



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)

UPDATE ON THE ISSUE OF RMB105 MILLION REWARD FROM THE YICHANG MUNICIPAL GOVERNMENT

The Board of Directors of China International Holdings Limited (the “**Company**”), and together with its subsidiaries (the “**Group**”) would like to provide an update in relation to the above matter.

As disclosed by the Group on 24 March 2017, Yiling District Urban Infrastructure Investment Company (“**YDUIC**”) launched a case against Yichang Xinshougang Property Development Company (“**XSG**”) for the repayment of a cash advance it made back in 2006. XSG believed that the cash advance was made by YDUIC to XSG as a reward promised by the Yichang Government under the Cooperation Agreement between the Yichang Municipal Government and Xinshougang Resources Holding Co. LTD, which was then the parent company of XSG.

The two parties entered into mediation at the Yichang Intermediate People's Court and reached a settlement agreement on 14 December 2017. In accordance with the settlement agreement XSG repaid RMB105 million immediately to YDUIC. Since the settlement, XSG has been in contact with various municipal and district government departments in Yichang to secure the promised reward in the Cooperation Agreement. It is our understanding that the Yichang Municipal Government intends to make the said reward upon the completion of certain conditions as stipulated in the Cooperation Agreement by XSG.

XSG has expedited the development of the hotel and exhibition centre, which are the key conditions for the reward under the Cooperation Agreement, while developing the residential part of the Project. The Group believes it will put XSG in a more favorable position to claim the said reward from Yichang Municipal Government. However, the Group is not certain at this stage whether or when the said reward will be given to XSG.

Claim on China Resources and Transportation Group Limited (“**CRTGL**”)

According to Article 9 of the Sales and Purchase Agreement between the Company and CRTGL entered into on 15 September 2012, CRTGL, the seller, is responsible for any loss suffered by the buyer in relation to the above-mentioned reward.

The Group’s view is that, if the reward from Yichang Municipal Government is not realized upon the completion of the hotel and exhibition, the Group will be in a position to seek compensation from CRTGL.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman
12 November 2019