



RESPONSE TO SGX QUERIES ON THE ANNOUNCEMENT OF GRANT OF SHARE OPTIONS AND SHARE AWARDS

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 grant of Share Option and Share Awards released to the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 29 May 2023 (“29 May Announcement”). The Company would like to provide the following additional information in reply to the queries raised by SGX-ST on 6 June 2023.

Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meaning ascribed to them in the 29 May Announcement.

SGX Query

We refer to the Company’s announcement on 29 May 2023 on the Grant of Share Awards Pursuant to CIHL Performance Share Plan (“PSP”).

We note that the Company had announced the following:-

1. frozen bank account in China, dated 2 April 2023;
2. special audit, dated 4 April 2023;
3. disclaimer of opinion, dated 6 April 2023; and
4. litigation in relation to declaration of dividends, dated 17 May 2023

It is disclosed on page 43 of the circular to shareholders in relation to CIHL PSP and CIHL ESOS, dated 9 June 2020, inter alia, “The current Performance Conditions proposed by the Committee are (a) the net profit of the Group attributable to Shareholders; and (b) the pre-determined performance or service condition to be achieved by the individual Participants. Such pre-determined performance or service conditions shall be determined by the Committee in its absolute discretion, including but not limited to: (i) the performance of the Group; (ii) the years of service and individual performance of a Participant; (iii) the contribution of the Participant to the success and development of the Group and/or the Company; and (iv) the prevailing market conditions.”

It is also disclosed on page 2 of the Company’s Annual Report for the financial year ended 31 December 2022 that “For the year under review, the Group recorded a net profit of RMB62.5 million in FY2022 compared to a loss of RMB49.2 million for FY2021. This was mainly due to an increase in the Group’s other income in FY2022 which came from a dividend declared by the KYWJ group” and “On 18 December 2022, the Group entered into a binding agreement to dispose of its remaining equity interest in the KYWJ Group to Hongkun Group at a consideration of RMB2 million.”

With respect to the granting 600,000 ordinary shares and 2,700,000 share options to the Board of Directors of the Company, please explain whether and how have the Performance Conditions stipulated been met. Please also provide the rationale of such grant of awards and options after a potential failure of internal controls.

Company's Response

Following shareholders' approval of the CIHL Performance Share Awards Scheme ("PSP") on 29 June 2020, the Group has made three awards to eligible directors and senior management staff on 3 July 2020, 31 May 2021 and 29 May 2023. For the financial year ended 31 December 2021, the Remuneration Committee ("RC") did not recommend any award be made as the Group recorded a loss for the year ended 31 December 2021. As for the financial year ended 31 December 2022 ("FY 2022"), the net profit attributable to shareholders of RMB 62.497 million was a significant improvement from the deficit of RMB 49.239 million recorded the preceding year.

The Group has performed credibly to ensure operations continue to run smoothly throughout the period of the COVID pandemic when large parts of the People's Republic of China ("PRC") were subject to some form of lockdown. Once the PRC re-opened, management pushed hard to resume all business operations to normal status.

The RC considered the issue of the PSP only after shareholders have approved the Group's FY 2022 audited financial statements on 24 April 2023, and felt that, notwithstanding the matters announced (being the items 1 to 4 listed in the query), considering the Group's performance as outlined above, there was merit in recommending a resumption of the PSP awards release in FY 2023.

Going forward, the Group and the RC will carefully review the financial results of the current year ending 31 December 2023, the outcome and findings of the special audit, litigation, the status of the bank account, as well as the market conditions before deciding on any further release of awards under the PSP.

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

Shan Chang
Chairman
8 June 2023