



NOTICE OF COURT FROM YICHANG CITY INTERMEDIATE COURT

The Board of Directors of China International Holdings Limited (the “**Company**”) refers to the announcement issued on 28 March 2017 in relation to the claim by YDUIIC against XSG for the repayment of the sum of RMB 105 million and carried interest of RMB 52 million (the “**Announcement**”).

Unless otherwise defined herein, all terms and references used herein shall bear the same meaning ascribed to them in the Announcement.

Under a Cooperation Agreement entered into between the Yichang Government and XSG on 18 August 2006, the Yichang Government had awarded a sum of approximately RMB 105 million to XSG (“**Award Sum**”) to partially fund the payment for the purchase of the land use rights for the development project in Meiziya. The Award Sum was received by XSG from YDUIIC, instead of Yichang Government on 31 December 2006. YDUIIC is a state-owned entity by the Yichang Government. XSG then utilised the Award Sum for the payment of the land use rights.

On 15 September 2012, the Company entered into a share transfer agreement with China Resources and Transportation Group Limited (“**CRTGL**”) to acquire 55% interests in XSG. As part of the share transfer agreement, CR&TGL had undertaken it shall be responsible for any claims by the PRC government in relation to the Award Sum (“**CRTGL Undertaking**”). The details of the CR&TGL Undertaking were disclosed in the Circular to Shareholders issued on 24 July 2013. The acquisition was approved by the shareholders of the Company on 12 August 2013.

Subsequent to the Announcement, XSG sought legal advice and obtained a preliminary legal opinion from PRC solicitors that the Award Sum was provided by YDUIIC on behalf of the Yichang Government, and as part of the award under the Cooperation Agreement, and is non-refundable.

Based on the preliminary legal opinion from the PRC solicitors, the Company is of the view that XSG has reasonable grounds to defend the claim initiated by YDUIIC and has instructed PRC solicitors to defend the claim accordingly. The Company will provide further updates to the Shareholders when there are material developments on this matter.

The Board of Directors would like to advise shareholders and investors to exercise caution when dealing in the shares of the Company and to refrain from taking any action which may be prejudicial to their interests. In the event of any doubt, shareholders and investors are advised to consult their stockbrokers, bank managers, solicitors, accountants and other professional advisers.

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

Shan Chang
Chairman
4 April 2017