



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)

**EMPHASIS OF MATTER BY INDEPENDENT AUDITORS ON FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2015**

In compliance with Rule 704(5) of the Listing Manual, the Board of Directors of China International Holdings Limited (“**Company**”) would like to announce that the Company’s Auditors, Nexia TS Public Accounting Corporation (the “**Auditors**”), have included an emphasis of matter in their report (the “**Independent Auditors’ Report**”) in respect of the Company’s financial statements for the financial year ended 31 December 2015 (the “**Financial Statements**”).

A copy of the Independent Auditors’ Report together with the extract of the relevant notes to the Financial Statements is annexed to this announcement.

BY ORDER OF THE BOARD
CHINA INTERNATIONAL HOLDINGS LIMITED

Shan Chang
Chairman

1 April 2016

Independent Auditor's Report to the Members of China International Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of China International Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 7 to 100, which comprise the consolidated statement of financial position of the Group and statement of financial position of the Company as at 31 December 2015, and the consolidated statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards ("IFRSs"), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate for the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with International Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015, and of the financial performance, changes in equity and cash flows of the Group for the financial year ended on that date.

**Independent Auditor's Report to the Members of
China International Holdings Limited
(Continued)**

Emphasis of Matter

We draw attention to Note 3 to the financial statements, which states that the Group recorded a gross loss of RMB293,734,000 (2014: RMB14,319,000), net loss of RMB504,298,000 (2014: RMB95,926,000) and net cash outflows from its operating activities of RMB79,759,000 (2014: RMB95,090,000) for the financial year ended 31 December 2015. As at 31 December 2015, the Group has current borrowings of RMB424,891,000 (2014: RMB452,762,000) due within 12 months from the end of the reporting period with cash and cash equivalents of RMB18,861,000 (2014: RMB54,665,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Our opinion is not qualified with respect to this matter.

***Nexia TS Public Accounting Corporation
Public Accountants and Chartered Accountants***

***Director-in-charge: Philip Tan Jing Choon
Appointed since financial year ended 31 December 2012***

Singapore

1 April 2016

3. Going concern

The Group recorded a gross loss of RMB293,734,000 (2014: RMB14,319,000), net loss of RMB504,298,000 (2014: RMB95,926,000) and net cash outflows from its operating activities of RMB79,759,000 (2014: RMB95,090,000) for the financial year ended 31 December 2015. As at 31 December 2015, the Group has current borrowings of RMB424,891,000 (2014: RMB452,762,000) due within 12 months from the end of the reporting period with cash and cash equivalents of RMB18,861,000 (2014: RMB54,665,000). These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

Notwithstanding the above, the financial statements have been prepared on a going concern basis upon considering the following:

- (i) The Group is expecting a repayment of approximately RMB33,080,000 by a local government agency in respect of the residential relocation development projects in Men Tou Gou District, out of which an amount of RMB20,314,000 has been received in January 2016;
- (ii) The Group has available land use rights and properties under development that can be mortgaged for additional borrowings. As at 31 December 2015, the Group has pledged land use rights and properties under development of amount RMB634,301,000 as security for short-term borrowings;
- (iii) The Group currently still has an undrawn borrowing facility of RMB169,800,000. The Group is also in the process of negotiating with certain financial institutions to obtain new borrowing facilities of RMB200,000,000 and to roll over its current borrowing of RMB383,535,000 for another year. The directors have evaluated all the relevant facts available to them and are of the opinion that the Group have good track records or relationships with financial institutions which enhance the Group's ability to continue and/or obtain new credit facilities to enable the Group to meet its financial obligations as and when they fall due for the foreseeable future; and
- (iv) The Group is able to continue in the current operational existence to generate sufficient cash flows to discharge their liabilities in the normal course of business for the next twelve months.

Accordingly, the financial statements have been prepared on a going concern basis.

The validity of the going concern assumption on which these financial statements are prepared depends on the assumptions and measures taken above. If the Group and the Company are unable to continue their operational existences and/or unable to maintain their credit facilities, the Group and the Company may be unable to discharge their liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the statement of financial position. In addition, the Group and the Company may have to reclassify non-current assets and liabilities as current assets and liabilities respectively. The financial statements do not include any adjustment which may arise from this uncertainty.
