



RESPONSE TO SGX QUERY ON LITIGATION SETTLEMENT

The Board of Directors of China International Holdings Limited (the "**Company**"), and together with its subsidiaries (the "**Group**") refers to the Company's announcement released to Singapore Exchange Securities Trading Limited ("**SGX-ST**") on 18 December 2017 (the "**Announcement**"). Unless otherwise defined herein, all terms and references used herein shall bear the same meaning ascribed to them in the Announcement.

The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 21 December 2017:-

SGX Query 1

What did Yichang Xinshougang Property Development Company ("**XSG**") do to breach the Cooperation Agreement with Yichang Government which resulted in the claw back of RMB 105 million?

Company's response

The Company is of the view that XSG is not in breach of the Cooperation Agreement. Please refer to the Company's response to SGX Query 3 below for further details on the claims by YDUIIC against XSG and the counter-claims raised by XSG against YDUIIC.

SGX Query 2

Please provide the settlement agreement and the court notice as documents for inspection.

Company's response

The Settlement Agreement and Court Notice are available for inspection during normal business hours at 80 Robinson Road #02-00 Singapore 068898 for a period of three (3) months from the date of this announcement.

SGX Query 3

Company previously disclosed in its SGXNet announcement on 4 April 2017 that the award sum of RMB 105 million is non-refundable. On what basis is YDUIIC claiming it back?

Company's response

YDUIIC had claimed in its statement to the Yichang Intermediate Court that the sum of RMB 105 million (the "**Award Sum**") which YDUIIC had advanced to XSG was allegedly a loan made by YDUIIC to XSG and was evidenced by a "receipt" signed by YDUIIC and XSG at the time of the payment.

XSG counter-claimed against YDUIIC that the payment of the Award Sum by YDUIIC to XSG was not a loan. YDUIIC had made the payment of the Award Sum to XSG on behalf of the Yichang Municipal Government as a reward in accordance with the terms of the Cooperation Agreement. The "receipt" was a record of payment that XSG had received the Award Sum from YDUIIC. However, XSG is aware that the Yichang Government's internal administrative process of making the reward payment may be incomplete (the "**Administrative Process**"). In this regard, XSG had previously worked with YDUIIC to complete the Administrative Process. Prior to the commencement of the legal proceedings by YDUIIC at the Yichang Intermediate Court in March 2017, XSG was under the belief that the issues in relation to the Award Sum and the Administrative Process should be resolved by YDUIIC with the various Chinese government departments and YDUIIC.

SGX Query 4

Company previously disclosed in its SGXNet announcement on 4 April 2017 that China Resources and Transportation Group Limited ("CRTGL") had undertaken to be responsible for any claims by PRC government in relation to the RMB 105million received from YDUIIC, as part of share transfer agreement with the Company on 15 September 2012. Please explain whether there been anything done by the Company to obtain CRTGL to pay for the claims?

Company's response

Pursuant to the Sale and Purchase Agreement entered into by the Company and CRTGL on 15 September 2012, CRTGL would be responsible for any loss incurred by the Company in connection with this matter. Prior to the entry of the Settlement Agreement, the matter has not resulted in any significant impact to the Company and hence, no claims have yet to be made against CRTGL. The Company is currently considering ways to claim damages from CRTGL in relation to the Settlement Agreement.

SGX Query 5

Who are the legal representative, shareholders (including the beneficial shareholder(s)) and directors of CRTGL? Please disclose any relationship between the legal representative, shareholders, key management and directors of CRTGL and the directors, the CEO, the substantial shareholders of the Company and their respective associates.

Company's response

CRTGL is a company incorporated in the Cayman Islands with limited liability and listed on the Hong Kong Exchanges and Clearing Limited. Based on the disclosed information found on the official website of CRTGL, the Chairman of CRTGL is Mr. Cao Zhong, the Executive Directors of CRTGL are Mr. Cao Zhong, Mr. Fung Tsun Pong, Mr. Jiang Tao, Mr. Tsang Kam Ching, David, Mr. Gao Zhiping and Mr. Duan Jingquan respectively.

As at 31 March 2017, the substantial shareholders of CRTGL are:

<u>Name of Shareholder</u>	<u>Total number of Shares and underlying Shares held</u>	<u>Approximate percentage (%) of issued Shares</u>
Champion Rise (Note a)	948,325,000	14.04
Mr. Miao Zhenguo (Note b)	717,500,000	10.62
Bondic International Holdings Limited (Note c)	650,000,000	9.62
Ocean Gain (Note d)	647,755,000	9.59
Turbo View Investment Limited (Note e)	375,000,000	5.55

Notes:

- Champion Rise is wholly owned by Mr. Cao, the Chairman and an executive Director of CRTGL.
- Goldtex Group Limited being wholly owned by Mr. Miao was interested in 24,500,000 Shares, representing 0.36% in the issued share capital of CRTGL.
- Bondic International Holdings Limited is wholly owned by Mr. Cheung Chung Kiu.
- Ocean Gain is wholly owned by Mr. Fung, an executive Director and the Vice Chairman of CRTGL.
- Turbo View Investment Limited is wholly owned by Mr. Gao Xiao Rui.

None of the directors, CEO or substantial shareholders of the Company has any interest, direct or indirect with the legal representative, shareholders, key management and directors of CRTGL.

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

**Shan Chang
Chairman**

26 December 2017