



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)

ADDITIONAL INFORMATION TO THE UNAUDITED FULL YEAR FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

The Board of Directors of China International Holdings Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”), refers to the Company’s full year results released to Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 29 February 2024. The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 15 March 2024:-

SGX Query 1

We note that the Group has declared a material provision of RMB 59.5 million made in respect of a dividend received by the Group in FY2022 from its former subsidiary in view of the judgment by the Yichang Dianjun District Court of the People's Republic of China which ruled on 2 February 2024 that the profit distribution by Yichang Zeyou Real Estate Development Co., Ltd in 2022 was invalid.

(a) Please disclose the total estimated financial impact of the litigation on the Group, and whether there are any other amounts or dividends paid in kind expected to be clawed back to the former subsidiary of the Company;

(b) Please disclose the status of the ownership title transfer of the completed property units repaid to the Group in kind in FY2022 by former associated company KYWJ and whether the disposal of KYWJ by the Group will be void in view of the significant variation in the NAV of KYWJ if the dividends have to be ploughed back as a result of the lawsuit; and

(c) the latest status of the court hearing in respect of the appeal to the judgment.

Company’s Response

(a) The estimated negative financial impact of the litigation on the Group is about RMB59.5 million, representing the full sum of the dividend declared and paid to the Group by KYWJ in September 2022. This dividend was paid partly in cash of RMB11.0 million and partly by way of 7 property units amounting to RMB48.5 million.

(b) Of the above-mentioned 7 property units, the ownership title of only one unit - a Townhouse (“联排别墅”), Room 010102, Building (0101), which located at Hongkun Huayu Phases, Yiling District, Yichang City, was transferred to the Group on 9 January 2023. Save and except for this one, ownership titles of all the other properties are still registered in the name of Yichang Zeyou Real Estate Development Co., Ltd (“Yichang Zeyou”, formerly known as “Yichang Xinshougang Property Development Company Limited”).

As disclosed on page 110 in the Company’s FY2022 Annual Report, the net asset value (“NAV”) 50% of KYWJ’s equity was negative RMB90.78 million on 19 December 2022. If the said dividend of RMB59.5 million had not been declared in FY2022, then 50% of KYWJ’s NAV would have been negative RMB31.28 million on 19 December 2022.

We are unable to assess whether the disposal of KYWJ will be void as a result of the lawsuit. The Court judgement of 2 February 2024 did not explain how the profits already distributed should be reversed.

(c) After the Yichang Dianjun District Court issued its written Judgment on 2 February 2024, the Group has on 7 February 2024 filed an appeal against the judgment. There have been no new developments to date.

SGX Query 2

In view of the significant loss of RMB 68.9 million incurred by the Group for FY2023 and the outcome of the lawsuit as mentioned in Q1, please provide the views of the Company's Directors on whether the Company will be able to operate as a going concern, on the assumption that the dividends from KYWJ may have to be returned and if so, to quantify and substantiate the basis for their views. In addition, based on the outcome of the lawsuit, to disclose what the operating business of the Company would be going forward and whether the Company has a viable business. Please kindly justify and substantiate the Directors' views.

Company's Response

As disclosed in the Response to Query 1, if the dividend paid in September 2022 were to be claimed by Yichang Zeyou and subject to return, the cash component of the claim would only amount to RMB11 million, the rest being related to property units distributed under the dividend payout arrangement. Therefore, even if the claim by Yichang Zeyou were successfully enforced, in management's view, the impact of this claim on Group's cash flow in 2024 and beyond will be limited. However, the Court judgement of 2 February 2024 did not explain how the profits already distributed should be reversed.

The Group's main business is currently centered on the water supply and treatment services undertaken by CIHL Tianjin Water Development Company Limited ("CIHL Tianjin Water"). This is a stable business which is not affected by this claim. The Group will ensure that all necessary financing for CIHL (Tianjin) City Development Limited's ("新中城市") operations will be made available whenever required.

SGX Query 3

Pursuant to the Company's trade and other receivables of RMB 240.6 million, please disclose:

- (a) the breakdown of the Group's trade and other receivables;
- (b) for other receivables, the underlying transactions, the terms of the transactions (including the contract sum), terms of payment, and whether this was incurred in the ordinary course of business;
- (c) the ageing profile of the Group's trade and other receivables and trade receivables in bands of 3 months;
- (d) whether these outstanding amounts are owing to related parties. If yes, to provide details and quantify;
- (e) whether these debtors are related to any directors, key executives, substantial shareholders or their respective associates; and
- (f) the Board's assessment on the recoverability of the Group's trade and other receivables, and the basis for such an assessment.

Company's Response

(a) (b) (c) and (f):

A breakdown of the Group's Trade and Other Receivables as at 31 December 2023 is as follows:

	31.12.2023
	RMB'000
Contract assets ⁽¹⁾	178,905
Trade receivables ⁽²⁾	24,907

Due from a joint venture company - Huike ⁽³⁾	1,427
Refundable payment on joint resource ⁽⁴⁾	4,127
Other receivables	
- Prepayments ⁽⁵⁾	30,856
- Other deposits ⁽⁶⁾	381
Total	240,603

Notes:

(1) Contract assets represent the amounts due from the local water bureau, a government agency in Tianjin, for the wastewater treatment services provided by CIHL (Tianjin) Water. For details please refer to Note 5 (a) of the announcement for the Company's full year results issued on 29 February 2024. Management believes that the net amounts due from this government agency will be collectible based on historical payment behaviour and the credit-worthiness of related government bodies in general.

(2) Trade receivables represent mainly arrears on water bills due from these entities, Tianjin Port Free Trade Zone Huantou City Operation Management Group Co. LTD ("天津港保税区环投城市运营管理集团有限公司"), Tianjin Ambien Water Technology Co. LTD ("天津安必恩水务科技有限公司") and Novadan (Tianjin) Co., LTD ("诺华丹(天津)有限公司"), as well as arrears for pipeline connection works due from Tianjin Binhai New Area Central Business District Municipal Environmental Construction Investment Co. LTD ("天津滨海新区中心商务区市政环境建设投资有限公司"), Tianjin Binhai New Area Xincheng Yuexin Real Estate Development Co. LTD ("天津市滨海新区新城悦鑫房地产开发有限公司"), Tianjin Binhai New Area Central Business District Investment Group Co. LTD ("天津滨海新区中心商务区投资集团有限公司") and Tianjin Binhai New Area Water Bureau ("天津市滨海新区水务局"). The outstanding amounts are aged more than one year. All the above debtors are external third parties who are not related to the Group.

(3) Due from a joint venture company, Hubei Huike International Exhibition Service Co., Ltd ("Huike"), Huike ^(d) & ^(e) recorded the loans for funding Huike to pay for legal and professional fees relating to the legal suit to obtain the title certificate of the Exhibition Assets. The amount due is aged less than one year, and unsecured, interest-free and repayable on demand.

(4) Refundable payments on joint source comprised electricity usage charges from a shared electric transformer attributed to the partner of CIHL (Tianjin) Water, and the refundable cost arising from the construction of a road link from public road to the Group's Xinhe water plant. The Group expects to recover these amounts from the partner of CIHL (Tianjin) Water and a government body sometime in 2024.

(5) The prepayments include, inter alia, prepaid expenses for value-added tax and construction materials in relation to water pipelines.

(6) Other deposits include, inter alia, refundable rental deposits and electricity deposits.

(d) & (e) Except Huike, a joint venture company of the Group, other outstanding amounts are owing to non-related third parties. None of the directors, key executives, substantial shareholders or their respective associates of the Company are related to the parties which are classified under Other debtors.

(f) The Group is of the view that the debtors identified in (1) and (2) are state related entities in Tianjin and are long-term customers of CIHL (Tianjin) Water, and that the amounts due from them will eventually be collectible after undergoing the necessary internal auditing procedures.

SGX Query 4

We note that in FY2022 the Group had recorded RMB30 million in its non-current other receivables which were no longer reflected in its FY2023 results.

Please disclose if the receivables of RMB30 million had been collected by the Company in FY2023 and if the receivables were paid in cash.

Company's Response

Other receivables of RMB30 million were recognized and re-classified as investment properties after completion of handover of the first batch of 15 property units in Baoding to the Group on 12 September 2023.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman
19 March 2024