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## **RESPONSE TO SGX QUERY ON LITIGATION SETTLEMENT**

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The Board of Directors of China International Holdings Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”) refers to the Company’s announcements issued on 18 December 2017 and 26 December 2017 (the “**Announcements**”). Unless otherwise defined herein, all terms and references used herein shall bear the same meaning ascribed to them in the Announcements.

The Company would like to provide the following additional information in response to the queries raised by SGX-ST on 27 December 2017:-

### **SGX Query 1**

Kindly explain the discrepancies in the Company’s previous announcements in 2006 and 2013 where the Company has stated that the Yichang Government had awarded the sum of RMB 105million, whereas YDUIIC had claimed the sum of RMB 105 million was a loan instead of an award.

### **Company’s response**

The Company and XSG have always been consistent in their view that the Award Sum constitutes a sum of RMB 105 million which YDUIIC had advanced to XSG, pursuant to the 2006 Cooperation Agreement. The Company and XSG reiterate that their position remains unchanged regardless of the entry into of the Settlement Agreement. The Company and XSG have received written legal advice to the effect that the allegation by YDUIIC, that the sum of RMB 105 million was a loan evidenced by the “receipt” signed by YDUIIC and XSG at the time of the payment, is baseless and unmerited.

The decision by XSG, supported by the Company, to enter into the Settlement Agreement was arrived at to avoid the risk of a potentially long and protracted dispute with the municipal and district governments in Yichang City, Hubei Province, the People’s Republic of China, but with no admission that the sum of RMB 105 million constitutes a loan. The Company and XSG are of a common view that the dispute should be settled soonest possible, to pave the way for the next stage development of Guobinyihao Project.

### **SGX Query 2**

The Exchange noted that CRTGL had undertaken to be responsible for any claims by the PRC government in relation to the RMB 105million received from YDUIIC in the Sale and Purchase Agreement entered on 15 September 2012, please discuss whether CRTGL was already aware of any potential disagreements or disputes that may result in the claw back of RMB 105million announced on 28 March 2017.

### **Company’s response**

Since the entry into of the Sale and Purchase Agreement on 15 September 2012 and up to 28 April 2017 when CRTGL sold its remaining indirect interests in XSG to an independent third party, CRTGL had been working with the Company and XSG to resolve the dispute between XSG and YDUIIC and the claim by YDUIIC for RMB 105 million. The Company has kept CRTGL in the loop

on the ongoing dispute with YDUIIC. The Company is exploring all options available including making a claim against CRTGL pursuant to the terms of the Sale and Purchase Agreement. The Company understands that XSG may also consider claiming the Award Sum directly from the Yichang Government.

**SGX Query 3**

Please provide a monthly update to the Exchange on the claiming of damages from CRTGL in relation to the Settlement Agreement as the amount of RMB 105million is material to the Company.

**Company's response**

The Company will provide monthly updates to the Exchange in respect of its potential claim for damages against CRTGL, upon receiving appropriate legal advice.

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

**Shan Chang  
Chairman  
29 December 2017**