
THIS COMPOSITE DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of the Offers, this Composite Document or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in China Assets (Holdings) Limited, you should at once hand this Composite Document and the accompanying Forms of Acceptance to the purchaser(s) or transferee(s) or the licensed securities dealer or registered institution in securities or other agent through whom the sale was effected for transmission to the purchaser(s) or transferee(s).

This Composite Document should be read in conjunction with the accompanying Forms of Acceptance, the contents of which form part of the terms of the Offers contained herein.

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this Composite Document and the accompanying Forms of Acceptance, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Composite Document and the accompanying Forms of Acceptance.

**NEW SYNERGIES INVESTMENTS
COMPANY LIMITED**

(Incorporated in Hong Kong with limited liability)

CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

**COMPOSITE OFFER AND RESPONSE DOCUMENT RELATING TO
MANDATORY CONDITIONAL CASH OFFERS BY
CHINA EVERBRIGHT SECURITIES (HK) LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES
IN THE CAPITAL OF
CHINA ASSETS (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)
AND RELATED OFFER FOR OPTIONS**

**Financial Adviser to
New Synergies Investments Company Limited**



**Independent Financial Adviser to Independent Board Committee of
China Assets (Holdings) Limited**



ConvoY Capital Hong Kong Limited

A letter from China Everbright Securities containing, among other things, details of the terms of the Offers is set out on pages 7 to 15 of this Composite Document. A letter from the Board is set out on pages 16 to 20 of this Composite Document.

A letter from the Independent Board Committee containing its recommendation in respect of the Offers to the Independent Shareholders and the Option holders is set out on pages 21 to 22 of this Composite Document.

A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee is set out on pages 23 to 40 of this Composite Document.

The procedures for acceptance and settlement of the Offers and other related information are set out in Appendix I to this Composite Document and in the accompanying Forms of Acceptance. The **WHITE** Form of Share Offer Acceptance should be received by the Registrar and the **YELLOW** Form of Option Offer Acceptance must be received by the company secretary of the Company by no later than 4:00 p.m. on 9 May 2016 or such later time and/or the date as the Offeror may decide and announce in accordance with the requirements of the Takeovers Code.

Persons receiving copies of this Composite Document, Forms of Acceptance or any related documents including, without limitation, custodians, nominees and trustees, who would, or otherwise intend to, forward them to any jurisdiction outside Hong Kong should read the information in this regard contained in information to this Composite Document before taking any action. It is the responsibility of each Overseas Shareholder and each Overseas Option holder wishing to accept the relevant Offer to satisfy himself, herself or itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including but not limited to obtaining any governmental, exchange control or other consents or any registration or filing which may be required and compliance with other necessary formalities or legal or regulatory requirements. Each Overseas Shareholder and Overseas Option holder is advised to seek professional advice before deciding whether or not to accept the Offers.

The Composite Document will remain on the websites of the Stock Exchange at <http://www.hkexnews.hk> and the Company at www.chinaassets.com as long as the Offers remain open.

Capitalised terms used in this cover page have the meanings ascribed to them in the section headed "Definitions" in this Composite Document.

16 April 2016

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EXPECTED TIMETABLE

The timetable set out below is indicative only and may be subject to changes. Announcements will be made in the event of any changes to the timetable as and when appropriate. All references to times and dates contained in this Composite Document are to Hong Kong time and dates.

Event	Time & Date 2016
Despatch date of this Composite Document and the accompanying Forms of Acceptance (<i>Note 1</i>)	16 April
Offers open for acceptance (<i>Note 1</i>)	16 April
Offer Closing Date (<i>Notes 2 and 8</i>)	9 May
Latest time and date for acceptance of the Offers (<i>Notes 3 and 8</i>).	4:00 p.m. on 9 May
Announcement of the results of the Offers at the Offer Closing Date on the website of the Stock Exchange	7:00 p.m. on 9 May
Latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances received at or before the latest time for acceptance of the Offers on the Offer Closing Date (assuming the Offers become unconditional on the Offer Closing Date) (<i>Notes 4 and 5</i>)	18 May
Latest time and date for the Offers to remain open for acceptance (assuming the Offers become unconditional on the Offer Closing Date) (<i>Notes 3, 8 and 6</i>)	by 4:00 p.m. on 23 May
Announcement of the results of the Offers on the website of the Stock Exchange (assuming the Offers become unconditional on the Offer Closing Date)	by 7:00 p.m. on 23 May
Latest date of posting of remittances for the amounts due under the Offers in respect of valid acceptances received under the Offers on or before 4:00 p.m. 23 May 2016, being the latest date on which the Offers remain open for acceptances assuming the Offers become unconditional on the Offer Closing Date (<i>Notes 4 and 5</i>)	1 June
Latest time and date by which the Offers can become or be declared unconditional (<i>Note 7</i>)	7:00 p.m. on 15 June

EXPECTED TIMETABLE

Note 1: The Offers, which are conditional, are made on the date of posting of this Composite Document, and are capable of acceptance on and from that date until the Offer Closing Date.

Note 2: The latest time for acceptance of the Offers is 4:00 p.m. on 9 May 2016 unless the Offeror revises or extends the Offers in accordance with the Takeovers Code. The Offeror has the right under the Takeovers Code to extend the Offers until such date as it may determine in accordance with the Takeovers Code (or as permitted by the Executive in accordance with the Takeovers Code). The Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next Offer Closing Date or, if the Offers are at that time unconditional, state that the Offers will remain open until further notice. In the latter case, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders and Option holders who have not accepted the Offers.

Note 3: Beneficial owners of Shares who hold their Shares in CCASS directly as an investor participant or indirectly via a broker or custodian participant should note the timing requirements (set out in Appendix I to this Composite Document) for causing instructions to be made to CCASS in accordance with the General Rules of CCASS and CCASS Operational Procedures.

Note 4: Acceptances of the Offers are irrevocable and are not capable of being withdrawn, except in the circumstances as set out in the section headed 6. "Right of Withdrawal" in Appendix I to this Composite Document.

Note 5: Remittances in respect of the cash consideration (after deducting the seller's ad valorem stamp duty in respect of acceptances of the Share Offer) payable for the Offer Shares under the Share Offer will be posted to the accepting Shareholders by ordinary post at their own risk as soon as possible, but in any event within seven (7) Business Days of (i) the date of receipt by the Registrar (in the case of the Share Offer) or the company secretary of the Company (in the case of the Option Offer) of all the relevant documents render the acceptance under the Offers complete and valid, or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later.

Note 6: In any event, in accordance with the Takeovers Code, when the Offers become or are declared unconditional in all respects, at least 14 days' notice in writing must be given before the Offers are closed to those Shareholders and Option holders who have not accepted the Offers. The Offeror has the right, subject to the Takeovers Code, to extend the Offers until such date as it may determine or as permitted by the Executive. The Option Offer is conditional upon Share Offer becoming or being declared unconditional in all respect and will remain open for as long as the Share Offer remains open for acceptance.

Note 7: Under Rule 15.5 of the Takeovers Code, except with the consent of the Executive, an offer (whether revised or not) may not become or be declared unconditional as to acceptance after 7:00 p.m. on the 60th day after the day the initial offer document was posted. Accordingly, unless the Offers have previously become or been declared unconditional as to acceptances, the Offers will lapse at 7:00 p.m. on 15 June 2016 unless the Offers are extended by the Offeror with the consent of the Executive.

Note 8: The latest time and date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances will be varied if there is a tropical cyclone warning signal number 8 or above, or a black rainstorm warning, in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on the latest date for acceptance of the Offers and the latest date for posting of remittances for the amounts due under the Offers in respect of valid acceptances. Instead the latest time for acceptance of the Offers and the posting of remittances will be rescheduled to 4:00 p.m. on the next following Business Day on which neither of those warnings is in force at any time between 9:00 a.m. and 4:00 p.m.

Save as mentioned above, if the latest time for the acceptance of the Offers and the posting of remittances do not take effect on the date and time as stated above, other dates mentioned above may be affected. The Offeror and the Company will notify Shareholders and Option holders by way of announcement of any change to the expected timetable as soon as practicable.

IMPORTANT NOTICE

NOTICE TO HOLDERS OUTSIDE HONG KONG

The making of the Offers to any person with a registered address in jurisdictions outside Hong Kong may be prohibited or affected by the laws of the relevant jurisdictions. Overseas Shareholders and Overseas Option holders who are citizens or residents or nationals of jurisdictions outside Hong Kong should inform themselves about and observe any applicable legal requirements. It is the responsibility of any person who wishes to accept the Offers to satisfy himself/herself/itself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities or legal requirements and the payment of any transfer or other taxes or other required payments due in respect of such jurisdiction. Please see the section headed “Overseas Shareholders and Overseas Option holders” in the “Letter from China Everbright Securities”.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Composite Document contains forward-looking statements, which may be identified by words such as “believe”, “expect”, “anticipate”, “intend”, “plan”, “seek”, “estimate”, “will”, “would” or words of similar meaning, that involve risks and uncertainties, as well as assumptions. All statements other than statements of historical fact are statements that could be deemed forward-looking statements. The Offeror and the Company assume no obligation and do not intend to update these forward-looking statements, except as required pursuant to applicable laws.

DEFINITIONS

In this Composite Document, unless otherwise defined or the context otherwise requires, the following expressions have the following meanings:

“acting in concert”	the meaning ascribed to it in the Takeovers Code;
“associate”	the meaning ascribed to it in the Takeovers Code;
“Board”	the board of directors of the Company;
“Business Day”	a day on which the Stock Exchange is open for the transaction of business;
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC;
“China Everbright Securities”	China Everbright Securities (HK) Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO;
“Company”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 170);
“Completion”	completion of the sale and purchase of the Sale Shares under the SPA, which took place on the Completion Date;
“Completion Date”	8 April 2016, being the date on which Completion took place;
“Composite Document”	this composite offer and response document issued by the Offeror and the Company;
“Condition”	in respect of each Offer, the condition to that Offer, as set out in the section “Condition of the Offers” in the Letter from China Everbright Securities in this Composite Document;

DEFINITIONS

“Convoy” or “Independent Financial Adviser”	Convoy Capital Hong Kong Limited, a corporation licensed to carry out Type 1 (dealing in securities), and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Offers;
“Directors”	the directors of the Company;
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director;
“Facility Letter”	the facility letter issued by China CITIC Bank International Limited on 21 January 2016 to the Offeror in respect of the Loan, as supplemented by a supplemental facility letter dated 3 March 2016;
“Form of Acceptance”	the Form of Share Offer Acceptance and/or the Form of Option Offer Acceptance, as the context may indicate;
“Form of Option Offer Acceptance”	the YELLOW form of acceptance and cancellation of the Options in respect of the Option Offer accompanying this Composite Document;
“Form of Share Offer Acceptance”	the WHITE form of acceptance and transfer of the Offer Shares in respect of the Share Offer accompanying this Composite Document;
“Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO and the financial adviser to the Offeror;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“HKSCC”	the Hong Kong Securities Clearing Company Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;

DEFINITIONS

“Independent Board Committee” or “IBC”	an independent committee of the Board comprising Mr. Zhao Yu Qiao, Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire, established for the purpose of advising and giving a recommendation to the Shareholders and the Option holders, other than the Offeror and parties acting in concert with it, in respect of the Offers and as to acceptance of the Offers;
“Independent Shareholders and Option holders”	Shareholders and Option holders other than the Offeror and parties acting in concert with it;
“Joint Announcement”	the joint announcement issued by the Company and the Offeror on 3 February 2016 in relation to, among other things, the SPA and the Offers;
“Last Trading Day”	22 January 2016, being the last trading day before trading in the Shares was suspended on 25 January 2016 and the announcement of the Company on 29 January 2016;
“Latest Practicable Date”	13 April 2016, being the latest practicable date prior to the printing of this Composite Document for ascertaining certain information contained in this Composite Document;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Loan”	a loan facility granted by China CITIC Bank International Limited as lender to the Offeror as borrower in an amount of HK\$323 million for the financing of the consideration payable under the SPA and the consideration payable under the Offers in accordance with the Facility Letter;
“Mr. Lo”	Mr. Lo Yuen Yat who is the chairman of the Board and an executive Director and a Shareholder who, together with his family members, holds the entire issued share capital of the Offeror;
“Ms. Lao Yuan Yuan”	the daughter of Mr. Lo and a non-executive Director;

DEFINITIONS

“Offer Closing Date”	9 May 2016, being the first Business Day after the date which is 21 calendar days after the posting of this Composite Document and the first closing date of the Offer or if the Offers are extended, any subsequent closing date of the Offers as may be announced by the Offeror and approved by the Executive in accordance with the Takeovers Code;
“Offer Period”	the period commencing on 29 January 2016 up to and including the Offer Closing Date;
“Offer Price”	the offer price of the Shares in the Share Offer, being HK\$4.086 per Share, and the offer price for cancellation of the Options, being HK\$0.01 for each Option, as the context requires;
“Offer Shares”	all the Shares in issue, other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it;
“Offeror”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability and owned by Mr. Lo (as to 40%), his brother Mr. Lao Kaisheng (as to 30%) and his sister Ms. Lao Jiangsheng (as to 30%);
“Offers”	the Share Offer and the Option Offer;
“Options”	options granted by the Company pursuant to the share option scheme of the Company adopted on 19 May 2004, which entitle holders thereof to subscribe for Shares in accordance with the terms and conditions thereof;
“Option holders”	holders of Options;
“Option Offer”	the mandatory conditional cash offer being made on behalf of the Offeror for the cancellation of all outstanding Options held by the Option holders other than the Offeror and parties acting in concert with it, in accordance with the Takeovers Code;

DEFINITIONS

“Option Offer Price”	the price at which the Option Offer is being made, being HK\$0.01 per outstanding Option;
“Overseas Option holders”	Option holders whose addresses, as shown in the records of the Company, are outside of Hong Kong;
“Overseas Shareholders”	Shareholders whose addresses, as shown in the records of the Company, are outside of Hong Kong;
“Registrar”	Computershare Hong Kong Investor Services Limited, the share registrar and transfer office of the Company, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong;
“Relevant Period”	the period from 28 July 2015, being six months prior to 29 January 2016 (the date of commencement of the Offer Period) and ending on and including the Latest Practicable Date;
“Sale Shares”	25,522,866 Shares acquired by the Offeror from the Seller pursuant to the SPA, which represented approximately 33.25% of the entire issued shares in the Company at that date and at the Latest Practicable Date;
“Seller”	First Shanghai Investments Limited, a company incorporated in Hong Kong with limited liability, the shares in which are listed on the Stock Exchange (Stock Code: 227);
“SFC”	the Securities and Futures Commission of Hong Kong;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Share Charge”	the share charge dated 22 January 2016 entered into between the Offeror and China CITIC Bank International Limited in relation, amongst other things, to a charge over the Sale Shares and the Offer Shares to be and/or possibly to be acquired by the Offeror under the Share Offer in favour of China CITIC Bank International Limited as security for the Loan, amongst other things;

DEFINITIONS

“Shareholders”	holders of Shares;
“Share Offer”	the mandatory conditional cash offer now being made on behalf of the Offeror to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it), in accordance with the Takeovers Code;
“Share Offer Price”	the price at which the Share Offer is being made, being HK\$4.086 per Offer Share;
“Shares”	shares in the capital of the Company;
“SPA”	an agreement dated 22 January 2016 between the Seller, the Offeror and Mr. Lo (as guarantor) relating to the sale and purchase of the Sale Shares;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Takeovers Code”	The Hong Kong Code on Takeovers and Mergers;
“Trading Day”	a day when the Stock Exchange is open for trading in Hong Kong.

LETTER FROM CHINA EVERBRIGHT SECURITIES



China Everbright Securities (HK) Limited

36/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

16 April 2016

To the Independent Shareholders and Option holders

Dear Sir/Madam,

**MANDATORY CONDITIONAL CASH OFFERS BY
CHINA EVERBRIGHT SECURITIES (HK) LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES
IN THE CAPITAL OF
CHINA ASSETS (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)
AND RELATED OFFER FOR OPTIONS**

INTRODUCTION

On 29 January 2016, the Company announced that there may be a change of control and that offers for the Shares and the Options might take place and the Joint Announcement was made on 3 February 2016 in relation to, among other things, the SPA and the Offers. The Offeror and the Company jointly announced that China Everbright Securities would, on behalf of the Offeror, make a mandatory conditional cash offer to acquire all of the issued Shares (other than those already owned or to be acquired by the Offeror and parties acting in concert with it) and that the Option Offer would be made to cancel all outstanding Options (other than those already owned by the Offeror and parties acting in concert with it).

Completion took place on the Completion Date. Upon Completion, the Offeror acquired 25,522,866 Shares representing approximately 33.25% of the then existing issued share capital of the Company.

LETTER FROM CHINA EVERBRIGHT SECURITIES

This letter sets out certain background information of the Offeror, the reasons for making the Offers and the intentions of the Offeror in relation to the Company. The terms of the Offers are set out in this letter, Appendix I — “Further terms and procedures for acceptance of the Offers” to this Composite Document and in the relevant accompanying Form of Acceptance.

Independent Shareholders and Option holders are strongly advised to consider carefully the information contained in the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and the appendices in this Composite Document and to consult their professional advisers before reaching a decision as to whether or not to accept the relevant Offer.

THE OFFERS

Principal terms of the Offers

On behalf of the Offeror and in compliance with the Takeovers Code, China Everbright Securities offers to acquire all the issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) and to pay for the cancellation of all outstanding Options (other than those Options owned by the Offeror and parties acting in concert with it) on the following bases:

The Share Offer

For each Offer Share HK\$4.086 in cash

The Option Offer

For cancellation of each Option HK\$0.01 in cash

The Share Offer Price of HK\$4.086 for each Offer Share is the same as the price for each Sale Share paid by the Offeror under the SPA.

Since the exercise price of the outstanding Options exceeds the Share Offer Price, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value.

LETTER FROM CHINA EVERBRIGHT SECURITIES

Condition of the Offers

The Share Offer is conditional only on valid acceptances of the Share Offer being received (and not, where permitted, withdrawn) by 4:00 p.m. on or prior to the Offer Closing Date (or such later time(s) and/or date(s) as the Offeror may decide and the Executive may approve) in respect of such number of Shares which, together with the Shares already owned or agreed to be acquired before or during the Offers, would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer is conditional only on the Share Offer becoming unconditional.

The Offeror will issue an announcement in relation to the revision, extension or lapse of the Offers or the fulfillment of the conditions to the Offers in accordance with the Takeovers Code and the Listing Rules. The latest time on which the Offeror can declare the Offers unconditional is 7:00 p.m. on the 60th day after the posting of this Composite Document (or such later date to which the Executive may consent).

***WARNING:** Shareholders, Option holders and potential investors in the Company should note that each Offer is subject to the satisfaction of the Condition. The Offers may or may not become unconditional. Shareholders, Option holders and potential investors should exercise caution when dealing in the Shares and Options. Persons who are in doubt as to the action they should take should consult their licensed securities dealers or registered institutions in securities, bank managers, solicitors, professional accountants or other professional advisers.*

At the Latest Practicable Date there were 76,758,160 Shares in issue and Options outstanding which entitle the holders thereof to subscribe for up to 3,975,000 Shares all of which are exercisable at the exercise price of HK\$5.74 per Share from 25 April 2007 to 24 April 2017. Save for the Options, the Company has no outstanding securities, options, warrants or derivatives which are convertible into or which confer rights to require the issue of Shares and the Company had no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) at the Latest Practicable Date.

The Shares to be acquired under the Share Offer shall be fully paid and free from all encumbrances and together with all rights attached thereto, including but not limited to all rights to any dividend or other distribution declared, made or paid on or after the date on which the Share Offer is made.

LETTER FROM CHINA EVERBRIGHT SECURITIES

COMPARISONS OF VALUE

The Offer Price of HK\$4.086 per Share represents:

- a premium of approximately 9.54% to the closing price of HK\$3.73 per Share quoted on the Stock Exchange on 22 January 2016, being the Last Trading Day;
- a premium of approximately 10.73% to the average closing price of approximately HK\$3.69 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 9.75% to the average closing price of approximately HK\$3.72 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;
- a premium of approximately 3.47% to the average closing price of approximately HK\$3.95 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day;
- a discount of approximately 2.25% to the closing price of HK\$4.18 per Share as quoted on the Stock Exchange on the Latest Practicable Date; and
- a discount of approximately 82.12% to the audited net assets per Share of approximately HK\$22.85 as at 31 December 2015, the date to which the latest audited consolidated financial results of the Company were made up, and 76,758,160 Shares in issue as at the Latest Practicable Date.

HIGHEST AND LOWEST SHARE PRICES

During the six-month period preceding the date of the Joint Announcement and up to and including the Last Trading Day:

- the highest closing price of the Shares quoted on the Stock Exchange was HK\$4.48 per Share on 20 October 2015; and
- the lowest closing price of the Shares quoted on the Stock Exchange was HK\$3.57 per Share on 18 January 2016.

LETTER FROM CHINA EVERBRIGHT SECURITIES

VALUE OF THE OFFERS

Financial resources available to the Offeror

The Offeror financed the consideration under the SPA by the Loan pursuant to the Facility Letter. It intends to finance the consideration payable under the Offers by the Loan pursuant to the Facility Letter.

At the Latest Practicable Date, there were 76,758,160 Shares in issue. On the basis of the Offer Price of HK\$4.086 per Share, the entire issued share capital of the Company is valued at HK\$313,633,842. There are 51,010,294 Shares subject to the Share Offer and assuming that there is no change in the issued Shares, the value of the Share Offer is HK\$208,428,061. At the Latest Practicable Date, there were outstanding Options in respect of a total of 1,725,000 Shares, held by Option holders other than the Offeror and parties acting in concert with it. Assuming that no such Options are exercised before the Offer Closing Date, the value of the Option Offer is HK\$17,250 and the maximum aggregate amount payable by the Offeror upon full acceptance of the Share Offer and of the Option Offer is HK\$208,445,311.

In the event that all outstanding Options held by Option holders other than the Offeror and parties acting in concert with it are exercised before the Offer Closing Date, the Company will have to issue 1,725,000 new Shares, representing approximately 2.2% of the enlarged issued share capital of the Company. Assuming that the Share Offer is accepted in full (including all Shares issued and allotted as a result of the exercise of Options held by Option holders other than the Offeror and parties acting in concert with it), the maximum value of the Share Offer will be increased to approximately HK\$215.48 million. In that case, no amount will be payable by the Offeror under the Option Offer.

Gram Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror to satisfy the amount of funds required for the full acceptance of the Offers.

On 21 January 2016, China CITIC Bank International Limited issued the Facility Letter to the Offeror. Pursuant to the Facility Letter, China CITIC Bank International Limited agreed to grant to the Offeror a loan of HK\$323 million for financing the consideration payable under the SPA and the consideration payable under the Offers. Pursuant to the provisions of the Facility Letter, among other things, (a) the Offeror will charge the Sale Shares acquired under the SPA and the Offer Shares to be and/or possibly to be acquired under the Share Offer in favour of China CITIC Bank International Limited to secure the repayment obligations of the Offeror, and (b) the Offeror will repay the Loan in full on or before 9 months from the date of first drawdown of the Loan.

The Offeror confirms that payment of interest on, repayment of and security for the Loan will not depend to any significant extent on the business of the Company.

LETTER FROM CHINA EVERBRIGHT SECURITIES

Effect of accepting the Offers

Acceptance of the Share Offer will constitute a warranty to the Offeror by each person accepting it that the Shares acquired under the Share Offer and sold by such persons are free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attaching to them, including the right to receive any dividends and other distributions, if any, declared, made or paid on or after the date of this Composite Document.

Acceptance of the Option Offer by an Option holder will result in the cancellation of those outstanding Options, together with all rights attaching thereto.

Overseas Shareholders and Overseas Option holders

As the Offers to persons not resident in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are resident, Overseas Shareholders or Overseas Option holders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements and, where necessary, seek legal advice. It is the responsibility of Overseas Shareholders or Overseas Option holders who wish to accept the Offers to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offers (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by the accepting Overseas Shareholders or Overseas Option holders in respect of such jurisdictions).

Any acceptance by any Overseas Shareholder or Overseas Option holder will be deemed to constitute a representation and warranty from such Overseas Shareholder or Overseas Option holder to the Offeror that all local laws and requirements in respect of such Overseas Shareholder or Overseas Option holder have been complied with and that the Share Offer and the Option Offer can be accepted by such Overseas Shareholder or Overseas Option holder lawfully under the laws of the relevant jurisdiction. The Overseas Shareholders or Overseas Option holders should consult their professional advisers if in doubt.

Hong Kong stamp duty

Sellers' Hong Kong ad valorem stamp duty on acceptances of the Share Offer at a rate of 0.1% of the consideration payable in respect of the relevant acceptances or, if higher, the market value of the Shares subject to such acceptance, will be deducted from the amounts payable to Shareholders who accept the Share Offer. The Offeror will arrange for payment

LETTER FROM CHINA EVERBRIGHT SECURITIES

of sellers' ad valorem stamp duty on behalf of Shareholders who accept the Share Offer and pay the buyer's Hong Kong ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfers of the relevant Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

The Offeror will bear buyer's ad valorem stamp duty in respect of acceptance of the Share Offer and will be responsible to account to the Stamp Office of Hong Kong for all the stamp duty payable for the sale and purchase of the Offer Shares which are validly tendered for acceptance under the Share Offer.

No stamp duty is payable in connection with the acceptance of the Option Offer.

Acceptance and settlement of the consideration

Subject to the Offers having become unconditional, settlement of the consideration in cash in respect of the acceptances of the Offers will be made as soon as, but in any event within seven (7) Business Days of (i) the date of receipt of a duly completed and valid acceptance in respect of the Offers, or (ii) the date of the Offers becoming unconditional, whichever is the later. Relevant documents evidencing title must be received by or on behalf of the Offeror, to render such acceptance of the Offers complete and valid.

Your attention is drawn to the further details regarding further terms and conditions of the Offers, the procedures for acceptance and settlement and the acceptance period as set out in Appendix I to this Composite Document and the accompanying Forms of Acceptance.

Taxation advice

Shareholders and Option holders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offers. None of the Offeror, parties acting in concert with the Offeror, the Company, China Everbright Securities, Gram Capital, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offers accept responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offers.

INFORMATION ON THE OFFEROR

The Offeror is a company incorporated in Hong Kong and owned as to 40% by Mr. Lo, a director of the Company, as to 30% by his brother Mr. Lao Kaisheng, and as to 30% by his sister Ms. Lao Jiangsheng.

LETTER FROM CHINA EVERBRIGHT SECURITIES

Apart from entering into the SPA, the Facility Letter and the Share Charge, the Offeror has not engaged in any business since its incorporation and does not have any material assets or liabilities other than those under the SPA, the Facility Letter and the Share Charge. The Offeror was incorporated on 30 October 2013 and has not prepared any audited accounts.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Following the close of the Offers, the Offeror intends to continue the existing principal business of the Group. The Offeror intends that the Shares will remain listed on the Stock Exchange immediately after the completion of the Offers and that there will be no change in the management of the Group, the Board or the employees of the Group. The Offeror has no intention to inject any assets or businesses into the Company.

Compulsory Acquisition

The Offeror does not intend to exercise any power of compulsory acquisition of any Offer Shares outstanding and not acquired under the Offers after the close of the Offers.

Public float and maintaining the listing status of the Company

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there are insufficient Shares in public hands to maintain an orderly market;

it will consider exercising its discretion to suspend trading in the Shares.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. In the event that, at the close of the Offers, the public float of the Company falls below 25%, the Directors and the sole director of the Offeror will undertake jointly and severally to the Stock Exchange to take appropriate steps to ensure that sufficient public float exists for the Shares.

GENERAL

This Composite Document has been prepared for the purposes of complying with the laws of Hong Kong, the Takeovers Code and the Listing Rules. The information disclosed in it may not be the same as that which would have been disclosed if this Composite Document had been prepared in accordance with the laws or applicable rules of jurisdictions outside Hong Kong.

LETTER FROM CHINA EVERBRIGHT SECURITIES

To ensure equality of treatment of all Shareholders, those Shareholders and Option holders who hold Shares or Options as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owners separately. It is essential for the beneficial owners of the Shares and Options whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

The attention of Overseas Shareholders and Overseas Option holders is drawn to the paragraph headed “Overseas Shareholders and Overseas Option holders” in Appendix I to this Composite Document.

All documents and remittances to be sent to Shareholders and Option holders will be sent to them by ordinary post at their own risk at their respective addresses as they appear in the register of the members of the Company or the register of Option holders or in the case of joint Shareholders, to such Shareholder or Option holders whose name appears first in the register of members of the Company or register of Option holders. The Offeror and parties acting in concert with it, the Company, Gram Capital, China Everbright Securities, Convoy, the Registrar, their professional advisers and their respective directors or any other parties involved in the Offers will not be responsible for any loss or delay in transmission or any other liabilities that may arise as a result thereof or in connection therewith.

ADDITIONAL INFORMATION

Your attention is drawn to the additional information set out in the appendices to this Composite Document, which form part of this Composite Document. You should carefully read the “Letter from the Board”, the “Letter from the Independent Board Committee”, the “Letter from the Independent Financial Adviser” and other information about the Group, which are set out in this Composite Document before deciding whether or not to accept the Offers.

Yours faithfully,
For and on behalf of
China Everbright Securities (HK) Limited
Jacky Ho
Director

LETTER FROM THE BOARD

CHINA ASSETS (HOLDINGS) LIMITED
中國資本(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

Board of Directors:

Executive Directors:

Lo Yuen Yat (*Chairman*)
Cheng Sai Wai

Registered office:

19th Floor, Wing On House
71 Des Voeux Road Central
Hong Kong

Non-executive Directors:

Yeung Wai Kin
Zhao Yu Qiao
Lao Yuan Yuan

Independent Non-executive Directors:

Fan Jia Yan
Wu Ming Yu
David William Maguire

16 April 2016

To the Independent Shareholders and Option holders,

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFERS BY
CHINA EVERBRIGHT SECURITIES (HK) LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES
IN THE CAPITAL OF
CHINA ASSETS (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)
AND RELATED OFFER FOR OPTIONS**

INTRODUCTION

The Company and the Offeror jointly announced on 3 February 2016 that, among other things, on 22 January 2016, the Seller and the Offeror entered into the SPA pursuant to which the Offeror agreed to acquire and the Seller agreed to sell the Sale Shares, being 25,522,866 Shares representing approximately 33.25% of the then issued share capital of the Company. The consideration for the Sale Shares was HK\$4.086 per Sale Share. Completion of the sale and purchase of the Sale Shares took place on 8 April 2016.

LETTER FROM THE BOARD

Immediately after Completion, the Offeror and parties acting in concert with it were interested in an aggregate of 25,747,866 Shares, representing approximately 33.54 % of the entire issued share capital of the Company at the Latest Practicable Date. Accordingly, the Offeror and parties acting in concert with it are required to make a conditional mandatory cash offer to acquire all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Pursuant to Rule 13.5 of the Takeovers Code, the Option Offer is also being made to cancel all outstanding Options. China Everbright Securities is making the Offers on behalf of the Offeror.

The Independent Board Committee comprising Mr. Zhao Yu Qiao, Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire, who have no direct or indirect interest in the Offers has been established to make a recommendation to the Independent Shareholders and the Option holders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

Since Ms. Lao Yuan Yuan is the daughter of Mr. Lo and Mr. Yeung Wai Kin is an executive director and shareholder of the Seller, Ms. Lao Yuan Yuan and Mr. Yeung Wai Kin are both considered to be interested in the Offers and have not been appointed members of the IBC in accordance with Rule 2.8 of the Takeovers Code.

Convoy has been appointed as the independent financial adviser to advise the Independent Board Committee in respect of the Offers. The full text of the letter from Convoy to the Independent Board Committee is set out in this Composite Document.

Further terms and the procedures for acceptance of the Offers are set out in the “Letter from China Everbright Securities” and Appendix I to this Composite Document. The purpose of this Composite Document is to provide you with, among other things, information relating to the Company and the Offers as well as to set out (i) the “Letter from the Independent Board Committee” containing its recommendation to the Independent Shareholders and the Option holders, and (ii) the “Letter from the Independent Financial Adviser” containing the advice of the Independent Financial Adviser to the Independent Board Committee in relation to the Offers.

THE OFFERS

Principal terms of the Offers

As set out in the “Letter from China Everbright Securities” contained in this Composite Document, China Everbright Securities is making the Offers on behalf of the Offeror in compliance with the Takeovers Code on the following bases:

LETTER FROM THE BOARD

The Share Offer

For each Offer Share HK\$4.086 in cash

The Option Offer

For cancellation of each Option HK\$0.01 in cash

The Share Offer Price of HK\$4.086 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the SPA. The Share Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

Under the Option Offer, since the exercise price of the outstanding Options is above the Share Offer Price, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK\$0.01.

Options which are not tendered under the Option Offer will not be cancelled.

FURTHER INFORMATION ON THE OFFERS

Please also refer to the “Letter from China Everbright Securities” contained in this Composite Document and Appendix I to this Composite Document for further information in relation to the Offers, the making of the Offers to the Overseas Shareholders and the Overseas Option holders, taxation and acceptance and settlement procedures of the Offers.

NO CHAIN PRINCIPLE OFFER

The Company owns or controls 17.52% of the voting shares in the Seller, Mr. Lo owns or controls 11.98% and Ms. Lao Yuan Yuan, the daughter of Mr. Lo, owns or controls 1.54%. Together they control 31.04% of the Seller and have control of the Seller for Takeovers Code purposes. If the Share Offer becomes unconditional the Offeror and persons acting in concert with it will acquire statutory control of the Company. Under the “chain principle” in Note 8 to Rule 26.1 of the Takeovers Code, inter alia, when a person or group of persons acting in concert acquiring statutory control of a company thereby acquire or consolidate control, as defined in the Takeovers Code, of a second company the Executive will not normally require an offer to be made under Rule 26 unless either:-

- (a) the holding in the second company is significant in relation to the first company. In assessing this, the Executive will take into account a number of factors including, as appropriate, the assets and profits of the respective companies. Relative values of 60% or more will normally be regarded as significant; or

LETTER FROM THE BOARD

- (b) one of the main purposes of acquiring control of the first company was to secure control of the second company.

“Statutory control” in this context means the degree of control which a company has over a subsidiary.

The holding of the Company in the Seller is not significant in relation to the Company and the main purpose of the Offeror and Mr. Lo acquiring Takeovers Code control of the Company was not to secure control of the Seller. The Executive has confirmed that no offer to acquire shares in the Seller will be required to be made by the Purchaser or parties acting in concert with it under Note 8 to Rule 26.1 of the Takeovers Code if the Offers become unconditional and the Offeror and parties acting in concert with it acquire statutory control of the Company.

INFORMATION ON THE GROUP

The Company is a company incorporated in Hong Kong with limited liability, and the Shares are listed on the Main Board of the Stock Exchange. The Company is an investment company listed under Chapter 21 of the Listing Rules and its subsidiaries are principally engaged in investment activities.

Your attention is drawn to Appendices II and III to this Composite Document which contain further financial and general information of the Group.

INFORMATION ON THE OFFEROR

Your attention is drawn to the section headed “Information on the Offeror” in the “Letter from China Everbright Securities” contained in this Composite Document.

INTENTION OF THE OFFEROR REGARDING THE GROUP

Please refer to the section headed “Intention of the Offeror regarding the Group” in the “Letter from China Everbright Securities” for detailed information on the Offeror’s intention on the business and management of the Group.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Stock Exchange has stated that if, at the close of the Offers, less than 25% of the Shares are held by the public, or if the Stock Exchange believes that:

- a false market exists or may exist in the trading of the Shares; or
- there is insufficient Shares in public hands to maintain an orderly market,

it will consider exercising its discretion to suspend trading in the Shares.

LETTER FROM THE BOARD

As mentioned in the “Letter from China Everbright Securities”, it is the intention of the Offeror to maintain the listing of Shares on the Stock Exchange after the close of the Offers. In the event that, at the close of the Offers, the public float of the Company falls below 25%, the Directors and the sole director of the Offeror will undertake jointly and severally to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares.

RECOMMENDATION

Independent Shareholders and Option holders are advised to read the recommendation of the Independent Board Committee set out on pages 21 to 22 of this Composite Document and the advice of the Independent Financial Adviser set out on pages 23 to 40 of this Composite Document before deciding on the actions to be taken on the Offers.

ADDITIONAL INFORMATION

Your attention is also drawn to the “Letter from China Everbright Securities” and the additional information contained in the appendices to this Composite Document and the accompanying Forms of Acceptance.

Yours faithfully,
By order of the Board
CHINA ASSETS (HOLDINGS) LIMITED
Cheng Sai Wai
Director

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Set out below is the text of the letter of recommendation from the Independent Board Committee in respect of the Offers which has been prepared for the purpose of inclusion in this Composite Document.

CHINA ASSETS (HOLDINGS) LIMITED

中國資本(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

16 April 2016

To the Independent Shareholders and Option holders

Dear Sir or Madam,

**MANDATORY CONDITIONAL CASH OFFERS BY
CHINA EVERBRIGHT SECURITIES (HK) LIMITED
ON BEHALF OF THE OFFEROR TO ACQUIRE ALL THE ISSUED SHARES
IN THE CAPITAL OF
CHINA ASSETS (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND PARTIES ACTING IN CONCERT WITH IT)
AND RELATED OFFER FOR OPTIONS**

We refer to the Composite Document jointly issued by the Offeror and the Company dated 16 April 2016 of which this letter forms part. Unless the context otherwise requires, terms defined in the Composite Document shall have the same meanings when used in this letter.

We have been appointed by the Board to form the Independent Board Committee to consider and to advise the Independent Shareholders and Option holders as to whether or not the terms of the Offers are fair and reasonable and to make a recommendation as to acceptance of the Offers. Convoy Capital Hong Kong Limited has been appointed as the Independent Financial Adviser to advise us in respect of the above.

We draw your attention to the letter from the Board and the letter from the Independent Financial Adviser as set out in the Composite Document.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having considered the terms of the Offers, taking into account the information contained in the Composite Document and the advice of the Independent Financial Adviser, in particular the factors, reasons and recommendations as set out in its letter in the Composite Document, we are of the opinion that the terms of the Share Offer are fair and reasonable so far as the Independent Shareholders are concerned. However, we are of the opinion that the terms of the Option Offer are not fair and not reasonable so far as the Option holders are concerned. Accordingly, we recommend the Independent Shareholders to accept the Share Offer and the Option holders to reject the Option Offer.

The Independent Shareholders and Option holders are recommended to read the full text of the letter from the Independent Financial Adviser on pages 23 to 40 of this Composite Document. Notwithstanding our recommendation, Independent Shareholders and Option holders are strongly advised that the decision to realise or to hold your investment in the Shares and/or Options (as the case may be) is subject to individual circumstances and investment objectives and they should consider carefully the terms of the Offers.

Yours faithfully,

For and on behalf of the

INDEPENDENT BOARD COMMITTEE

Mr. Zhao Yu Qiao

*Non-executive
Director*

Mr. Fan Jia Yan

*Independent
Non-executive
Director*

Mr. Wu Ming Yu

*Independent
Non-executive
Director*

**Dr. David William
Maguire**

*Independent
Non-executive
Director*

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter received from Convoy setting out its advice to the Independent Board Committee in respect of the Offers for inclusion in the Composite Document.



16 April 2016

To the Independent Board Committee of China Assets (Holdings) Limited

Dear Sirs,

**MANDATORY CONDITIONAL CASH OFFERS BY
CHINA EVERBRIGHT SECURITIES (HK) LIMITED
ON BEHALF OF THE OFFEROR
TO ACQUIRE ALL THE ISSUED SHARES
IN THE CAPITAL OF
CHINA ASSETS (HOLDINGS) LIMITED
(OTHER THAN THOSE ALREADY OWNED OR AGREED TO BE
ACQUIRED BY THE OFFEROR AND
PARTIES ACTING IN CONCERT WITH IT)
AND RELATED OFFER FOR OPTIONS**

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee in respect of the Offers, details of which are set out in the Letter from the Board (the “**Letter from the Board**”) contained in the Composite Document, of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Composite Document unless the context requires otherwise.

The Company and the Offeror jointly announced on 3 February 2016 that, among other things, on 22 January 2016, the Seller and the Offeror entered into the SPA pursuant to which the Offeror agreed to acquire and the Seller agreed to sell the Sale Shares, being 25,522,866 Shares representing approximately 33.25% of the then issued share capital of the Company. The consideration for the Sale Shares was HK\$4.086 per Sale Share. Completion of the sale and purchase of the Sale Shares took place on 8 April 2016.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Immediately after Completion, the Offeror and parties acting in concert with it were interested in an aggregate of 25,747,866 Shares, representing approximately 33.54% of the entire issued share capital of the Company at the Latest Practicable Date. Accordingly, the Offeror and parties acting in concert with it are required to make a conditional mandatory cash offer to acquire all issued Shares (other than those Shares already owned or agreed to be acquired by the Offeror and parties acting in concert with it) pursuant to Rule 26.1 of the Takeovers Code. Pursuant to Rule 13.5 of the Takeovers Code, the Option Offer is also being made to cancel all outstanding Options other than those held by the Offeror and parties acting in concert with it. China Everbright Securities is making the Offers on behalf of the Offeror.

Detailed terms and conditions of the Offers, including the procedures for acceptance, are set out in the Composite Document, in particular, in (i) the Letter from China Everbright Securities and (ii) Appendix I.

At the Latest Practicable Date, there were 76,758,160 Shares in issue. On the basis of the Offer Price of HK\$4.086 per Share, the entire issued share capital of the Company is valued at HK\$313,633,842. There are 51,010,294 Shares subject to the Share Offer and assuming that there is no change in the issued Shares, the value of the Share Offer is HK\$208,428,061. At the Latest Practicable Date, there were outstanding Share Options in respect of a total of 1,725,000 Shares, held by Option holders other than the Offeror and parties acting in concert with it. Assuming that no such Share Options are exercised before the Offer Closing Date, the value of the Option Offer is HK\$17,250 and the maximum aggregate amount payable by the Offeror upon full acceptance of the Share Offer and of the Options Offer is HK\$208,445,311.

The Independent Board Committee, comprising Mr. Zhao Yu Qiao, Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire, who have no direct or indirect interest in the Offers has been established to make recommendation to the Independent Shareholders and the Option holders as to whether the terms of the Offers are fair and reasonable and as to the acceptance of the Offers.

BASIS OF OUR OPINION

In formulating our view and recommendation to the Independent Board Committee, we have relied on the information, opinions and representations contained or referred to in the Composite Document and provided to us by the Company, the Directors and the management of the Company, which the Directors consider to be complete, accurate and relevant. We have assumed that all the information, opinions and representations contained or referred to in the Composite Document were true, accurate and complete at the time

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

they were made and continue to be true and accurate. Shareholders would be notified of any material changes after the despatch of the Composite Document and up to the end of the Offers as soon as possible in accordance with Rule 9.1 of the Takeovers Code. We have also assumed that all the statements of belief, opinion and intention made by the Directors in the Composite Document were reasonably made after due enquiry. We have no reason to doubt that any relevant information has been withheld, nor are we aware of any fact or circumstance, which would render the information provided and representations and opinions made to us by the Company, the Directors and the management of the Company untrue, inaccurate or misleading. We consider that we have reviewed sufficient information to enable us to reach an informed view. The Directors have confirmed that no material facts or representations have been withheld or omitted from the information provided and referred to in the Composite Document. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs, financial condition and future prospects of the Group, the Offeror or any of their associates. Notwithstanding the foregoing, we have formulated our opinion and recommendation with due skill and care and have made due inquiry before making such formulation.

In formulating our opinion, we have not considered the taxation implications to the Independent Shareholders and the Option Holders arising from acceptances or non-acceptances of the Offers as these are particular to their individual circumstances. It is emphasized that we will not accept responsibility for any tax effect on or liability of any person resulting from his or her acceptance or non-acceptance of the Offers. In particular, the Independent Shareholders and the Option Holders who are overseas residents or are subject to overseas taxation or Hong Kong taxation on securities dealings should consider their own tax positions, and if in any doubt, should consult their own professional advisers.

As at the Latest Practicable Date, we did not have any relationship with or interest in the Company or any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion to the Independent Board Committee regarding the Offers, we have considered the following principal factors and reasons:

1. Background and financial information of the Group

In assessing the Offers and in giving our recommendations to the Independent Board Committee, we have taken into consideration the following principal factors and reasons:

(i) *Historical financial performance of the Group*

The Company is an investment company listed under Chapter 21 of the Listing Rules and its subsidiaries are principally engaged in investment activities.

Set out below are the financial information of the Group for the two years ended 31 December 2014 (“**Year 2014**”) and 2015 (“**Year 2015**”) as extracted from the results announcement of the Company for the year ended 31 December 2015 (“**2015 Results Announcement**”):

	For the year ended	
	31 December	
	2014	2015
	US\$	US\$
Income	862,415	810,309
Other gains — net	10,234,676	16,585,512
Operating profit	8,748,738	11,598,071
Profit before income tax	10,650,869	11,075,584
Profit for the year attributable to equity holders of the Company	9,725,717	11,115,954
	As at 31 December	
	2014	2015
	US\$	US\$
Equity attributable to equity holders of the Company (Consolidated net asset value)	196,627,558	224,834,431

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded a profit for the year attributable to equity holders of the Company of approximately US\$11.12 million in Year 2015, compared to approximately US\$9.73 million in Year 2014. As stated in the 2015 Results Announcement, such profit mainly comprised (i) a profit (net of taxation) of US\$15.55 million arising from disposal of portion of its equity investment in Shandong Lukang Pharmaceutical Co., Ltd. (“**Lukang**”) and (ii) a profit of approximately US\$3.97 million (including reversal of provision) from disposal of its remaining holding in Ragentek Technology Group Limited.

The consolidated net asset value increased by approximately US\$28.21 million for the year to US\$224.83 million as at 31 December 2015. Apart from the net profit for the year, the major increase in net asset value was mainly attributable to the unrealised increase in fair value of Lukang whose share price increased from RMB7.92 to RMB13.35 over the year.

(ii) *Prospects of the Group*

Set out below is the index performance (month-end figures) as released in the website of the Stock Exchange:

	February 2016	% change over 1 month	% change over 12 months
S&P/HKEx Large			
Cap Index	23,539.73	-3.5%	-22.1%
S&P/HKEx GEM Index	418.60	0.2%	-14.1%
Hang Seng Index	19,111.93	-2.9%	-23.0%
Hang Seng China			
Enterprises Index [#]	7,916.34	-3.9%	-35.0%
Hang Seng			
China-Affiliated			
Corporations Index [*]	3,412.80	-1.7%	-26.7%
CES China 120 Index [^]	4,215.06	-2.4%	-20.0%
CES China HK			
Mainland Index ⁺	4,685.23	-3.3%	-25.9%

[#] — tracks H shares

^{*} — tracks Red chips

[^] — tracks 80 Mainland-listed companies and 40 Hong Kong-listed Mainland enterprises

⁺ — tracks 40 Hong Kong-listed Mainland enterprises

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group is principally engaged in investment activities. As at the Latest Practicable Date, its major investment mainly comprises Hong Kong-listed securities and Mainland enterprises. Hence, value of its investment may be affected by the recent poor market sentiment in the Hong Kong stock market.

As shown in the table above, there was a declining trend among all the index in February 2016. The drop ranged from 1.7% to 3.9% over 1 month, and ranged from 14.1% to 35.0% over 12 months.

As confirmed by the Company, the two largest investments of the Group was its investment in Lukang and First Shanghai Investments Limited (“**FSIL**”) which accounted for approximately 40% and 27% respectively of its total net asset value as at 31 December 2015. According to the 2015 Results Announcement, having been granted a mandate by the Shareholders to dispose of up to all its holdings in Lukang, the Company intends to implement disposal when the situation is favourable. However, the China Securities Regulatory Commission (“**CSRC**”) issued new rules in January 2016 to replace the rules issued during the market turbulence of July 2015 restricting sale of shares in A-share listed companies by their controlling shareholders or shareholders with 5% stakes or greater, directors, supervisors and senior management (“**Disposal Restriction Rules**”). Under the new rules, the Company has been barred from selling more than 1% of Lukang’s total outstanding shares within three-month period, and will be required to disclose any sales plan 15 trading sessions in advance. These new rules have hindered the Company’s flexibility to dispose of the holdings. We noted that the closing price of Lukang as quoted on the Shanghai Stock Exchange fell by approximately 23.07% from RMB13.35 on 31 December 2015 to RMB10.27 on the Latest Practicable Date. As advised by the Company, while it currently has no sale plan, it will closely monitor the latest market situation of Lukang and manage the disposal as and when appropriate in the best interests of the Company. Furthermore, according to the results announcement of FSIL for the year ended 31 December 2015, compared to 2014, the group of FSIL recorded 36% drop in net profit attributable to shareholders. Also, its total net assets diminished slightly by 4% as at 31 December 2015 compared to 31 December 2014 after recognition of fair value loss from an indirect investment in a listed company. As advised by the Company, it intends to hold its FSIL shares for long term opportunities and does not have any plan on trading them.

Taking into account (i) the recent performance of Hong Kong stock market; (ii) the restrictions on disposal of the Lukang shares as imposed by the Disposal Restriction Rules; (iii) the decrease in closing price of Lukang shares, being

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

the top one investment of the Group, by approximately 23.07% from 31 December 2015 compared to the Latest Practicable Date; and (iv) the drop in financial performance of FSIL, being the top two investment of the Group, in 2015, there is no guarantee that the value of the Group's investment and thus trading price of the Shares may sustain.

2. Principal terms of the Offers

The Share Offer is conditional only on valid acceptances of the Share Offer being received would result in the Offeror and parties acting in concert with it holding more than 50% of the voting rights in the Company. The Option Offer is conditional only on the Share Offer becoming unconditional.

(1) *The Share Offer*

For each Offer Share HK\$4.086 in cash

The Share Offer Price of HK\$4.086 for each Offer Share is the same as the purchase price for each Sale Share paid by the Offeror under the SPA. The Share Offer is extended to all Shareholders other than the Offeror and parties acting in concert with it in accordance with the Takeovers Code.

The Share Offer Price of HK\$4.086 per Offer Share represents:

- (a) a discount of approximately 2.25% to the closing price of HK\$4.18 per Share quoted on the Stock Exchange on the Latest Practicable Date;
- (b) a premium of approximately 9.54% to the closing price of HK\$3.73 per Share quoted on the Stock Exchange on 22 January 2016, being the Last Trading Day;
- (c) a premium of approximately 10.73% to the average closing price of approximately HK\$3.69 per Share quoted on the Stock Exchange for the five consecutive trading days immediately prior to and including the Last Trading Day;
- (d) a premium of approximately 9.75% to the average closing price of approximately HK\$3.72 per Share quoted on the Stock Exchange for the 10 consecutive trading days immediately prior to and including the Last Trading Day;

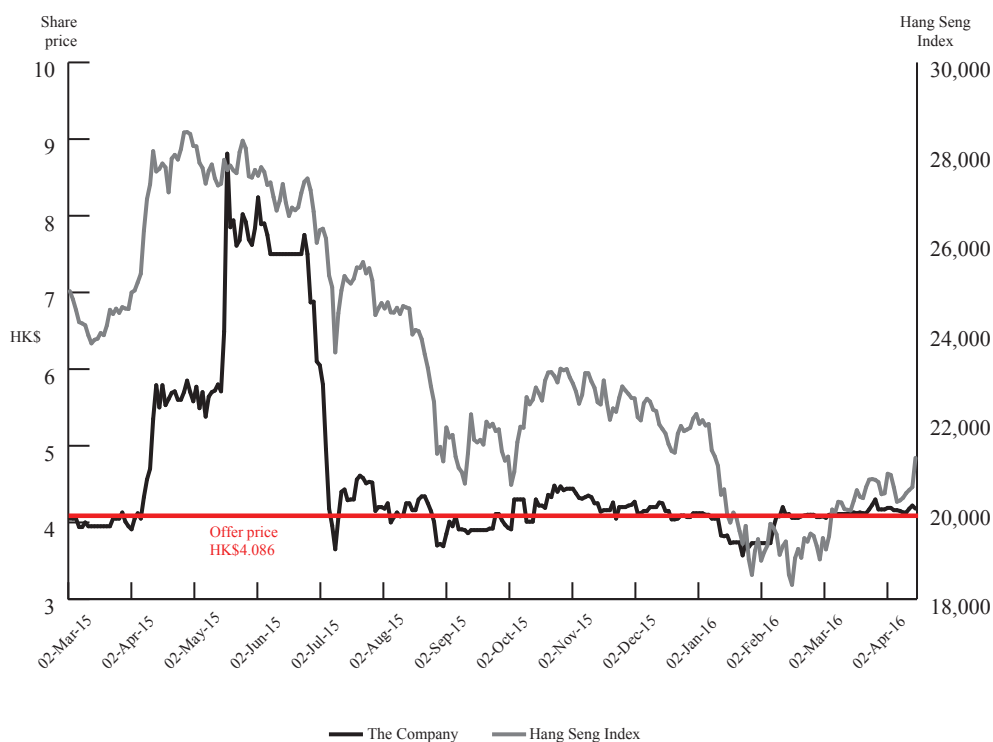
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- (e) a premium of approximately 3.47% to the average closing price of approximately HK\$3.95 per Share quoted on the Stock Exchange for the 30 consecutive trading days immediately prior to and including the Last Trading Day; and
- (f) a discount of approximately 82.12% over the audited consolidated net asset value attributable to Shareholders of approximately HK\$22.85 (or US\$2.9291) per Share as at 31 December 2015, the date to which the latest audited consolidated financial results of the Company were made up.

Historical Share price performance

The chart below illustrates the closing price performance of the Shares compared to the Hang Seng Index during the period from 1 March 2015 (being approximate 12 calendar months period prior to the Last Trading Day) to the Latest Practicable Date (the “**Review Period**”):

Figure 1: Share Price Performance compared to Hang Seng Index



Source: Website of the Stock Exchange

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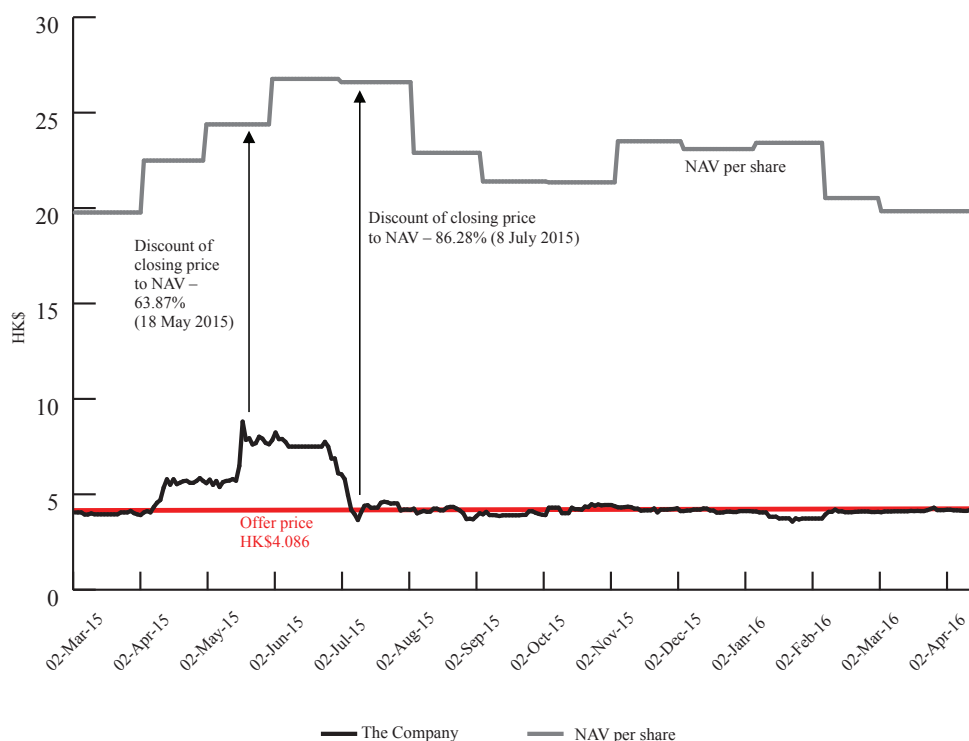
We also carry out comparison of market price of Shares to the unaudited consolidated net asset value (“NAV”) per Share as at the end of each month during the Review Period (except April 2016 as the Latest Practicable Date is prior to the end of April 2016) as set out below:

Date	Closing price of Share HK\$ (Note 1)	NAV US\$ (Note 2)	NAV HK\$ (Note 3)	Discount of closing price to NAV (Note 3)
31 March 2015	4.05	2.8832	22.49	81.99%
30 April 2015	5.58	3.1263	24.39	77.12%
31 May 2015	7.62	3.4318	26.77	71.53%
30 June 2015	6.05	3.4101	26.60	77.25%
31 July 2015	4.25	2.9351	22.89	81.44%
31 August 2015	3.95	2.7428	21.39	81.54%
30 September 2015	4.30	2.7369	21.35	79.86%
31 October 2015	4.38	3.0131	23.50	81.36%
30 November 2015	4.12	2.9606	23.09	82.16%
31 December 2015	4.10	3.0022	23.42	82.49%
31 January 2016	3.73	2.6314	20.52	81.83%
29 February 2016	4.06	2.5432	19.84	79.53%
31 March 2016	4.19	2.6332	20.54	79.60%
April 2016 (up to the Latest Practicable Date)	4.18	2.6332	20.54	79.65%
			Maximum	82.49%
			Minimum	71.53%
			Average	79.81%

Notes:

1. The closing prices of Share as quoted on the Stock Exchange as at the end of each month or, if the relevant dates are not trading days, the trading days immediately prior to them.
2. The NAVs as announced monthly by the Company. NAV as at April 2016 (up to the Latest Practicable Date) has not been announced by the Company as at the Latest Practicable Date and thus NAV as at 31 March 2016 has been used instead.
3. The NAVs in US\$ have been translated into HK\$ at the rate of US\$1.00 = HK\$7.80 for calculating the discount. No representation is made that any amounts in US\$ or HK\$ have been or could have been or can be converted at the above rates or at any other rates or at all.

Figure 2: Share Price Performance compared to NAV per Share



Source: Website of the Stock Exchange

The trading of the Shares was suspended from 9 June 2015 to 22 June 2015 pending the publication of a very substantial disposal transaction of the Company relating to its possible disposal of Lukang shares, and from 25 January 2016 to 29 January 2016 pending the publication of the announcement of the Company regarding the possible change of control and possible Offers (the “**Rule 3.7 Announcement**”).

During the Review Period, the closing price of the Shares was once traded as high as HK\$8.81 on 18 May 2015 and then dropped to as low as HK\$3.57 on 18 January 2016. After resumption of trading of the Shares following publication of the Rule 3.7 Announcement and up to the Latest Practicable Date, the closing price of the Shares traded between the range of HK\$4.06 (29 February 2016) and HK\$4.30 (22 March 2016). From the above observations, we consider that the increase in the closing prices of the Shares after the publication of the Rule 3.7 Announcement reflected the market’s speculation on and response to the possible change of controlling Shareholder and therefore, the recent market price of the Shares may not be sustained after the close of the Offers.

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Further, as shown in the table and Figure 2 above, the Shares have been traded at a deep discount to the NAV per Share throughout the Review Period, which ranged from 63.87% (18 May 2015) to 86.28% (8 July 2015) with an average of 79.65% among all the trading days in the Review Period.

Comparable analysis

In order to assess the fairness and reasonableness of the Share Offer Price, we have identified 23 companies (the “**Comparables**”) other than the Company which are also listed in Hong Kong under Chapter 21 of the Listing Rules for comparison which we consider to be exhaustive. The following table sets out details of the Comparables:

Comparables	Stock code	Closing price as at the Latest Practicable Date (A) HK\$	Latest published NAV per share prior to the Latest Practicable Date (B) HK\$	Premium of the closing price as at the Latest Practicable Date over their respective latest published NAV per share prior to the Latest Practicable Date (“P/B”) (=A/B) times
China Financial International Investments Ltd.	721	0.670	0.180	3.72
OP Financial Investments Ltd.	1140	1.510	1.420	1.06
Eagle Ride Investment Holdings Ltd.	901	0.980	0.052	18.85
China Merchants China Direct Investments Ltd.	133	12.440	29.670	0.42
China Investment Development Ltd.	204	0.127	0.030	4.23
China Development Bank International Investment Ltd.	1062	0.310	0.422	0.73
SHK Hong Kong Industries Ltd.	666	0.195	0.278	0.70
National Investments Fund Ltd.	1227	0.460	0.061	7.54
China Innovation Investment Ltd.	1217	0.052	0.055	0.95
China Investment and Finance Group Ltd.	1226	0.355	0.520	0.68
China Financial Leasing Group Ltd.	2312	0.760	0.053	14.34

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Comparables	Stock code	Closing price as at the Latest Practicable Date (A) HK\$	Latest published NAV per share prior to the Latest Practicable Date (B) HK\$	Premium of the closing price as at the Latest Practicable Date over their respective latest published NAV per share prior to the Latest Practicable Date ("P/B") (=A/B) times
China Investment Fund Co. Ltd.	612	0.300	0.230	1.30
Unity Investments Holdings Ltd.	913	0.076	0.366	0.21
Global Mastermind Capital Ltd.	905	0.495	1.144	0.43
DT Capital Ltd.	356	0.105	0.077	1.36
China New Economy Fund Ltd.	80	0.215	0.420	0.51
Grand Investment International Ltd.	1160	0.770	0.250	3.08
UBA Investments Ltd.	768	0.159	0.150	1.06
Huge China Holdings Ltd.	428	2.320	12.140	0.19
China Internet Investment Finance Holdings Ltd.	810	0.470	0.624	0.75
Prosperity Investment Holdings Ltd.	310	0.092	0.270	0.34
Earnest Investments Holdings Ltd.	339	0.920	0.354	2.60
Shanghai International Shanghai Growth Investment Ltd.	770	1.160	6.630	0.17
			Maximum	18.85
			Minimum	0.17
			Average	2.84
		<i>HK\$</i>	<i>HK\$</i>	<i>times</i>
The Share Offer	170	4.086 <i>(Note)</i>	20.54	0.20

Source: Website of the Stock Exchange

Note: The closing price of the Share Offer is represented by the Share Offer Price.

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As shown in the table above, the P/B as represented by the Share Offer amounted to 0.20 times, falling within the range of P/B among the Comparables of 0.17 to 18.85 times but below the average of 2.84 times. Given (i) the financial performance of the Group, in particular, the major investment of the Group has been concentrated on two investments accounting for approximately 67% of the total NAV of the Group as at 31 December 2015, which is either subject to selling restriction under the Disposal Restriction Rules or decrease in profitability in the latest financial year; (ii) the historical deep discount of the closing price of the Shares to NAV per Share of 79.65% (i.e. around 0.2 times) in average during the Review Period as mentioned above, regardless net profit growth for the Year 2015 was announced on 24 March 2015; (iii) no dividend has been declared by the Group in the last few years despite net profit growth was recorded, thus, there is no guarantee that the Group will declare dividend in the near future even when gain is recorded from disposal of investment including Lukang shares; and (iv) uncertainty if further restriction on disposal of A-share companies including Lukang will be announced by the CSRC in the future, we consider that the P/B as represented by the Share Offer acceptable.

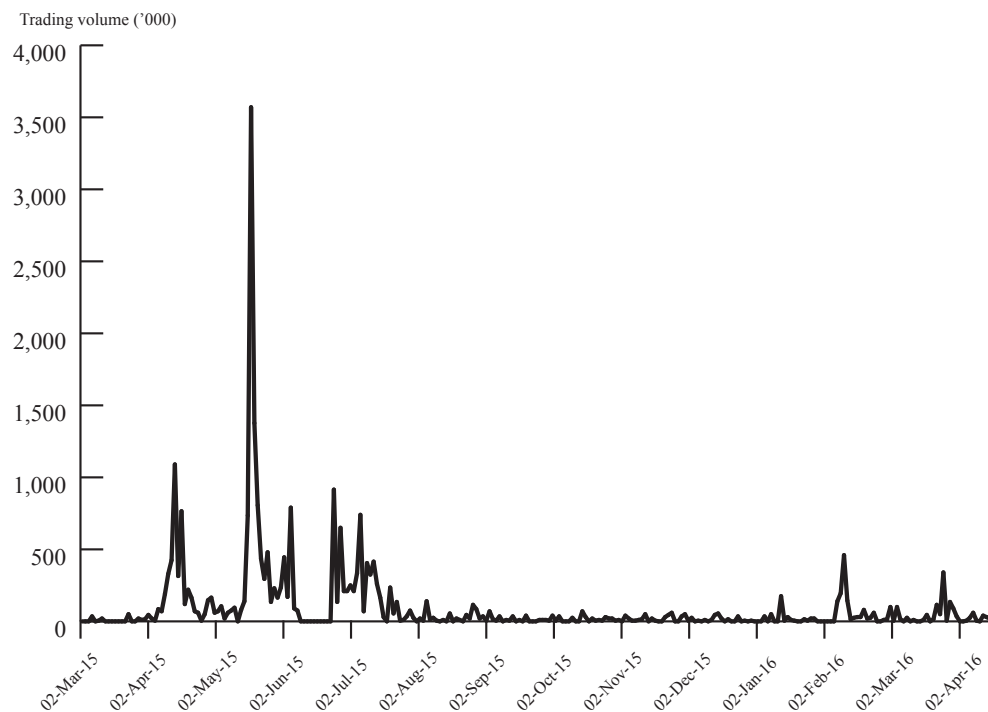
We have also considered price-to-earnings approach to assess the fairness and reasonableness of the Share Offer Price. Given (i) 13 out of 23 Comparables reported loss for the latest financial year; and (ii) the major business of the Company and the Comparables are investment, the profitability of which would be affected by the sale plan of unlisted investment, it is considered more appropriate to value them based on the value of their investments (i.e. NAV), the P/B approach is considered more appropriate and meaningful than the price-to-earnings approach.

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Liquidity of the Shares

The chart and table below set out information of the trading volume of the Shares on the Stock Exchange during the Review Period:

Figure 3: Trading volume performance



Source: Website of the Stock Exchange

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Month	Number of trading days	Daily trading volume in average <i>(Note 1)</i> <i>Shares ('000)</i>	Approximate percentage to the total number of issued Shares <i>(Note 2)</i> <i>%</i>	Approximate percentage to the number of issued Shares held by the public Shareholders <i>(Note 3)</i> <i>%</i>
2015				
March	22	10	0.01	0.04
April	19	228	0.30	0.85
May	19	467	0.61	1.74
June	12	348	0.45	1.29
July	22	162	0.21	0.60
August	21	33	0.04	0.12
September	20	13	0.02	0.05
October	20	15	0.02	0.05
November	21	18	0.02	0.07
December	22	11	0.01	0.04
2016				
January	15	22	0.03	0.08
February	18	75	0.10	0.28
March	21	47	0.06	0.18
April (up to the Latest Practicable Date)	8	23	0.03	0.09

Notes:

1. Excluding the number of day on which trading of the Shares was suspended.
2. Based on 76,758,160 Shares in issue as at the Latest Practicable Date.
3. Based on 26,871,376 Shares in issue held by the public Shareholders as at the Latest Practicable Date.

Trading volume of the Shares was low during the Review Period. As illustrated in the table above, the daily trading volume of the Shares in average during the Review Period was in the range of approximately 0.01% to approximately 0.61% as to the total number of issued Shares and approximately 0.04% to approximately 1.74% as to the total number of the Shares held by the public Shareholders respectively as at the Latest Practicable Date.

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Given the low liquidity of the Shares, we consider that for the Independent Shareholders who may wish to realize their investment in the Company, especially those with relatively sizeable shareholdings, might not be able to do so without having an adverse impact on the market price level of the Shares.

As the Share Offer Price was lower than the closing price of the Shares as at the Latest Practicable Date, the net proceeds from the disposal of Shares in the open market would exceed that receivable under the Share Offer.

(2) *The Option Offer*

For cancellation of each Option HK\$0.01 in cash

As mentioned in the “Letter from China Everbright Securities” in the Composite Document, as at the Latest Practicable Date, Options outstanding which entitle the holders thereof to subscribe for up to 3,975,000 Shares all of which are exercisable at the exercise price of HK\$5.74 per Share from 25 April 2007 to 24 April 2017. Under the Option Offer, since the exercise price of the outstanding Options is above the Share Offer Price, the Option Offer Price for the cancellation of each outstanding Option is set at a nominal value of HK\$0.01. Options which are not tendered under the Option Offer will not be cancelled and will survive the Option Offer.

If the Option Holders decide to accept the Offer, they will receive only HK\$0.01 in cash per Option, which is a negligible amount. However, they will also give up the time value of the Option on the cancellation of the Option. Hence, we consider the Option Offer is not fair and not reasonable. Option Holders are advised to monitor the market price and the liquidity of the Shares closely during the offer period, the decision to realize or to hold their investments in the Company is subject to individual circumstances and investment objectives.

3. Background of the Offeror and its intention regarding the future of the Group

(i) *Information on the Offeror*

The Offeror is owned as to 40% by Mr. Lo, the Chairman and a director of the Company and a Shareholder, 30% by his brother Mr. Lao Kaisheng and 30% by his sister Ms. Lao Jiangsheng.

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(ii) Intention of the Offeror

As stated in the “Letter from China Everbright Securities” in the Composite Document, the Offeror intends that the Shares will remain listed on the Stock Exchange immediately after the completion of the Offers and that there will be no change in the management of the Group. The Offeror intends that there will be no changes in the employees of the Company.

The Offeror intends to maintain the listing of the Shares on the Stock Exchange after the close of the Offers. If the public float of the Company falls below 25% following the close of the Offers, the Directors will undertake to the Stock Exchange to take appropriate steps to ensure that a sufficient public float exists for the Shares following the close of the Offers.

As such, we consider that there should not be any material change in the business operations and the listing status of the Group immediately following the close of the Offers.

RECOMMENDATION

Taken into account the above-mentioned principal factors and reasons of the Offers, in particular:

- (i) the premium of approximately 10% to the closing price per Share quoted on the Stock Exchange on each of the Last Trading Day, five and ten consecutive trading days immediately prior to and including the Last Trading Day;
- (ii) the Shares have been traded at deep discounts to NAV per Share throughout the Review Period;
- (iii) the P/B as represented by the Share Offer falls within the range of P/Bs among the Comparables but closes to the low end, and falls below the average P/Bs among them;
- (iv) the trading volume of the Shares was thin over the Review Period and thus disposal of large block of Shares in the open market would likely trigger price slump of the Shares;
- (v) the Option Offer Price is considered to be a negligent amount compared to the Share Offer Price or recent closing price of the Shares; and

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(vi) the Options which are not tendered under the Option Price will not be cancelled,

we consider that the terms of the Share Offer are fair and reasonable. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to accept the Share Offer. And we would advise the Option Holders to reject the Option Offer.

There is no guarantee that the current Share prices will sustain after the end of the Offer Period. Accordingly, the Independent Shareholders and the Option Holders are advised that the decision to realize or to hold their investments in the Company is subject to individual circumstances and investment objections. For those Independent Shareholders who wish to realize whole or part of their Shares or Options, they should monitor the market price and the liquidity of the Shares closely during the offer period and to dispose their Shares or to exercise the Options and sell the Shares in the open market at a price above the Share Offer Price in order to receive higher proceeds.

Yours faithfully,
For and on behalf of
Convoy Capital Hong Kong Limited
Chu Tat Hoi
Managing Director

Mr. Chu Tat Hoi has been a responsible officer of Type 6 (advising on corporate finance) regulated activity under the SFO since 2003. He has been participated in the provision of independent financial advisory services for various connected transactions involving companies listed in Hong Kong.

1. PROCEDURES FOR ACCEPTANCE

To accept either of the Offers, you should complete and sign the relevant Form of Acceptance in accordance with the instructions printed thereon, which instructions form part of the terms of the relevant Offers.

1.1 The Share Offer

- (i) If the share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in your name, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must send the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof), to the Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong marked "China Assets (Holdings) Limited — Share Offer" on the envelope as soon as possible but in any event so as to reach the Registrar by not later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.
- (ii) If the share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are in the name of a nominee company or a name other than your own, and you wish to accept the Share Offer in respect of your Shares (whether in full or in part), you must either:
 - (i) lodge your share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares with the nominee company, or other nominee, and with instructions authorising it to accept the Share Offer on your behalf and requesting it to deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or

- (ii) arrange for the Shares to be registered in your name by the Company through the Registrar, and deliver the **WHITE** Form of Share Offer Acceptance duly completed and signed together with the relevant share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares to the Registrar; or
 - (iii) your Shares have been lodged with your licensed securities dealer/registered institution in securities/custodian bank through CCASS, instruct your licensed securities dealer/registered institution in securities/custodian bank to authorise HKSCC Nominees Limited to accept the Share Offer on your behalf on or before the deadline set by HKSCC Nominees Limited. In order to meet the deadline set by HKSCC Nominees Limited, you should check with your licensed securities dealer/registered institution in securities/custodian bank for the timing on the processing of your instruction, and submit your instruction to your licensed securities dealer/registered institution in securities/custodian bank as required by them; or
 - (iv) if your Shares have been lodged with your investor participant's account maintained with CCASS, give your instruction via the CCASS Phone System or CCASS Internet System on or before the deadline set by HKSCC Nominees Limited.
- (iii) If you have lodged transfer(s) of any of your Shares for registration in your name and have not yet received your share certificate(s), and you wish to accept the Share Offer in respect of your Shares, you should nevertheless complete and sign the **WHITE** Form of Share Offer Acceptance and deliver it to the Registrar together with the transfer receipt(s) duly signed by yourself. Such action will constitute an irrevocable authority to the Offeror and/or China Everbright Securities and/or their respective agent(s) to collect from the Company or the Registrar on your behalf the relevant share certificate(s) when issued and to deliver such share certificate(s) to the Registrar on your behalf and to authorise and instruct the Registrar to hold such share certificate(s), subject to the terms and conditions of the Share Offer, as if it was/they were delivered to the Registrar with the **WHITE** Form of Share Offer Acceptance.

- (iv) If the share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares is/are not readily available and/or is/are lost, as the case may be, and you wish to accept the Share Offer in respect of your Shares, the **WHITE** Form of Share Offer Acceptance should nevertheless be completed and delivered to the Registrar together with a letter stating that you have lost one or more of your share certificate(s) and/or transfer receipt(s) and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares or that it is/they are not readily available. If you find such document(s) or if it/they become(s) available, the relevant share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares should be forwarded to the Registrar as soon as possible thereafter. If you have lost the share certificate(s) and/or transfer receipt(s) and/or other documents of title in respect of your Shares, you should also write to the Registrar for a letter of indemnity which, when completed in accordance with the instructions given should be provided to the Registrar.
- (v) Acceptances of the Share Offer will be treated as valid only if the completed and signed **WHITE** Form of Share Offer Acceptance is received by the Registrar by not later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code and the Registrar has recorded that the acceptance and any relevant documents required by Note 1 to Rule 30.2 of the Takeovers Code have been so received, and is:
- (i) accompanied by the relevant share certificate(s) and/or transfer receipt(s) and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares and, if that/those share certificate(s) and/or transfer receipt(s) and/or other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) is/are not in your name, such other documents (e.g. a duly stamped transfer of the relevant Share(s) in blank or in favour of the acceptor executed by the registered holder) in order to establish your right to become the registered holder of the relevant Shares; or

- (ii) from a registered Shareholder or his/her personal representative (but only up to the amount of the registered holding and only to the extent that the acceptance relates to the Shares which are not taken into account under another sub-paragraph of this paragraph (e)); or
- (iii) certified by the Registrar or the Stock Exchange.
- (vi) Seller's ad valorem stamp duty payable by the Shareholders who accept the Share Offer and calculated at a rate of 0.1% of the market value of the Offer Shares or consideration payable by the Offeror in respect of the relevant acceptances of the Share Offer, whichever is the higher, will be deducted from the amount payable by the Offeror to the relevant Shareholders on the acceptance of the Share Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the Shareholders who accept the Share Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Share Offer and the transfer of the Offer Shares.
- (vii) No acknowledgement of receipt of any **WHITE** Form of Share Offer Acceptance, share certificate(s) and/or transfer receipt(s) and/or any other documents) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of your Shares will be given.

1.2 The Option Offer

- (a) If you are an Option holder and you wish to accept the Option Offer in respect of your Options (whether in full or in part), you must send the duly completed and signed **YELLOW** Form of Option Offer Acceptance together with the relevant certificate(s) or other documents (if any) evidencing the grant of the Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) for the aggregate principal amount of Options which you hold that you wish to tender to the Option Offer to the company secretary of the Company at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong, marked "China Assets (Holdings) Limited — Option Offer" on the envelope as soon as possible but in any event so as to reach the company secretary of the Company by not later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code.

- (b) No stamp duty will be deducted from the amount paid or payable to the Option holders who accept the Option Offer.
- (c) No acknowledgement of receipt of any **YELLOW** Form of Option Offer Acceptance and/or the certificate(s) or other documents (if any) evidencing the grant of the Options to you and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Options will be given.

2. SETTLEMENT UNDER THE OFFERS

2.1 The Share Offer

Provided that a valid **WHITE** Form of Share Offer Acceptance and the relevant share certificate(s) and/or transfer receipt(s) and/or any other documents of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Shares as required by Note 1 to Rule 30.2 of the Takeovers Code are complete and in good order and in all respects and have been received by the Registrar by not later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the Shareholders who accept the Share Offer less seller's ad valorem stamp duty in respect of the Offer Shares tendered by him/her under the Share Offer will be despatched to such Shareholder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of (i) the date on which the duly completed acceptances of the Share Offer and the relevant documents of title in respect of such acceptances are received by the Registrar to render each such acceptance complete and valid or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later.

2.2 The Option Offer

Provided that a valid **YELLOW** Form of Option Offer Acceptance and the relevant option certificate(s) or other documents (if any) evidencing the grant of the Options and any documents of title or entitlement (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the relevant Options are complete and in good order and in all respects and have been received by the company secretary of the Company by not later than 4:00 p.m. on the Offer Closing Date or such later time and/or date as the

Offeror may determine and announce in accordance with the Takeovers Code, a cheque for the amount due to each of the Option holders who accept the Option Offer in respect of the Options tendered by him/her under the Option Offer will be despatched to such Option holder by ordinary post at his/her own risk as soon as possible but in any event within seven (7) business days (as defined in the Takeovers Code) of (i) the date on which the duly completed acceptances of the Option Offer and the relevant documents of title in respect of such acceptances are received by the company secretary of the Company to render each such acceptance complete and valid or (ii) the date on which the Offers become or are declared unconditional in all respects, whichever is the later.

No fractions of a cent will be payable and the amount of consideration payable to a Shareholder who accepts the Share Offer will be rounded up to the nearest cent.

Settlement of the consideration to which any Shareholder or Option holder is entitled under the Share Offer or the Option Offer, as the case may be, will be implemented in full in accordance with its terms (save in respect of the payment of the seller's ad valorem stamp duty in respect of the Share Offer) without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled against such Shareholder or Option holder.

3. ACCEPTANCE PERIOD AND REVISIONS

- (a) Unless the Offers have previously been revised or extended with the consent of the Executive, to be valid, the **WHITE** Form of Share Offer Acceptance must be received by the Registrar and the **YELLOW** Form of Option Offer Acceptance must be received by the company secretary of the Company, in each case, in accordance with the instructions printed thereon by 4:00 p.m. on the Offer Closing Date.
- (b) If the Offers are extended, the Offeror will issue an announcement in relation to any extension of the Offers, which announcement will state either the next Offer Closing Date or, a statement that the Offers will remain open until further notice. In the latter case, at least fourteen (14) days' notice in writing must be given before the Offers are closed to those Shareholders and Option holders who have not accepted the relevant Offers before the Offers are closed. If, in the course of the Offers, the Offeror revises the terms of the Offers, all

Shareholders and Option holders, whether or not they have already accepted the Offers, will benefit under the revised terms. A revised offer must be kept open for at least fourteen (14) days following the date on which the revised offer document is posted.

- (c) If the Offer Closing Date is extended, any reference in this Composite Document and in the Forms of Acceptance to the Offer Closing Date shall, except where the context otherwise requires, be deemed to refer to the subsequent closing date.

4. NOMINEE REGISTRATION

To ensure equality of treatment of all Shareholders, those Shareholders who hold Shares as nominee on behalf of more than one beneficial owner should, as far as practicable, treat the holding of such beneficial owner separately. It is essential for the beneficial owners of the Shares whose investments are registered in the names of nominees to provide instructions to their nominees of their intentions with regard to the Offers.

5. ANNOUNCEMENTS

- (a) By 6:00 p.m. on the Offer Closing Date (or such later time and/or date as the Executive may in exceptional circumstances permit), the Offeror must inform the Executive and the Stock Exchange of its decision in relation to the expiry, revision and extension of the Offers. The Offeror must publish an announcement in accordance with the Takeovers Code on the Stock Exchange's website by 7:00 p.m. on the Offer Closing Date stating the results of the Offers and whether the Offers have been revised, extended or expired. The announcement will state, among other matters, the following:
 - (i) the total number of Offer Shares for which acceptances of the Share Offer have been received;
 - (ii) the total number of Options for which acceptances of the Option Offer have been received;
 - (iii) the total number of Shares and Options held, controlled or directed by the Offeror and parties acting in concert with it before the Offer Period; and

- (iv) the total number of Shares and Options acquired or agreed to be acquired during the Offer Period by the Offeror and parties acting in concert with it.

The announcement must also include details of any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company which the Offeror or any person acting in concert with it has borrowed or lent (save for any borrowed Shares which have been either on lent or sold) and specify the percentages of the issued share capital of the Company and the percentages of voting rights of the Company represented by these numbers.

- (b) In computing the total number of Shares and Options represented by acceptances, only valid acceptances that are completed and in good order, and which have been received by the Registrar (in the case of the Share Offer) or the company secretary of the Company (in case of the Option Offer), no later than 4:00 p.m. on the Offer Closing Date, being the latest time and date for acceptance of the Offers, shall be included.

All announcements in relation to the Offers will be made in accordance with the requirements of the Takeovers Code and the Listing Rules.

6. RIGHT OF WITHDRAWAL

The Offers are conditional upon fulfillment of the Condition set out in the letter from China Everbright Securities in this Composite Document. Acceptances of the Offers shall be irrevocable and cannot be withdrawn, except in the circumstances set out in the following paragraph or in compliance with Rule 17 of the Takeovers Code, which is to the effect (in the case of the Share Offer) that an acceptor of the Offers shall be entitled to withdraw his/her/its consent within 21 days from the Offer Closing Date (being 9 May 2016) and if the Offers have not by then become unconditional as to acceptances. An acceptor of the Offers may withdraw his/her/ its acceptance by lodging a notice in writing signed by the acceptor (or his/her/its agent duly appointed in writing and evidence of whose appointment is produced together with the notice) to the Registrar in the case of the Share Offer or the company secretary of the Company in the case of the Option Offer.

Further, in the circumstances set out in Rule 19.2 of the Takeovers Code (which is to the effect that if the Offeror is unable to comply with any of the requirements of making announcements relating to the Offers as described in the paragraph headed “5. Announcements” above), the Executive may require that acceptors be granted a right of withdrawal, on terms acceptable to the Executive, until such requirements can be met.

Save as aforesaid, acceptances of the Offers shall be irrevocable and not capable of being withdrawn.

If an acceptor of Offers withdraws the acceptance or if the Offers lapse, the Offeror shall, as soon as possible but in any event within 10 days thereof, return by ordinary post the share certificate(s) and/or transfer receipt(s) and/or other document(s) of title (and/or any satisfactory indemnity or indemnities required in respect thereof) in respect of the Shares and/or Options lodged with the Form of Acceptance to the relevant acceptors.

7. OVERSEAS SHAREHOLDERS AND OVERSEAS OPTION HOLDERS

The making of the Offers to the Overseas Shareholders and the Overseas Option holders may be affected by the laws of the relevant jurisdictions. The Overseas Shareholders and the Overseas Option holders should observe any applicable legal or regulatory requirements. The Overseas Shareholders and the Overseas Option holders should obtain appropriate legal advice regarding the implications of the Offers in the relevant jurisdictions with a view to observing any applicable legal or regulatory requirements. It is the responsibility of Overseas Shareholders and Overseas Option holders who wish to accept the relevant Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection therewith, including but not limited to the obtaining of any governmental, exchange control or other consents which may be required and the compliance with other necessary formalities or regulatory or legal requirements. Overseas Shareholders and Overseas Option holders will also be fully responsible for the payment of any transfer or other taxes and duties by the accepting Overseas Shareholders or Overseas Option holders payable in respect of all relevant jurisdictions. Acceptance of an Offer by Overseas Shareholders and Overseas Option holders will constitute a representation and warranty by the accepting person that the local laws and requirements have been complied with and such person is permitted under all applicable laws to receive and accept the Offers, and any revision thereof, and such acceptance shall be valid and binding in accordance with all applicable laws. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above representations and warranties.

8. TAX IMPLICATIONS

Independent Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of their acceptance of the Share Offer. It is emphasised that none of the Offeror and parties acting in concert with it, the Company and its ultimate beneficial owners and parties acting in concert with any of them, Gram Capital, China Everbright Securities, Convoy, the Registrar or any of their respective directors or professional advisers or any other parties involved in the Share Offer or any of their respective agents is in a position to advise the Independent Shareholders on their individual tax implications nor accepts responsibility for any taxation effects on, or liabilities of, any person or persons as a result of their acceptance of the Share Offer.

9. GENERAL

- (i) All communications, notices, Form(s) of Acceptance, share certificates, certificate(s) of Options, transfer receipts (as the case may be), other documents of title and/or any satisfactory indemnity or indemnities required in respect thereof and remittances to settle the consideration payable under the Offers to be delivered by or sent to or from the Shareholders and/or the Option holders will be delivered by or sent to or from them, or their designated agents, by ordinary post at their own risk, and none of the Company, the Offeror, Gram Capital, China Everbright Securities, Convoy and any of their respective agents nor the Registrar or the company secretary of the Company or other parties involved in the Offers accepts any liability for any loss in postage or any other liabilities that may arise as a result thereof.
- (ii) The provisions set out in relevant Form of Acceptance form part of the terms and conditions of the Offer to which it relates.
- (iii) The accidental omission to despatch this Composite Document and/or Forms of Acceptance or any of them to any person to whom the Offers are made will not invalidate the Offers in any way.
- (iv) The Offers and all acceptances are governed by and shall be construed in accordance with the laws of Hong Kong.

- (v) Due execution of a Form of Acceptance will constitute an authority to the Offeror, China Everbright Securities, and such person or persons if any as the Offeror may direct, to complete and execute any document on behalf of the person or persons accepting the relevant Offer and to do any other act that may be necessary or expedient for the purposes of vesting in the Offeror or such person or persons as it may direct the Shares, or canceling the Options, in respect of which such person or persons has accepted the Offers.

- (vi) Acceptance of the Share Offer will be deemed to constitute a warranty by the acceptor(s) to the Offeror that the Shares are sold to the Offeror free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature and together with all rights attached to them as at the date of this Composite Document or subsequently becoming attached to them, including the right to the receive in full all dividends and other distributions, if any, declared, made or paid on or after the date on which the Offers are made, being the date of despatch of this Composite Document. For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, the above representations and warranties.

- (vii) References to the Offers in this Composite Document and in the Forms of Acceptance include any extension or revision thereof.

- (viii) In making their decision, Independent Shareholders and Option holders must rely on their own examination of the Offeror, the Group and the terms of the Offers, including the merits and risks involved. The contents of this Composite Document, including any general advice or recommendation contained herein together with the Forms of Acceptance, shall not be construed as legal or business advice on the part of the Offeror, its beneficial owners, the Company, China Everbright Securities, Convoy and Gram Capital. The Independent Shareholders and Option holders should consult their own professional advisers for professional advice.

- (ix) Unless otherwise expressly stated in this Composite Document and/or the relevant Form of Acceptance, no one other than the Offeror and the relevant accepting Shareholder or Option holder, as the case may be, may enforce any terms of the contract that will arise on delivery of the relevant Form of Acceptance, duly completed and executed, under the Contracts (Rights of Third Parties) Ordinance, Cap. 623 of the Laws of Hong Kong.

- (x) The English texts of this Composite Document and the Forms of Acceptance shall prevail over their respective Chinese texts in case of inconsistency.

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

The following is a summary of the financial results of the Group for each of the three years ended 31 December 2015 as extracted from the annual reports of the Company.

No qualified opinion was given by the auditor of the Company, PricewaterhouseCoopers, Certified Public Accountants, in respect of the Group's audited consolidated financial statements for each of the three years ended 31 December 2015.

	2015	2014	2013
	<i>US\$</i>	<i>US\$</i>	<i>US\$</i>
Income	<u>810,309</u>	<u>862,415</u>	<u>747,698</u>
Profit before income tax	11,075,584	10,650,869	1,810,087
Income tax credit/(expense)	<u>40,370</u>	<u>(925,152)</u>	<u>1,458,599</u>
Profit for the year attributable to equity holders of the Company	<u><u>11,115,954</u></u>	<u><u>9,725,717</u></u>	<u><u>3,268,686</u></u>
Earnings per share attributable to the equity holders of the Company during the year			
— Basic	0.145	0.127	0.043
— Diluted	<u><u>0.145</u></u>	<u><u>0.127</u></u>	<u><u>0.043</u></u>

2. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP

Set out is the full text of the audited consolidated financial statements of the Company for the year ended 31 December 2015 as extracted from the annual report of the Company for the year ended 31 December 2015:

Consolidated Income Statement

For the year ended 31 December 2015

	<i>Note</i>	2015 <i>US\$</i>	2014 <i>US\$</i>
Income	6	810,309	862,415
Other gains — net	7	16,585,512	10,234,676
Administrative expenses	8	<u>(5,797,750)</u>	<u>(2,348,353)</u>
Operating profit		11,598,071	8,748,738
Share of profits less losses of associates		74,756	1,902,131
Provision for impairment loss of an associate		<u>(597,243)</u>	<u>—</u>
Profit before income tax		11,075,584	10,650,869
Income tax credit/(expense)	10	<u>40,370</u>	<u>(925,152)</u>
Profit for the year attributable to equity holders of the Company		<u><u>11,115,954</u></u>	<u><u>9,725,717</u></u>
Earnings per share attributable to the equity holders of the Company during the year	11		
— Basic		0.145	0.127
— Diluted		<u>0.145</u>	<u>0.127</u>

Consolidated Statement of Comprehensive Income*For the year ended 31 December 2015*

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Profit for the year	<u>11,115,954</u>	<u>9,725,717</u>
Other comprehensive income/(loss):		
<i>Items that have been reclassified or may be subsequently reclassified to profit or loss</i>		
Share of post-acquisition reserves of associates	(6,536,011)	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	(115,712)	(14,205)
Exchange differences arising on translation of subsidiaries and associates	(1,042,416)	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	(13,309,997)	(4,773,110)
Fair value gains of available-for-sale financial assets	38,095,055	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset	<u>—</u>	<u>(804,607)</u>
Other comprehensive income for the year, net of tax	<u>17,090,919</u>	<u>28,594,604</u>
Total comprehensive income for the year attributable to equity holders of the Company	<u><u>28,206,873</u></u>	<u><u>38,320,321</u></u>

Consolidated Balance Sheet*As at 31 December 2015*

	<i>Note</i>	2015 <i>US\$</i>	2014 <i>US\$</i>
ASSETS			
Non-current assets			
Interests in associates	<i>13</i>	78,005,948	72,341,803
Available-for-sale financial assets	<i>14</i>	<u>102,190,222</u>	<u>80,708,893</u>
Total non-current assets		<u>180,196,170</u>	<u>153,050,696</u>
Current assets			
Loans receivable	<i>15</i>	—	8,041,300
Other receivables, prepayments and deposits	<i>16</i>	367,068	206,128
Financial assets at fair value through profit or loss	<i>17</i>	5,055,595	7,004,648
Tax recoverable		—	70,253
Short-term bank deposits with initial terms of over three months		—	4,144,215
Cash and cash equivalents	<i>18</i>	<u>42,784,510</u>	<u>26,225,412</u>
Total current assets		<u>48,207,173</u>	<u>45,691,956</u>
Total assets		<u><u>228,403,343</u></u>	<u><u>198,742,652</u></u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	<i>19</i>	76,783,698	76,783,698
Reserves	<i>20</i>	<u>148,050,733</u>	<u>119,843,860</u>
Total equity		<u>224,834,431</u>	<u>196,627,558</u>
LIABILITIES			
Non-current liability			
Deferred income tax liabilities	<i>21</i>	<u>—</u>	<u>—</u>
Current liabilities			
Other payables and accrued expenses		764,505	705,738
Amounts due to related companies	<i>24(c)</i>	2,787,644	407,942
Current income tax liabilities		<u>16,763</u>	<u>1,001,414</u>
Total current liabilities		<u>3,568,912</u>	<u>2,115,094</u>
Total liabilities		<u>3,568,912</u>	<u>2,115,094</u>
Total equity and liabilities		<u><u>228,403,343</u></u>	<u><u>198,742,652</u></u>

Consolidated Statement of Changes in Equity*For the year ended 31 December 2015*

	Share capital US\$	Capital reserve US\$	Exchange translation reserve US\$	Share-based compensation reserve US\$	Investment revaluation reserve US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2015	76,783,698	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	196,627,558
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	11,115,954	11,115,954
Other comprehensive income/(loss)							
Share of post-acquisition reserves of associates	—	(6,536,011)	—	—	—	—	(6,536,011)
Release of post-acquisition reserve upon deemed disposal of an associate	—	(115,712)	—	—	—	—	(115,712)
Exchange differences arising on translation of subsidiaries and associates	—	—	(1,042,416)	—	—	—	(1,042,416)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	—	—	(13,309,997)	—	(13,309,997)
Fair value gains of available-for-sale financial assets	—	—	—	—	38,095,055	—	38,095,055
Total other comprehensive income for the year, net of tax	—	(6,651,723)	(1,042,416)	—	24,785,058	—	17,090,919
Total comprehensive income for the year ended 31 December 2015	—	(6,651,723)	(1,042,416)	—	24,785,058	11,115,954	28,206,873
Balance as at 31 December 2015	76,783,698	8,977,992	1,742,702	1,506,549	77,197,368	58,626,122	224,834,431

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Share capital US\$	Share premium US\$	Capital reserve US\$	Exchange translation reserve US\$	Share-based compensation reserve US\$	Investment revaluation reserve US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2014	7,675,816	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	158,307,237
Comprehensive income								
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	—	9,725,717	9,725,717
Other comprehensive income/(loss)								
Share of post-acquisition reserves of associates	—	—	6,471,442	—	—	—	—	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	—	—	(14,205)	—	—	—	—	(14,205)
Exchange differences arising on translation of subsidiaries and associates	—	—	—	(761,795)	—	—	—	(761,795)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	—	—	—	—	—	(4,773,110)	—	(4,773,110)
Fair value gains of available-for-sale financial assets	—	—	—	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset	—	—	—	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	—	—	—	89,401	—	89,401
Total other comprehensive income for the year, net of tax	—	—	6,457,237	(761,795)	—	22,899,162	—	28,594,604
Total comprehensive income for the year ended 31 December 2014	—	—	6,457,237	(761,795)	—	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	—	—	—	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014 (<i>Note 19</i>)	69,107,882	(69,107,882)	—	—	—	—	—	—
Balance as at 31 December 2014	76,783,698	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	196,627,558

Consolidated Statement of Cash Flows*For the year ended 31 December 2015*

	Note	Year ended 31 December	
		2015 US\$	2014 US\$
Cash flows from operating activities			
Cash used in operations	22	(5,369,791)	(2,417,272)
Hong Kong profits tax refunded		110,623	—
Overseas profit tax paid		(969,880)	—
Net cash used in operating activities		<u>(6,229,048)</u>	<u>(2,417,272)</u>
Cash flows from investing activities			
Loan repayment received		—	350,000
Capital contribution to an associate		(7,920,667)	—
Loan repayment received from an associate		4,752,400	—
Loan advanced to an associate		(3,168,267)	(3,995,661)
Interest received		526,992	606,992
Dividend received from listed investments		283,317	255,423
Dividend received from an associate		478,950	—
Uplift/(placement) of time deposits with initial terms of over three months		4,144,215	(4,144,215)
Purchase of available-for-sale financial assets		—	(2,578,383)
Purchase of financial assets at fair value through profit or loss		(517,004)	(840,057)
Net proceeds from disposals of interests in an associate		—	6,218,388
Net proceed from disposals of available-for-sale financial assets		18,762,749	7,815,603
Net proceed from disposals of financial assets at fair value through profit or loss		<u>5,722,664</u>	<u>88,195</u>
Net cash generated from investing activities		<u>23,065,349</u>	<u>3,776,285</u>
Net increase in cash and cash equivalents		16,836,301	1,359,013
Cash and cash equivalents at beginning of year		26,225,412	25,181,872
Exchange losses on cash and cash equivalents		<u>(277,203)</u>	<u>(315,473)</u>
Cash and cash equivalents at end of year	18	<u><u>42,784,510</u></u>	<u><u>26,225,412</u></u>

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

China Assets (Holdings) Limited (the ‘Company’) and its subsidiaries (together, the ‘Group’) is principally engaged in investment holdings in Hong Kong and Mainland China.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.

The Company is listed on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in United States dollars (‘US\$’), unless otherwise stated. These financial statements have been approved for issue by the Board of Directors on 24 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The consolidated financial statements of China Assets (Holdings) Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

(i) Changes in accounting policy and disclosures

Effect of adopting amendments to existing accounting standards

The following amendments to existing accounting standards are mandatory to the Group for the financial year beginning on or after 1 January 2015 but they did not result in any significant impact on the results and financial position of the Group.

HKAS 19 (2011) (Amendment) Annual Improvements Project	Defined Benefit Plans: Employee Contributions Improvements to HKASs and HKFRSs 2010-2012 Cycle
Annual Improvements Project	Improvements to HKASs and HKFRSs 2011-2013 Cycle

New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 27 (2011) (Amendment)	Equity method in separate Financial Statement	1 January 2016
HKAS 28 and HKFRS 10 (Amendment)	Sales and contribution of assets between an investor and its associate or joint venture	To be determined
HKAS 28 (2011), HKFRS 10 and HKFRS 12 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 11 (Amendment)	Acquisition of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
Annual Improvement Project	Improvement to HKASs and HKFRSs 2012-2014 cycle	1 January 2016

The Group has already commenced an assessment of the related impact of adopting the above standards and amendments to existing standards to the Group. The Group is not yet in a position to state whether the above amendments will result in substantial changes to the Group's accounting policies and presentation of the financial statements.

(ii) *New Hong Kong Companies Ordinance (Cap. 622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation, and disclosure of certain information in the consolidated financial statements.

(b) *Subsidiaries*

(i) *Consolidation*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

(c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Dilution gains and losses arising in investments in associates are recognised in the consolidated income statement.

(d) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

(e) Foreign currency translation**(i) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in US\$, which is the Company's functional and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement. All foreign exchange gains and losses are presented in the consolidated income statement within 'other gains/(losses) — net'.

Changes in the fair value of monetary debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale are included in other comprehensive income.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each consolidated income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(f) Impairment of non-financial assets

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for

the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(g) Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'loans receivable', 'other receivables and deposits' and 'cash and cash equivalents' in the consolidated balance sheet (Notes 2(i) and 2(j)).

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'other gains/(losses) — net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the income statement as part of income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in investment revaluation reserve are included in the consolidated income statement as 'other gains/(losses) — net'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

(h) Impairment of financial assets

(i) *Assets carried at amortised cost*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or a group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisations, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and other receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

(ii) *Assets classified as available-for-sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Group uses the criteria refer to (i) above. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss — is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

Impairment testing of loans and other receivables is described in Note 2h(i).

(i) **Loans receivable and other receivables**

If collection of loans receivable and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Loans receivable and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(j) **Cash and cash equivalents**

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

(k) **Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(l) **Other payables**

Other payables are recognised initially at fair value and subsequent measured at amortised cost using the effective interest method.

(m) **Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iii) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(n) Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

(o) Employee benefits**(i) Pension obligations**

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The Group participates in a number of defined contribution plans, the assets of which are generally held in separate trustee-administered funds. The pension plans are generally funded by payments from employees and by the relevant group companies. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employee benefit expenses when they are due and are not reduced by contributions forfeited by those employees who leave the scheme prior to vesting fully in the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(ii) Share-based compensation

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(p) Operating leases (as the lessee for operating lease)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged in profit or loss on a straight-line basis over the period of the lease.

(q) Income recognition

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised using the effective interest method. When loans and other receivables are impaired, the Group reduces the carrying amounts to their recoverable amounts, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and other receivables are recognised using the original effective interest rate.

(r) Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's members or directors, where appropriate.

3. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(i) *Market risk*

(1) *Foreign exchange risk*

The Group operates mainly in Hong Kong and the Mainland China and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Hong Kong dollars ('HK\$') and Renminbi ('RMB'). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group currently does not have a foreign currency hedging policy.

In respect of the Group's monetary assets and liabilities denominated in HK\$, as HK\$ is pegged to US\$, the exposure to fluctuations in exchange rate of HK\$ is considered to be insignificant.

Majority of other Group's monetary assets and liabilities are denominated in the respective entities' functional currencies, which is either US\$ or RMB. Based on a sensitivity analysis performed by management, as at 31 December 2015, if the RMB appreciated/depreciated by 5%, with all other variables held constant, post-tax profit for the year would have been US\$1,703,000 (2014: US\$1,281,000) higher/lower. Equity would have been US\$4,408,000 (2014: US\$3,329,000) higher/lower.

(2) *Price risk*

The Group is exposed to equity securities price risk because investments held by the Group are classified on the consolidated balance sheet either as available-for-sale financial assets or as financial assets at fair value through profit or loss. The Group is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio.

If the securities price of the respective investments held by the Group as available-for-sale financial assets and financial assets at fair value through profit or loss were higher or lower by 15% as at 31 December 2015 (2014: 15%), the Group's investment revaluation reserve would increase or decrease by approximately US\$14,962,000 (2014: US\$11,636,000) and 'other gains — net' in the consolidated income statement for the year ended 31 December 2015 would increase or decrease by US\$1,125,000 (2014: US\$1,521,000) respectively.

(3) *Cash flow and fair value interest rate risk*

The Group's significant interest-bearing assets are cash at bank and bank deposits, where the interest rate is low in the current environment. These bank balances and deposits carry interest at floating interest rates and expose the Group on cash flow interest rate risk. Assuming the balance as 31 December 2015 was the amount for the whole year, if the interest rate was 20 (2014: 20) basis points higher or lower and all other variables were held constant, the Group's profit or loss would increase or decrease by approximately US\$79,000 (2014: US\$57,000).

(ii) Credit risk

The Group is exposed to credit risk mainly in relation to its loans and other receivables and deposits with banks. The carrying amounts of loans receivable, other receivables and deposits, short-term bank deposits and cash at banks included in the consolidated balance sheet represent the Group's maximum exposure to credit risk in relation to its financial assets.

As at 31 December 2015, the Group had no significant concentrations of credit risk. It has policies in place to ensure that loans were made to borrowers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any borrower. Adequate provision for unrecoverable loans and other receivables has been made in the relevant accounting period after considering the Group's experience in collection of loans and other receivables.

As at 31 December 2014 and 2015, all the bank deposits were placed with major banks in Hong Kong and the Mainland China. The credit quality of the financial institutions has been assessed by reference to external credit ratings or historical information about the counterparty default rates. The existing counterparties do not have defaults in the past.

(iii) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping sufficient cash and marketable securities.

The Group considers that the exposure to liquidity risk is insignificant as the Group does not have any material current liabilities.

(b) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust its dividend policy, return capital to shareholders, issue new shares or sell assets to reduce debt.

Capital of the Group for capital management purpose includes share capital, retained earnings, other reserves and subordinated liabilities. Capital is allocated to various business activities of the Group depending on the risk taken by each business, taking into account current and future activities within a time frame.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt.

As at 31 December 2014 and 2015, the Group had no bank borrowings and, accordingly, the gearing ratio for both years is Nil.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets that are measured at fair value at 31 December 2015.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
— listed equity securities	5,055,595	—	—	5,055,595
— unlisted equity securities	—	—	—	—
Available-for-sale financial assets				
— listed equity securities	96,247,815	—	—	96,247,815
— unlisted investment funds	—	3,496,750	2,445,657	5,942,407
	<u>101,303,410</u>	<u>3,496,750</u>	<u>2,445,657</u>	<u>107,245,817</u>

The following table presents the Group's assets that are measured at fair value at 31 December 2014.

	Level 1 US\$	Level 2 US\$	Level 3 US\$	Total US\$
Financial assets at fair value through profit or loss				
— listed equity securities	5,254,886	—	—	5,254,886
— unlisted equity securities	—	—	1,749,762	1,749,762
Available-for-sale financial assets				
— listed equity securities	74,324,014	—	—	74,324,014
— unlisted investment funds	—	3,248,834	3,136,045	6,384,879
	<u>79,578,900</u>	<u>3,248,834</u>	<u>4,885,807</u>	<u>87,713,541</u>

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing

service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise primarily securities listed on the Stock Exchange of Hong Kong Limited.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments; and
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The following table presents the changes in level 3 instruments for the year ended 31 December 2015.

	Unlisted Investment fund US\$	Unlisted equity securities US\$	Total US\$
Opening balance	3,136,045	1,749,762	4,885,807
Disposal during the year	—	(1,749,762)	(1,749,762)
Provision for impairment loss recognised in the consolidated income statement	(690,388)	—	(690,388)
Closing balance	<u>2,445,657</u>	<u>—</u>	<u>2,445,657</u>

The following table presents the changes in level 3 instruments for the year ended 31 December 2014.

	Unlisted Investment fund US\$	Unlisted equity securities US\$	Total US\$
Opening balance	4,521,478	1,749,762	6,271,240
Release of investment revaluation reserve upon impairment	(894,008)	—	(894,008)
Provision for impairment loss recognised in the consolidated income statement	(491,425)	—	(491,425)
Closing balance	<u>3,136,045</u>	<u>1,749,762</u>	<u>4,885,807</u>

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of loans and other receivables

Provision for impairment of loans and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. In determining whether any of the loans and other receivables is impaired, significant judgement is required. In making this judgement, the Group evaluates, among other factors, the duration and extent by all means to which the amount will be recovered. Based on the management's estimation, adequate impairment provision has been made on loans and other receivables. Where the final outcome of these matters is different from the management's estimates and judgements, such differences will impact the profit and loss account and carrying value of loans and other receivables in the period in which such determination is made.

(b) Estimated impairment of investments in associates

The Group tests whether the carrying amount of investment has suffered from any impairment, in accordance with the accounting policy stated in Note 2(b)(ii) and Note 2(c). The recoverable amount of cash-generating unit has been determined based on value-in-use calculations. These calculations require the use of estimates.

(c) Fair value of financial instruments

The fair value of financial instruments traded in active markets (such as trading and available-for-sale financial assets securities) is based on quoted market prices at the end of the reporting period.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

(d) Income taxes

The Group is subject to income taxes in various jurisdictions, mainly in Hong Kong and the Mainland China. Significant judgement is required in determining the amount of the provision for income taxes and the timing of the related payments. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

(e) Estimated impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

5. INVESTMENT MANAGEMENT FEE

Pursuant to a management agreement ('Management Agreement') dated 28 March 1991 and the subsequent amendments, and a new agreement dated 25 September 2012 (the "New Supplemental Agreement") which was effective from 1 January 2013 to 31 December 2015 to supplement the Management Agreement for the provision of management and advisory services to the Company, China Assets Investment Management Limited ('CAIML') (Note 24(a)) was entitled to receive from the Company a management fee calculated at the following rates:

- (i) 2.75% per annum on the aggregate cost to the Company of the investments (less any provisions in respect thereof) held by it from time to time; and
- (ii) 1% per annum on the value of uninvested net assets, representing net asset value of the Company less the aggregate cost of investments made by the Company.

Management fee paid to CAIML for the year ended 31 December 2015 amounted to US\$1,745,468 (2014: US\$1,574,992). CAIML was also entitled to receive a performance bonus based on a specified formula as defined in the Management Agreement. Performance bonus paid for the year ended 31 December 2015 amounted to US\$2,386,532 (2014: Nil).

The annual management fee (including performance bonus) was subject to an annual cap of US\$4,132,000 for the year ended 31 December 2015 (2014: US\$2,713,000).

6. INCOME AND SEGMENT INFORMATION

The principal activity of the Group is investment holding in Hong Kong and Mainland China. Income recognised during the year is as follows:

	2015 US\$	2014 US\$
Income		
Bank interest income	526,992	606,992
Dividend income from listed investments	283,317	255,423
	<u>810,309</u>	<u>862,415</u>

The chief operating decision-maker has been identified as the Board of Directors. Management determines the operating segments based on the Group's internal reports, which are then submitted to the Board of Directors for performance assessment and resources allocation.

The Board of Directors assesses the performance of the operating segment based on a measure of profit before tax. The measurement policies the Group uses for segment reporting under HKFRS 8 are the same as those used in its HKFRSs financial statements.

The Group has identified one operating segment — investment holding. Accordingly, segment disclosures are not presented.

An analysis of the Group's income by geographic location is as follows:

	2015 US\$	2014 US\$
Income		
Hong Kong	700,418	543,810
Mainland China	109,891	318,605
	<u>810,309</u>	<u>862,415</u>

An analysis of the Group's non-current assets, other than available-for-sale financial assets by geographic location is as follows:

	2015 US\$	2014 US\$
Non-current assets, other than available-for-sale financial assets		
Hong Kong	62,111,415	66,927,209
Mainland China	15,894,533	5,414,594
	<u>78,005,948</u>	<u>72,341,803</u>

7. OTHER GAINS — NET

	2015 US\$	2014 US\$
Net gains on disposals of available-for-sale financial assets	16,149,408	5,993,281
Net gains on disposals of financial assets at fair value through profit or loss	3,972,902	34,069
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(716,295)	316,433
Net gains on disposal of interests in an associate	—	4,541,206
Net loss on deemed disposal of interest in an associate	(280,545)	(58,630)
Provision for impairment loss of an available-for-sale financial asset	(690,388)	(491,425)
Reversal of provision for impairment of loans and other receivables	—	350,000
Net exchange losses	(1,849,570)	(450,258)
	<u>16,585,512</u>	<u>10,234,676</u>

(a) Breakdown of realised and unrealised gains/(losses)

	2015 US\$	2014 US\$
Net gains on disposals of available-for-sale financial assets	16,149,408	5,993,281
Net gains on disposals of financial assets at fair value through profit or loss	3,972,902	34,069
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(716,295)	316,433
Net gains on disposal of interest in an associate	—	4,541,206
Net loss on deemed disposal of interest in an associate	(280,545)	(58,630)
Provision for impairment loss of an available-for-sale financial asset	(690,388)	(491,425)
	<u>18,435,082</u>	<u>10,334,934</u>
Represented by:		
	2015 US\$	2014 US\$
Listed investments		
Net realised gains	15,868,863	5,968,720
Net unrealised (losses)/gains	(716,295)	316,433
	<u>15,152,568</u>	<u>6,285,153</u>
Unlisted investments		
Net realised gains	3,972,902	4,541,206
Net unrealised losses	(690,388)	(491,425)
	<u>3,282,514</u>	<u>4,049,781</u>
	<u>18,435,082</u>	<u>10,334,934</u>

8. ADMINISTRATIVE EXPENSES

Expenses included in administrative expenses are analysed as follows:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Investment management fee and performance bonus	4,132,000	1,574,992
Employee benefit expenses (including directors' remuneration)	207,507	186,358
Auditor's remuneration		
— Audit services	177,909	178,065
— Non-audit services	63,283	10,702
Other expenses	1,217,051	398,236
	<u>5,797,750</u>	<u>2,348,353</u>

9. EMPLOYEE BENEFIT EXPENSES

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Wages and salaries (including directors' remuneration: (Note 26))	205,186	184,198
Pension costs — defined contribution plan	2,321	2,160
	<u>207,507</u>	<u>186,358</u>

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include four (2014: four) directors whose emoluments are reflected in the analysis shown in note 26. The emoluments payable to the remaining one (2014: one) individual during the year are as follows:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Basic salaries, housing allowances, other allowances and benefits in kind	90,572	69,608
Pension costs — defined contribution plan	2,321	2,160
	<u>92,893</u>	<u>71,768</u>

The emoluments payable to this employee in 2015 and 2014 fell within the band of HK\$nil to HK\$1,000,000.

10. INCOME TAX (CREDIT)/EXPENSE

Hong Kong profits tax has been provided for at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year. Taxation on overseas profits has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

	2015 US\$	2014 US\$
Current tax:		
— Hong Kong profits tax	—	—
— People's Republic of China ("PRC") corporate income tax	—	925,152
— Over-provision in respect of prior years	(40,370)	—
	<u>(40,370)</u>	<u>925,152</u>
Income tax (credit)/expense	<u>(40,370)</u>	<u>925,152</u>

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

	2015 US\$	2014 US\$
Profit before income tax	11,075,584	10,650,869
Less: Share of profits less losses of associates	(74,756)	(1,902,131)
	11,000,828	8,748,738
Calculated at applicable domestic profits tax rate of respective jurisdiction	1,772,310	1,853,260
Income not subject to tax	(3,477,001)	(1,266,268)
Expenses not deductible for tax purposes	1,547,627	527,099
Utilisation of previously unrecognised tax losses	—	(188,939)
Tax losses not recognised	157,064	—
Over-provision in prior year	(40,370)	—
	<u>(40,370)</u>	<u>925,152</u>
Tax (credit)/expense	<u>(40,370)</u>	<u>925,152</u>

The weighted average applicable tax rate was 16.1% (2014: 21.20%). The decrease is caused by a change in the relative profitability of the group's subsidiaries in the respective jurisdictions.

11. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is calculated by dividing the Group's profit for the year attributable to equity holders of the Company of US\$11,115,954 (2014: US\$9,725,717). The basic earnings per share is based on the weighted average number of 76,758,160 (2014: 76,758,160) ordinary shares in issue during the year.

Diluted earnings per share during the year is the same as the basic earnings per share as the potential additional ordinary shares are anti-dilutive.

12. SUBSIDIARIES

The following is a list of subsidiaries held directly by the Company at 31 December 2015:

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held	
				2015	2014
Global Lead Technology Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Global Record Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Promise Keep Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Runway Wish Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Shining Avenue Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Winner Strength Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Balance Target Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Capital Structure Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Ruby Power Investments Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
SINO Manufacturing Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Truly Partner Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Wonderful Effort Limited	British Virgin Islands	Investment holding	10 shares of US\$1 each	100%	100%
Zhong Guan Business Consultancy (Shanghai) Co. Ltd.	People's Republic of China	Investment holding	Registered capital of US\$140,000	100%	100%

Notes:

1. Apart from Zhong Guan Business Consultancy (Shanghai) Co. Ltd. which directors are Mr. Cheng Sai Wai, Ms. Hao Ya Xin and Ms. Li Yan Ping, the directors of all remaining subsidiaries are Mr. Lo Yuen Yat and Mr. Yeung Wai Kin.
2. The subsidiaries operate principally in their places of incorporation. The kind of legal entity of all subsidiaries are limited liability companies.

13. INTERESTS IN ASSOCIATES

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Investments in associates	74,960,649	72,341,803
Loan to an associate (<i>note</i>)	3,045,299	—
	<u>78,005,948</u>	<u>72,341,803</u>

Note: As at 31 December 2015, the loan to an associate was regarded as equity contribution to the associate.

Movements in the investment in associates are as follows:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
As at 1 January	75,242,579	68,822,982
Additional investment in an associate	11,026,748	—
Disposal of interest in an associate	—	(1,677,182)
Deemed disposal of interest in an associate	(396,257)	(72,835)
Share of profits less losses of associates	74,756	1,902,131
Share of post-acquisition reserves of associates	(6,536,011)	6,471,442
Dividends received	(478,950)	—
Exchange differences	(474,197)	(203,959)
	<u>78,458,668</u>	<u>75,242,579</u>
As at 31 December	78,458,668	75,242,579
Provision for impairment of investment in an associate	(3,498,019)	(2,900,776)
	<u>74,960,649</u>	<u>72,341,803</u>

Movement in the provision for impairment of investment in an associate is as follows:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
As at 1 January	(2,900,776)	(2,900,776)
Provision for impairment	(597,243)	—
	<u>(3,498,019)</u>	<u>(2,900,776)</u>
As at 31 December	(3,498,019)	(2,900,776)

As at 31 December 2015, provision for impairment of investment in an associate of US\$3,498,019 (2014: US\$2,900,776) was made by the Group after taking into account of the associate's business developments, financial positions and other factors.

(a) Set out below are the associates of the Group as at 31 December 2015:

Name	Particulars of issued shares held	Place of incorporation	Principal activities	Interest held	
				2015	2014
First Shanghai Investments Limited (“FSIL”) (See note i below)	Ordinary shares of 1,413,473,012 of HK\$0.2 each	Hong Kong	Investment holding	17.522%	17.683%
Hong Kong Strong Profit Limited (“HKSP”)	Ordinary shares of 4,900 of HK\$1 each	Hong Kong	Dormant	49%	49%
Shanghai International Medical Center Investment Management Company Limited (“SIMC”)	Registered and paid up capital of RMB600,000,000	People’s Republic of China	Provision of medical service	20% ¹	20% ¹
Goldeneye Interactive Limited (“Goldeneye”) (See note ii below)	222,948,980 Ordinary shares of US\$0.001 each; 8,163,265 Series A Preferred shares of US\$0.001 each; and 12,185,511 Series B Preferred shares of US\$0.001 each	Cayman Islands	Provision of online real estate information	22.37%	22.37%
Shanghai Moxing Environmental Science and Technology Co Ltd (“SMECT”)	Registered and paid up capital of RMB896,510	People’s Republic of China	Provision of waste oil recycling	29.86% ¹	29.86% ¹

¹ Held indirectly by the Company

Notes:

- (i) FSIL is a company listed on The Stock Exchange of Hong Kong Limited with issued share capital of HK\$1,157,658,000 (2014: HK\$1,145,005,000). Notwithstanding interest in FSIL is less than 20%, which represented 247,674,500 shares held as at 31 December 2015 and 2014, FSIL is considered as an associate of the Company because there are two common directors on the board of FSIL who can exercise significant influence over FSIL’s operations and management decisions. As at 31 December 2015, the market value of the Group’s interest in FSIL was approximately US\$41,220,000 (2014: US\$53,642,000).
- (ii) The Group holds 9,574,300 Series B Preferred shares of US\$0.001 each in the Company, representing a 22.37% equity interest of the Company.

- (b) Set out below are the summarised financial information for FSIL and SIMC which are accounted for using the equity method:

Summarised balance sheet

	FSIL		SIMC	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Current assets	648,519	527,379	4,468	3,991
Current liabilities	(449,150)	(326,141)	(34,762)	(56,903)
Non-current assets	243,309	266,874	161,184	155,336
Non-current liabilities	(33,984)	(44,620)	(66,997)	(79,099)
	<u>648,519</u>	<u>527,379</u>	<u>4,468</u>	<u>3,991</u>

Summarised statement of comprehensive income

	FSIL		SIMC	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Revenue	63,456	64,676	7,387	2,791
Profit/(loss) after tax	17,370	26,476	(12,088)	(11,097)
Other comprehensive (loss)/ income	(30,883)	43,925	—	—
Total comprehensive (loss)/ income	(13,513)	70,401	(12,088)	(11,097)
Dividends received from associates	479	—	—	—
	<u>479</u>	<u>—</u>	<u>—</u>	<u>—</u>

The information above reflects the amounts presented in the financial statements of the associates (and not the Group's share of those associates) adjusted for difference in accounting policies between the Group and the associates.

- (c) Reconciliation of the summarised financial information presented to the carrying amount of its investments in associates:

	FSIL		SIMC	
	2015	2014	2015	2014
	US\$'000	US\$'000	US\$'000	US\$'000
Opening net assets as at 1 January	423,492	354,306	23,325	35,196
Profit/(loss) for the year	17,370	26,476	(12,088)	(11,097)
Other comprehensive (loss)/ income	(30,883)	43,925	—	—
Transactions with owners	(1,602)	(1,112)	53,293	—
Exchange difference	316	(103)	(637)	(774)
	<u>408,693</u>	<u>423,492</u>	<u>63,893</u>	<u>23,325</u>
Closing net assets at 31 December	408,693	423,492	63,893	23,325
Interest in associates	69,769	73,132	12,779	4,665
Effect of cross holding	(8,078)	(6,239)	—	—
Goodwill	—	—	5	34
Others	420	34	—	—
	<u>62,111</u>	<u>66,927</u>	<u>12,784</u>	<u>4,699</u>
Carrying amount	62,111	66,927	12,784	4,699

As at 31 December 2015, the aggregate carrying amount of interests in individually immaterial associates that are accounted for using the equity method was US\$65,000 (2014: US\$715,000).

During the year ended 31 December 2015, the Group did not have any unrecognised share of losses of associates (2014: Nil). As at 31 December 2015, the accumulated share of losses of the associates unrecognised by the Group was nil (2014: nil).

The directors have assessed the recoverable amounts of the above investments which are determined based on the higher of fair value less costs to sell and value-in-use calculation. As at 31 December 2015, as the recoverable amounts of the investments exceeded their carrying amounts, there was no impairment in the investments.

14. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015 US\$	2014 US\$
As at 1st January	80,708,893	57,634,496
Additions	—	2,578,383
Disposals	(15,923,338)	(6,595,432)
Fair value change transfer to other comprehensive income	38,095,055	28,476,879
Provision for impairment loss recognised in the consolidated income statement	(690,388)	(491,425)
Release of investment revaluation reserve upon impairment	—	(894,008)
	<u>102,190,222</u>	<u>80,708,893</u>

Available-for-sale financial assets include the following:

	2015 US\$	2014 US\$
Listed equity securities		
— Canada	2,403	1,436
— Mainland China	90,120,580	66,763,395
— Hong Kong	6,124,832	7,559,183
Unlisted investment funds	5,942,407	6,384,879
	<u>102,190,222</u>	<u>80,708,893</u>
Market value of listed securities	<u>96,247,815</u>	<u>74,324,014</u>

Available-for-sale financial assets are denominated in the following currencies:

	2015 US\$	2014 US\$
Canadian dollars	2,403	1,436
HK dollars	9,621,582	10,808,017
Renminbi	92,566,237	69,899,440
	<u>102,190,222</u>	<u>80,708,893</u>

At 31 December 2015 and 2014, the carrying amount of interest in the following company exceeded 10% of total assets of the Group.

Name	Place of incorporation	Principal activities	Particulars of issued share capital	Interest held	
				2015	2014
Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang")	People's Republic of China ("PRC")	Manufacture and sale of pharmaceutical products	581,575,500 foreign legal person shares [#]	7.62%	9.01%

[#] As at 31 December 2015, the Group held 44,334,600 (2014: 52,415,166) shares in Lukang, a company established in the PRC with its A-shares listed on the Shanghai Stock Exchange. Rules and restrictions have been imposed by the China Securities Regulatory Commission on the disposal of the shares.

15. LOANS RECEIVABLE

Loans receivable are denominated in the following currencies:

	2015 US\$	2014 US\$
Independent third parties (<i>Note a</i>):		
Renminbi	6,547,392	6,915,518
An associate (<i>Note b</i>):		
Renminbi — unsecured	—	3,216,520
Renminbi — secured	—	4,824,780
Loans receivable — gross	6,547,392	14,956,818
Provision for impairment	(6,547,392)	(6,915,518)
Loans receivable — net	—	8,041,300

The carrying amounts of loans receivable approximate to their fair values as at 31 December 2015. The maximum exposure to credit risk at the reporting date is the carrying amounts of the loans receivable.

Notes:

- (a) The loans receivable from independent third parties were secured by certain assets of the borrowers as stipulated in the respective loan agreements. As at 31 December 2015 and 2014, the loans receivable from independent third parties were all past due and fully impaired.
- (b) As at 31 December 2014, loan receivable from Shanghai International Medical Centre Co. Ltd. ("SIMC") amounted to US\$4,824,780 was guaranteed by an independent third party, which is also a shareholder of SIMC.

As at 31 December 2015 and 2014, the ageing analysis of the loans receivable is as follows:

	2015 US\$	2014 US\$
Current	—	—
Past due within 1 year	—	4,824,780
Past due over 1 year	6,547,392	10,132,038
	<u>6,547,392</u>	<u>14,956,818</u>

As of 31 December 2015, loans receivable of US\$6,547,392 (2014: US\$6,915,518) were fully impaired. It is assessed that the loans receivable are not expected to be recovered.

Movements in the provision for impairment of loans receivable are as follows:

	2015 US\$	2014 US\$
As at 1 January	6,915,518	7,441,497
Reversal of provision	—	(350,000)
Exchange difference	(368,126)	(175,979)
	<u>6,547,392</u>	<u>6,915,518</u>

The reversal of provision for impairment of loans receivable have been included in ‘other gains — net’ in the consolidated income statement (Note 7).

16. OTHER RECEIVABLES, PREPAYMENTS AND DEPOSITS

	2015 US\$	2014 US\$
Other receivables		
Interest receivables	2,553,368	2,393,800
Others	2,442,990	2,578,973
	<u>4,996,358</u>	<u>4,972,773</u>
Prepayments and deposits	25,314	25,598
	<u>5,021,672</u>	<u>4,998,371</u>
Provision of impairment of other receivables	(4,654,604)	(4,792,243)
	<u>367,068</u>	<u>206,128</u>

Other receivables, prepayments and deposits are denominated in the following currencies:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Renminbi	4,990,467	4,968,530
HK dollars	31,205	29,841
	<u>5,021,672</u>	<u>4,998,371</u>

Movements in the provision for impairment of other receivables are as follows:

	2015	2014
	<i>US\$</i>	<i>US\$</i>
As at 1 January	4,792,243	4,883,519
Written-off	—	(26,458)
Exchange difference	(137,639)	(64,818)
As at 31 December	<u>4,654,604</u>	<u>4,792,243</u>

As of 31 December 2015 and 2014, substantially all of the other receivables were past due and impaired. Provision for impairment of other receivables of US\$4,654,604 (2014: US\$4,792,243) was made by the Group after taking into account of the debtors' business developments, financial positions and other factors.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015	2014
	<i>US\$</i>	<i>US\$</i>
Listed equity securities held for trading:		
— Hong Kong	5,055,595	5,254,886
Unlisted equity securities	—	1,749,762
	<u>5,055,595</u>	<u>7,004,648</u>
Market value of listed equity securities	<u>5,055,595</u>	<u>5,254,886</u>

Changes in fair values of these financial assets are recorded in 'other gains — net' in the consolidated income statement (Note 7).

Financial assets at fair value through profit or loss are presented within the section on 'operating activities' as part of changes in working capital in the consolidated statement of cash flows (Note 22).

The fair value of listed equity securities is based on their current bid prices in an active market.

18. CASH AND CASH EQUIVALENTS

	2015 <i>US\$</i>	2014 <i>US\$</i>
Cash at bank and on hand	3,454,110	2,066,490
Short-term bank deposits with initial terms of less than three months	<u>39,330,400</u>	<u>24,158,922</u>
	----- 42,784,510	----- 26,225,412
Short-term bank deposits with initial terms of over three months	<u>—</u>	<u>4,144,215</u>
	<u>42,784,510</u>	<u>30,369,627</u>
Maximum exposure to credit risk	<u>42,783,920</u>	<u>30,369,541</u>

The effective interest rates on short-term bank deposits of the Group were as follows:

	2015	2014
Short-term bank deposits	<u>0.10%-2.25%</u>	<u>0.50%-3.05%</u>

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	2015 <i>US\$</i>	2014 <i>US\$</i>
US dollars	6,636,574	2,632,998
HK dollars	394,605	834,802
Renminbi	<u>35,753,331</u>	<u>26,901,827</u>
	<u>42,784,510</u>	<u>30,369,627</u>

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

As at 31 December 2015, the Group held Renminbi denominated cash and bank balances totalling US\$35,753,331 which were kept in Mainland China, the conversion and remittance of which are subject to these rules and regulations.

19. SHARE CAPITAL

Ordinary shares, issued and fully paid:

	Number of shares	Share capital US\$
As at 1 January 2014	76,758,160	7,675,816
Transition to no-par value regime on 3 March 2014 (<i>Note a</i>)	—	69,107,882
At 31 December 2014	<u>76,758,160</u>	<u>76,783,698</u>
At 31 December 2015	<u>76,758,160</u>	<u>76,783,698</u>

Note:

- (a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

Share options

Share options were granted to certain directors of the Company and employees of CAIML as incentives and rewards for their contributions to the Group. Each share option entitles the holder to subscribe for one share in the capital of the Company at an exercise price of HK\$5.74 per share, and is exercisable at any time from 25 April 2007 to 24 April 2017 respectively.

A new share option scheme ("New Share Option Scheme") was approved by an ordinary resolution passed on 23 May 2014 and adopted by the Company on 26 May 2014. The Board of Directors is authorised to implement the New Share Option Scheme in accordance with the rules stated to grant options and to issue and allot shares of the Company pursuant thereto.

Details of the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price per Share HK\$	Options (thousands)
As at 1 January 2014	4.97	6,225
Options lapsed	3.00	<u>(1,750)</u>
As at 31 December 2014 and 1 January 2015	5.74	4,475
Options lapsed	5.74	<u>(500)</u>
As at 31 December 2015	5.74	<u>3,975</u>

During the years ended 31 December 2015 and 2014, no share option was granted and exercised.

20. RESERVES

	Share premium US\$	Capital Reserve (Note) US\$	Exchange translation reserve US\$	Share-based compensation reserve US\$	Investment revaluation reserve US\$	Retained earnings US\$	Total US\$
Balance as at 1 January 2015	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	119,843,860
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	11,115,954	11,115,954
Other comprehensive (loss)/income							
Share of post-acquisition reserves of associates	—	(6,536,011)	—	—	—	—	(6,536,011)
Release of post-acquisition reserve upon deemed disposal of an associate	—	(115,712)	—	—	—	—	(115,712)
Exchange differences arising on translation of subsidiaries and associates	—	—	(1,042,416)	—	—	—	(1,042,416)
Release of investment revaluation reserve upon disposal of an available- for-sale financial assets	—	—	—	—	(13,309,997)	—	(13,309,997)
For value gains of available-for-sale financial assets	—	—	—	—	38,095,055	—	38,095,055
Total other comprehensive income/(loss) for the year, net of tax	—	(6,651,723)	(1,042,416)	—	24,785,058	—	17,090,919
Total comprehensive income/(loss) for the year	—	(6,651,723)	(1,042,416)	—	24,785,058	11,115,954	28,206,873
Balance as at 31 December 2015	—	8,977,992	1,742,702	1,506,549	77,197,368	58,626,122	148,050,733

Note: Capital reserve mainly includes share of post-acquisition reserves of associates.

APPENDIX II
FINANCIAL INFORMATION OF THE GROUP

	Share premium <i>US\$</i>	Capital Reserve (Note) <i>US\$</i>	Exchange translation reserve <i>US\$</i>	Share-based compensation reserve <i>US\$</i>	Investment revaluation reserve <i>US\$</i>	Retained earnings <i>US\$</i>	Total <i>US\$</i>
Balance as at 1 January 2014	69,107,882	9,172,478	3,546,913	1,573,881	29,513,148	37,717,119	150,631,421
Comprehensive income							
Profit for the year attributable to equity holders of the Company	—	—	—	—	—	9,725,717	9,725,717
Other comprehensive (loss)/income							
Share of post-acquisition reserves of associates	—	6,471,442	—	—	—	—	6,471,442
Release of post-acquisition reserve upon deemed disposal of an associate	—	(14,205)	—	—	—	—	(14,205)
Exchange differences arising on translation of subsidiaries and associates	—	—	(761,795)	—	—	—	(761,795)
Release of investment revaluation reserve upon disposal of an available- for-sale financial asset	—	—	—	—	(4,773,110)	—	(4,773,110)
Fair value gains of available-for-sale financial assets	—	—	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	—	—	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	—	—	89,401	—	89,401
Total other comprehensive income/(loss) for the year, net of tax	—	6,457,237	(761,795)	—	22,899,162	—	28,594,604
Total comprehensive income/(loss) for the year	—	6,457,237	(761,795)	—	22,899,162	9,725,717	38,320,321
Transfer of reserve upon lapse of share options	—	—	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014 (Note 19)	(69,107,882)	—	—	—	—	—	(69,107,882)
Balance as at 31 December 2014	—	15,629,715	2,785,118	1,506,549	52,412,310	47,510,168	119,843,860

21. DEFERRED INCOME TAX LIABILITIES

The gross movement in the deferred income tax liabilities are as follows:

	2015 <i>US\$</i>	2014 <i>US\$</i>
As at 1 January	—	89,401
Credited to investment revaluation reserve	—	(89,401)
	<u>—</u>	<u>(89,401)</u>
As at 31 December	<u>—</u>	<u>—</u>

Deferred income tax liabilities represent capital gain tax on unrealised fair value gains on available-for-sale financial assets.

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefits through the future taxable profits is probable. The Group did not recognise deferred income tax assets of US\$867,000 (2014: US\$710,000) in respect of losses amounting to US\$5,256,000 (2014: 4,301,000) that can be carried forward against future taxable income.

Deferred income tax liabilities of US\$33,600 (2014: US\$39,000) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of a subsidiary in the PRC. Such temporary differences are not expected to be reversed in the foreseeable future. At 31 December 2015, total unremitted earnings amounted to US\$672,000 (2014: US\$786,000).

22. CASH USED IN OPERATIONS

	2015 <i>US\$</i>	2014 <i>US\$</i>
Profit before income tax	11,075,584	10,650,869
Adjustments for:		
Share of profits less losses of associates	(74,756)	(1,902,131)
Bank interest income	(526,992)	(606,992)
Dividend income from listed investments	(283,317)	(255,423)
Net gains on disposals of available-for-sale financial assets	(16,149,408)	(5,993,281)
Net gains on disposals of financial assets at fair value through profit or loss	(3,972,902)	(34,069)
Reversal of provision for impairment of loan receivable	—	(350,000)
Net fair value losses/(gains) of financial assets at fair value through profit or loss	716,295	(316,433)
Net gains on disposals of interest in an associate	—	(4,541,206)
Net loss on deemed disposal of interest in an associate	280,545	58,630
Provision for impairment loss of an available-for-sale financial asset	690,388	491,425
Provision for impairment loss of an associate	597,243	—
Changes in working capital:		
Other receivables, prepayments and deposits	(160,940)	(24,680)
Other payables and accrued expenses	58,767	409,994
Amounts due to related companies	2,379,702	(3,975)
	<u>2,379,702</u>	<u>(3,975)</u>
Cash used in operations	<u>(5,369,791)</u>	<u>(2,417,272)</u>

23. CAPITAL COMMITMENTS

As at 31 December 2015 and 2014, the Group (excluding associated companies) had no capital commitment that was (i) contracted but not provided for; nor (ii) authorised but not contracted.

The Group's share of capital commitments of an associate are as follows:

	2015 US\$	2014 US\$
Contracted but not provided for	<u>7,601,444</u>	<u>9,468,676</u>
Authorised but not contracted	<u>16,334,582</u>	<u>18,082,012</u>

24. RELATED PARTY TRANSACTIONS**(a) Transactions with related party**

Other than disclosed elsewhere in the financial statement during the year, the following transactions with related parties were carried out at prices negotiated and mutually agreed by the respective party.

	2015 US\$	2014 US\$
China Assets Investment Management Limited ("CAIML"):		
— Management fee paid/payable [#]	1,745,468	1,574,992
— Performance bonus [#]	<u>2,386,532</u>	<u>—</u>
	<u>4,132,000</u>	<u>1,574,992</u>

Note: CAIML was the investment manager for all investments for the year. The management agreement with CAIML expired on 31 December 2015. Mr. Lo Yuen Yat, the Chairman and an executive director of the Company, is a director of CAIML. Mr. Yeung Wai Kin, a non-executive director of the Company, is a shareholder of CAIML. Mr. Zhao Yu Qiao, a non-executive director of the Company, is an indirect shareholder of CAIML.

[#] These were regarded as continuing connected transactions as defined under Main Board Listing Rules.

(b) Key management compensation

	2015 US\$	2014 US\$
Salaries and other short-term employee benefits	205,186	184,198
Pension costs — defined contribution plan	<u>2,321</u>	<u>2,160</u>
	<u>207,507</u>	<u>186,358</u>

(c) The amounts due to related companies are denominated in United States dollars, unsecured, interest-free and repayable on demand.

	2015 US\$	2014 US\$
Amount due to an associate	374,008	397,974
Amount due to a related company (<i>Note</i>)	<u>2,413,636</u>	<u>9,968</u>
Amounts due to related companies	<u>2,787,644</u>	<u>407,942</u>
Loan to an associate (<i>Note 13</i>)	<u>3,045,299</u>	<u>8,041,300</u>

Note: The amount due to a related company represents management fee and performance bonus payable to CAIML.

25. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December	
		2015 US\$	2014 US\$
ASSETS			
Non-current assets			
Investments in subsidiaries		16,521,673	17,348,252
Investments in associates		13,857,026	13,857,026
Available-for-sale financial assets		102,190,222	80,708,893
Total non-current assets		<u>132,568,921</u>	<u>111,914,171</u>
Current assets			
Other receivables, prepayments and deposits		286,728	93,144
Financial assets at fair value through profit or loss		5,055,595	7,004,648
Tax recoverable		—	70,253
Short-term bank deposits with initial terms of over three months		—	4,144,215
Cash and cash equivalents		40,074,841	15,899,791
Total current assets		<u>45,417,164</u>	<u>27,212,051</u>
Total assets		<u>177,986,085</u>	<u>139,126,222</u>
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		76,783,698	76,783,698
Reserves	a	97,570,823	61,150,805
Total equity		<u>174,354,521</u>	<u>137,934,503</u>
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		763,745	704,934
Amounts due to subsidiaries and related companies		2,851,056	470,022
Current income tax liabilities		16,763	16,763
Total current liabilities		<u>3,631,564</u>	<u>1,191,719</u>
Total liabilities		<u>3,631,564</u>	<u>1,191,719</u>
Total equity and liabilities		<u>177,986,085</u>	<u>139,126,222</u>

(a) Reserve movement of the Company

	Share premium US\$	Share-based compensation reserve US\$	Investment revaluation reserve US\$	(Accumulated losses)/ Retained earnings US\$	Total US\$
Balance as at 1 January 2014	69,107,882	1,573,881	39,538,242	(5,570,280)	104,649,725
Profit for the year	—	—	—	3,682,901	3,682,901
Other comprehensive (loss)/ income:					
Release of investment revaluation reserve upon disposal of an available-for sale financial asset	—	—	(5,746,211)	—	(5,746,211)
Fair value gains of available-for- sale financial assets	—	—	28,476,879	—	28,476,879
Release of investment revaluation reserve upon impairment of an available-for-sale financial asset — gross	—	—	(894,008)	—	(894,008)
Release of deferred income tax upon impairment of an available-for-sale financial asset	—	—	89,401	—	89,401
Total comprehensive income for the year	—	—	21,926,061	3,682,901	25,608,962
Transfer of reserve upon lapse of share options	—	(67,332)	—	67,332	—
Transition to no-par value regime on 3 March 2014	(69,107,882)	—	—	—	(69,107,882)
Balance as at 31 December 2014	<u>—</u>	<u>1,506,549</u>	<u>61,464,303</u>	<u>(1,820,047)</u>	<u>61,150,805</u>
Balance as at 1 January 2015	—	1,506,549	61,464,303	(1,820,047)	61,150,805
Profit for the year	—	—	—	13,030,455	13,030,455
Other comprehensive (loss)/ income:					
Release of investment revaluation reserve upon disposal of an available-for sale financial asset	—	—	(14,705,492)	—	(14,705,492)
Fair value gains of available-for- sale financial assets	—	—	38,095,055	—	38,095,055
Total comprehensive income for the year	—	—	23,389,563	13,030,455	36,420,018
Balance as at 31 December 2015	<u>—</u>	<u>1,506,549</u>	<u>84,853,866</u>	<u>11,210,408</u>	<u>97,570,823</u>

26. **BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)**

(A) **Directors' and chief executives' emoluments**

The remuneration of each of the directors for the year ended 31 December 2015 and 2014 is set out below.

	2015 Directors' fee HK\$	2014 Directors' fee HK\$
Executive directors		
Mr. Lo Yuen Yat (<i>Chairman</i>)	89,040	89,040
Ms. Lao Yuan Yuan	89,040	89,040
Non-executive directors		
Mr. Yeung Wai Kin	143,640	143,640
Mr. Zhao Yu Qiao	89,040	89,040
Independent non-executive directors		
Mr. Fan Jia Yan	200,550	200,550
Mr. Wu Ming Yu	165,900	165,900
Dr. Davide William Maguire	111,300	111,300
	<u>888,510</u>	<u>888,510</u>
Equivalent to US\$	<u>114,610</u>	<u>114,590</u>

(B) **Directors' retirement benefits**

None of the directors received or will receive any retirement benefits during the year (2014: Nil).

(C) **Directors' termination benefits**

None of the directors received or will receive any termination benefits during the year (2014: Nil).

(D) **Consideration provided to third parties for making available directors' services**

During the year ended 31 December 2015, the Company did not pay consideration to any third parties for making available directors' services (2014: Nil).

(E) **Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors**

During the year ended 31 December 2015, there were no loans, quasi-loans and other dealing arrangements in favour of the directors, or controlled bodies corporate by and connected entities with such directors (2014: Nil).

(F) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

3. INDEBTEDNESS

At the close of business on 13 April 2016, being the latest practicable date for ascertaining this information prior to the printing of this document, the Group did not have any debt securities authorised or created but unissued, issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

There have been no material changes in the indebtedness and contingent liabilities of the Group since 31 December 2015.

4. MATERIAL CHANGE

The Directors confirm that save for the decrease in net asset value from US\$2.9291 per share of the Company as at 31 December 2015 to US\$2.6332 per share of the Company as at 31 March 2016, there had been no material change in the financial or trading position or outlook of the Group since 31 December 2015, being the date to which the latest published audited consolidated financial statements of the Company were made up, and up to and including the Latest Practicable Date.

1. RESPONSIBILITY STATEMENT

This Composite Document includes particulars given in compliance with the Takeovers Code for the purpose of providing information to the Shareholders and the Option holders with regard to the Offeror, the Group and the Offers.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Seller and the Group) and confirms, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this Composite Document (other than those expressed by the Seller and the Group) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document the omission of which would make any statements in this Composite Document misleading.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than that relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this Composite Document (other than those expressed by the Offeror and parties acting in concert with it) have been arrived at after due and careful consideration and there are no other facts not contained in this Composite Document, the omission of which would make any statements in this Composite Document misleading.

This Composite Document, for which all Directors jointly and severally accept full responsibility for the accuracy of the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it) is in compliance with the Listing Rules. The Directors confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this Composite Document (other than the information relating to the Offeror and parties acting in concert with it) is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this Composite Document misleading.

2. SHARE CAPITAL

The issued and paid-up share capital of the Company as at the Latest Practicable Date was US\$76,783,698.

All the Shares in issue rank pari passu in all respects with each other, including as to rights in respect of capital and dividends and voting. The Company has not issued any Shares from 31 December 2015, the date to which the latest audited financial statements of the Company were made up, and up to the Latest Practicable Date.

As at the Latest Practicable Date, there were 76,758,160 Shares in issue, of which the Offeror and parties acting in concert with it held 25,747,866 Shares, representing approximately 33.54% of the issued share capital of the Company.

As at the Latest Practicable Date, the Company had Options outstanding in respect of 3,975,000 Shares all of which are exercisable at the exercise price of HK\$5.74 per Share from 25 April 2007 to 24 April 2017 of which Options in respect of 1,725,000 Shares belonged to Independent Option holders. Other than the Shares in issue and the Options, the Company has no other outstanding shares, options, warrants, derivative or other securities that are convertible or exchangeable into Shares or other types of equity interest in issue.

3. MARKET PRICES

The table below shows the closing price of the Shares as quoted on the Stock Exchange on (i) the last day on which trading took place in each of the calendar months during the Relevant Period; (ii) the trading day immediately prior to the commencement of the Offer Period (iii) the Last Trading Day; and (iv) the Latest Practicable Date:

Date	Closing price <i>HK\$</i>
31 July 2015	4.25
31 August 2015	3.95
30 September 2015	4.30
30 October 2015	4.38
30 November 2015	4.12
31 December 2015	4.10
22 January 2016	3.73
(Last Trading Date, the trading day immediately prior to the commencement of the Offer Period and the last trading day for the Company in January 2016)	
29 February 2016	4.06
31 March 2016	4.19
Latest Practicable Date	4.18

During the Relevant Period, the highest closing price of the Shares quoted on the Stock Exchange was HK\$4.48 on 20 October 2015 and the lowest closing price of the Shares quoted on the Stock Exchange was HK\$3.57 on 18 January 2016.

4. DISCLOSURE OF INTERESTS

(a) **Directors and the chief executive's interests and short positions in shares, underlying shares and debentures of the Company and its associated corporations**

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company, including their respective associates in the equity or equity securities of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers had been notified to the Company and the Stock Exchange were as follows:

Names	Capacity	Shares held	Approximate percentage of interest in the Company's issued share capital
Mr. Lo	Beneficial owner	225,000	0.29%
	Beneficial owner	750,000 (<i>Note 1</i>)	0.98%
	Interest controlled corporation	25,522,866 (<i>Note 2</i>)	33.25%
Ms. Lao Yuan Yuan	Beneficial owner	750,000 (<i>Note 1</i>)	0.98%
Mr. Yeung Wai Kin	Beneficial owner	100,000	0.13%
	Beneficial owner	750,000 (<i>Note 1</i>)	0.98%
Mr. Fan Jia Yan	Beneficial owner	75,000	0.10%
Mr. Zhao Yu Qiao	Beneficial owner	750,000 (<i>Note 1</i>)	0.98%
Mr. Wu Ming Yu	Beneficial owner	75,000 (<i>Note 1</i>)	0.10%

Notes:

- Number of underlying Shares that may be subscribed for by the relevant Director pursuant to the Options.
- These Shares are beneficially owned by the Offeror and are subject to the Share Charge.

Save as disclosed above, as at the Latest Practicable Date, none of the Director and the chief executives of the Company, including their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were deemed or taken to have under the provisions of the SFO); (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers to be notified to the Company and the Stock Exchange.

(b) Substantial shareholders, the Offeror and parties acting in concert with it and other persons' interests and short positions in shares, underlying shares and securities of the Company

As at the Latest Practicable Date, according to the register kept by the Company pursuant to Section 336 of the SFO and, so far as is known to the Directors, the persons or entities who had an interest or a short position in the Shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the Group, or in any options in respect of such share capital were as follows:

Names	Type of Interest	Capacity	Number of Shares	Approximate percentage of interest in the Company's issued share capital
The Offeror	Corporate	Beneficial Owner	25,522,866 <i>(Note 1)</i>	33.25%
Deutsche Bank Aktiengesellschaft	Corporate	Security Interest	15,888,918	20.70%
QVT Financial LP <i>(Note 2)</i>	Corporate	Investment Manager	15,888,918	20.70%
QVT Financial GP LLC <i>(Note 2)</i>	Corporate	Interest of Controlled Corporation	15,888,918	20.70%
QVT Associates GP LLC <i>(Note 3)</i>	Corporate	Interest of Controlled Corporation	15,888,918	20.70%
QVT Fund LP <i>(Note 3)</i>	Corporate	Beneficial Owner	14,290,201	18.62%
Chen Dayou <i>(Note 4)</i>	Personal	Interest of Controlled Corporation	8,075,000	10.52%
Team Assets Group Limited <i>(Note 4)</i>	Corporate	Beneficial Owner	8,075,000	10.52%

Notes:

- (1) These Shares are subject to the Share Charge.
- (2) QVT Financial GP LLC had an interest in QVT Financial LP which is deemed to have an interest in the issued share capital of the Company since QVT Financial LP acts in the capacity of an investment manager to QVT Fund LP.
- (3) QVT Associates GP LLC had an interest in the issued share capital of the Company through its interest in QVT Fund LP.
- (4) Chen Dayou had an interest in the issued share capital of the Company through Team Assets Group Limited, a company wholly owned by Chen Dayou.

Save as disclosed above, so far as is known to the Directors, as at the Latest Practicable Date, no person had an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were, directly or indirectly, interested in ten per cent. or more of the issued voting shares of any other member of the Group, or any options in respect of such share capital.

Save as disclosed above, as at the Latest Practicable Date, no other person had any interest or short position in the Shares or underlying shares of the Company recorded in the register required to be kept by the Company under section 336 of the SFO.

5. INTERESTS IN THE COMPANY AND THE OFFEROR AND ARRANGEMENTS IN CONNECTION WITH THE OFFERS

As at the Latest Practicable Date

- i. no arrangement was in place for any benefit to be given to any Director as compensation for loss of office or otherwise in connection with the Offers;
- ii. the Offeror and parties acting in concert with it owned, controlled or had direction over 25,747,866 Shares, and Options over 2,250,000 Shares. None of the Offeror, its ultimate beneficial owners nor any person acting in concert with any of them owned or had control or direction over any other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company;
- iii. save for the interest of Mr. Lo disclosed in this Composite Document, none of the Company and the Directors was interested in or owned or controlled any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Offeror;
- iv. save as disclosed in paragraph “4. Disclosure of Interests” of this appendix, neither the Offeror, its sole director nor any party acting in concert with the Offeror was interested in or owned or controlled any Shares, derivatives, warrants or convertible or exchangeable securities carrying rights to subscribe for, convert or exchange into, Shares;

- v. there were no relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company which the Company, Directors, Offeror its ultimate beneficial owner or any party acting in concert with it had borrowed or lent;
- vi. none of the subsidiaries of the Company and pension fund of the Company or of a subsidiary of the Company or an adviser to the Company as specified in class (2) of the definition of “associate” in the Takeovers Code owned or controlled any Shares, convertible securities, warrants, options or derivatives of the Company;
- vii. save for the charge over the Sale Shares and the Offer Shares possibly to be acquired by the Offeror under the Share Offer in favour of China CITIC Bank International Limited pursuant to the Share Charge, there was no arrangement (whether by way of option, indemnity or otherwise) of any kind referred to in Note 8 to Rule 22 of the Takeovers Code which might be material to the Offers;
- viii. no Shares, convertible securities, warrants, options or derivatives of the Company were managed on a discretionary basis by fund managers connected with the Company;
- ix. none of the Offeror and parties acting in concert with it had received any irrevocable commitment to accept or reject the Offers;
- x. the intentions of the Directors of the Company in respect of the Offers in respect of their own beneficial holdings are as follows:— (i) Mr. Fan Jia Yan has indicated his intention to accept the Share Offer in respect of the 75,000 Shares held by him; (ii) Mr. Zhao Yu Qiao and Mr. Wu Ming Yu have indicated their intention to reject the Option Offer in respect of Options exercisable into 750,000 Shares and Options exercisable into 75,000 Shares held by them respectively; (iii) Mr. Yeung Wai Kin has indicated his intention to accept both the Share Offer and the Option Offer in respect of the 100,000 Shares and Options exercisable into 750,000 Shares held by him; and (iv) no other Director intends to accept the Offers;

- x. there was no agreement or arrangement between any Director and any other person which was conditional on or dependent upon the outcome of the Offers or otherwise connected with the Offers;
- xii. there was no agreement, arrangement or understanding (including any compensation arrangement) existing between the Offeror or any person acting in concert with it and any Director, recent Directors, Shareholders or recent Shareholders having any connection with or being dependent upon the Offers;
- xiii. there was no agreement or arrangement to which the Offeror or its ultimate beneficial owners or any person acting in concert with any of them, is a party which relates to circumstances in which it may or may not seek to invoke a pre-condition or a condition to the Offers;
- xiv. save for the SPA, Facility Letter and Share Charge, no material contracts have been entered into by the Offeror in which any Director has a material personal interest; and
- xv. save for the entering into of the Share Charge, the Offeror, the sole director of the Offeror and any persons acting in concert with the Offeror had no other intention to transfer, charge or pledge any of the Shares to be acquired by the Offeror pursuant to the Share Offer to any other persons, nor had the Offeror, its sole director and any persons acting in concert with the Offeror entered into any such agreement, arrangement, undertaking or understanding.

6. DEALING IN SECURITIES AND OTHER ARRANGEMENTS

During the Relevant Period:

- i. Save for (a) the entering into of the SPA, the Facility Letter and the Share Charge, and (b) the sale on 3 December 2015 of 10,000 Shares by a Director, namely Mr. Cheng Sai Wai, none of the Directors, the Offeror and parties acting in concert with it (other than those with exempt principal trader status) have dealt in any shares, options, derivatives, warrants or other securities convertible into the Shares or other types of equity interest in the Company;
- ii. none of the Company, any of its subsidiaries, and the Directors had dealt for value in any shares, convertible securities, warrants, options or derivatives of the Offeror;

- iii. no person who had any arrangements of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Offeror or any parties acting in concert with it had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- iv. none of the subsidiaries of the Company or any pension funds of the Group or any adviser to the Company as specified in class (2) of the definition of “associate” under the Takeovers Code (but excluding exempt principal traders) had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares;
- v. no persons who had any arrangement of the kind referred to in Note 8 to Rule 22 of the Takeovers Code with the Company or any person who is an associate of the Company by virtue of classes (1), (2), (3) or (4) of the definition of “associate” under the Takeovers Code had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares; and
- vi. no fund managers (other than exempt fund managers) connected with the Company who managed funds on a discretionary basis had dealt for value in the Shares or any convertible securities, warrants, options or derivatives in respect of any Shares.

7. DIRECTORS' SERVICE CONTRACTS

Within six months prior to the commencement of the Offer Period on 29 January 2016, the Company has entered into service agreements below with the following Directors.

Name of director	Commencement date of the service contract	Expiry date of the service contract	Fixed fee per month
Mr. Lo Yuen Yat	1 January 2016	Continues unless and until terminated by either party by giving not less than three months' written notice	HK\$206,000 (Mr. Lo is also entitled to a discretionary bonus determined by the Board in its sole discretion based on the performance of the Company)
Mr. Cheng Sai Wai ("Mr. Cheng")	1 January 2016	Continues unless and until terminated by either party by giving not less than three months' written notice	HK\$52,100 (Mr. Cheng is entitled to a discretionary bonus determined by the Board in its sole discretion based on the performance of the Company)

Save as disclosed above, as at the Latest Practicable Date, none of the Directors had entered into a service contract with any member of the Group or the associated companies of the Company which:

- (i) have been entered into or amended (including both continuous and fixed term contracts) within 6 months prior to the commencement of the Offer Period, on 29 January 2016;
- (ii) are continuous contracts with a notice period of 12 months or more; or

- (iii) are fixed term contracts with more than 12 months to run irrespective of the notice period.

None of the Directors will be or has been given any benefits (save for any statutory compensation required under appropriate laws) as compensation for loss of office or otherwise in connection with the Offers.

8. EXPERTS AND CONSENTS

The following are the qualifications of the experts who have given opinions or advice which is contained or referred to in this Composite Document:

Name	Qualification
China Everbright Securities	a corporation licensed to carry out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
Convoy	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser to the Independent Board Committee in relation to the Offers
Gram Capital	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO being the financial adviser to the Offeror

Each of the above experts has given and has not withdrawn its written consent to the issue of this Composite Document with the inclusion of the text of its letter, report, recommendation, opinion, and/or references to its name in the form and context in which it appears.

9. LITIGATION

As at the Latest Practicable Date, none of the Company and its subsidiaries was engaged in any litigation or arbitration or claim of material importance and no litigation or claim of material importance was pending or threatened by or against the Company or any other member of the Group.

10. MATERIAL CONTRACTS

Other than contracts entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries, no contracts were entered into by any member of the Group after the date falling two years before the commencement of the Offer Period up to and including the Latest Practicable Date that are or may be material.

11. GENERAL

- (i) The sole director of the Offeror is Mr. Lo and the registered office of the Offeror is at Room 301, Tung Wah Mansion, 199-203 Hennessy Road, Wanchai, Hong Kong.
- (ii) The principal members of the Offeror's concert group are the Offeror and Mr. Lo, whose correspondence address is at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (iii) The registered office and principal place of business of the Company is at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong.
- (iv) The company secretary of the Company is Mr. Cheng Sai Wai, who is a Fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom.
- (v) The share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong.
- (vi) The registered office of China Everbright Securities is at 36/F, Far East Financial Centre, 16 Harcourt Road, Hong Kong.
- (vii) The registered office of Gram Capital is at Room 1209, 12/F, Nan Fung Tower, 88 Connaught Road Central/ 173 Des Voeux Road Central, Central, Hong Kong.
- (viii) The English texts of this Composite Document and the Forms of Acceptance shall prevail over the Chinese texts, in case of any inconsistency.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection on (i) the website of the SFC (<http://www.sfc.hk>); and (ii) the website of the Company at www.chinaassets.com during the period from the date of this Composite Document up to and including the Offer Closing Date:

- (a) the articles of association of the Company;
- (b) the memorandum and articles of association of the Offeror;
- (c) the annual reports of the Company for the two financial years ended 31 December 2014 and 2015, respectively;
- (d) the letter from China Everbright Securities, the text of which is set out in this Composite Document;
- (e) the letter from the Board, the text of which is set out in this Composite Document;
- (f) the letter from the Independent Board Committee, the text of which is set out in this Composite Document;
- (g) the letter from the Independent Financial Adviser, the text of which is set out in this Composite Document;
- (h) the service contracts referred to in the paragraph headed “7. Directors’ Service Contracts” in this appendix; and
- (i) the written consents referred to in the paragraph headed “8. Experts and Consents” in this appendix.