications on why the amount remains due but uncollected, and the Board's assessment on the collectability of the amount due.

Company's Response

The Company’s Board and management are closely monitoring the status of the RMB 30 million in outstanding receivables due from Baoding Zhongshang Real Estate Development Limited (“Baoding Zhongshang”), including regular visits by senior management to the project (中尚泊心湾) to review the development and construction progress.

The project has recently been completed and is currently in the process of handing over to the owners. The Company has on 12 September 2023 completed procedures for taking over the first batch of 15 completed units in accordance with the agreement entered into between the Company and Baoding Zhongshang of 14 December 2020. The remaining 2 properties in the second batch will be transferred to Company only if and when the realization of the assets in the first batch is insufficient to cover the RMB 30 million in amount due to the Company.

It is estimated that it will take six to twelve months for the certificates of title to be issued by the local housing authority to the Company. Management will monitor market conditions and seek the appropriate time to dispose of the acquired properties for cash.

SGX Query 2

Please clarify which associated company or companies the share of loss of RMB 556k is associated with as reflected on Page 6 of the financial statements, and if it is referring to the share of loss of a

joint venture (ref. Note 15) i.e., Hubei Huike International Exhibition Service Co., Ltd (“Huike”)?

Please disclose what led to the loss of RMB 1.11 million by this associated company as noted in Page 22 of the Financial Statements when Huike's principal business activity is as a holding company for the Exhibition Assets, which have not been operational.

Company's Response

Huike recorded loss of RMB1.11 million in 1H 2023. This was mainly due to legal and professional fees paid by Huike in 1H 2023 in connection with the legal suit and to obtain the certificate of title of the Exhibition Assets in question.

SGX Query 3

The Group disclosed that contract assets increased from RMB 170.79 million to RMB 190.99 million as at 31 Dec 2022 as these are revenue from wastewater treatment service before 1 January 2020 and these contract assets will be transferred to trade receivables when the customer completes its payment processes.

To disclose why such service rendered can only be billed when the customer completes its payment management processes and why have such processes not been set up yet for more than 3 years. To also disclose what are the contractual rights for the Group to chase for payment of services already rendered if the customer does not complete its payment management processes and what steps have the Board taken to ensure collectability of revenue from all services rendered.

Company's Response

Contract assets refer to the accumulated unpaid services provided to the customer for the period from the temporary wastewater treatment services before 1 January 2020 to the formal operation thereafter. The customer is the local water bureau, a government agency in Tianjin. The customer has delayed the process of executing formal service contracts with its multiple service providers (of which the Group is one) due to certain local government administrative and financial reasons. Pending the execution of the formal service contracts, the services provided have been accounted for in the books as contract assets, and not receivables.

The Group is of the view that the services provided by the Group under the instruction of the customer will be paid in full in the near future as such services provided by the Group is in the nature of public services authorized by the relevant government agency that is in charge of sewage management in the area. Nevertheless, the Group has assessed the expected credit losses of the contract asset in accordance with relevant accounting standards. The relevant amounts will change over time as the services are provided continuously and the customer has paid up small amounts from time to time.

The Board has instructed the management to follow this issue very closely with the customer and in consultation with other fellow service providers, in order to expedite the execution of formal contracts and the settlement of outstanding sums for unpaid services.

SGX Query 4

We note that the Group disclosed that “There are no other related party transactions apart from those disclosed elsewhere in the audited financial statements in the FY2022 Annual Report”. Please confirm that there were no related party transactions in 1H2023. Otherwise, please provide reference to any related party transactions that may be relevant for 1H2023.

Company's Response

The same type of transactions as disclosed in the FY2022 Annual Report also took place during the first 6 months of 2023 between the Group and related parties at terms agreed between the parties:

(a) Sales and purchases of goods and services

	1H 2023 RMB'000
Joint venture - Huike	
- Loan to a joint venture	<u>1,127</u>

The loan was made for the reason mentioned in Answer to Query 3.

(b) Key management compensation

Key management includes directors (executive and non-executive) and the chief financial officer. The compensation paid/payable to key management was as follows:

	1H 2023 RMB'000
Directors' fees	495
Salaries, allowances and bonuses	1,509
Share-based payments	<u>35</u>
	<u>2,039</u>

By Order Of The Board
China International Holdings Limited

Shan Chang
Chairman
13 September 2023