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If you have sold all your shares in China Assets (Holdings) Limited you should at once hand this circular and the accompanying form of proxy to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

Directors:

Mr. Lo Yuen Yat (*Chairman*)
Mr. Cheng Sai Wai
Mr. Yeung Wai Kin*
Mr. Zhao Yu Qian*
Ms. Lao Yuan Yuan*
Mr. Fan Jia Yan**
Mr. Wu Ming Yu**
Dr. David William Maguire**

Registered office:

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

* *Non-executive Directors*

** *Independent non-executive Directors*

21st April, 2016

To the shareholders

Dear Sir or Madam,

**PROPOSALS FOR
(1) GENERAL MANDATES TO ISSUE AND REPURCHASE
THE COMPANY'S SHARES
(2) RE-ELECTION OF DIRECTORS
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

At the annual general meeting of China Assets (Holdings) Limited (the "Company") for the year ended 31st December, 2015, resolutions will be proposed to (a) grant to the directors of the Company (the "Directors") general mandates to issue and repurchase shares of the Company; (b) re-elect Directors.

The purpose of this circular is to give you further details of the abovementioned proposals and notice of the annual general meeting of the Company for the year ended 31st December, 2015 (the “AGM”). In compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), this circular also contains the explanatory statement and gives all the information reasonably necessary to enable shareholders to make an informed decision on whether to vote for or against the resolution to approve the purchase by the Company of its own shares, together with particulars of the Directors proposed to be re-elected at the AGM.

GENERAL MANDATE TO ISSUE SHARES

At the AGM, an ordinary resolution will be proposed to grant a general mandate to the Directors to allot, issue and dispose of shares of the Company not exceeding 20 per cent. of the total number of issued shares of the Company on the date of the resolution to provide flexibility to the Company to raise fund by issue of shares efficiently. On 18 April 2016 (the “Latest Practicable Date”), there were in issue an aggregate of 76,758,160 Shares. On the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 15,351,632 Shares being issued by the Company.

GENERAL MANDATE TO REPURCHASE SHARES

At the AGM, an ordinary resolution will be proposed that the Directors be given a general mandate to exercise all powers of the Company to repurchase issued and fully paid shares of the Company. Under such mandate, the number of Shares that the Company may repurchase shall not exceed 10 per cent. of the total number of Shares in issue on the date of the resolution. The Company’s authority is restricted to purchases made on the Stock Exchange in accordance with the Listing Rules. Based on 76,758,160 Shares in issue as at the Latest Practicable Date and on the assumption that no Share will be issued or repurchased prior to the AGM, exercise in full of the mandate could result in up to 7,675,816 Shares being repurchased by the Company. The mandate allows the Company to make or agree to make purchases only up to the date of the next annual general meeting, the date by which the next annual general meeting of the Company is required to be held by law or the date upon which such authority is revoked or varied by an ordinary resolution of the shareholders in a general meeting of the Company.

The Directors have no present intention to repurchase any Shares but consider that the mandate will provide the Company the flexibility to make such repurchase when appropriate and beneficial to the Company. Such repurchases may enhance the net asset value of the Company and/or earnings per Share. No purchase would be made in circumstances that would have a material adverse impact on the working capital or gearing ratio of the Company.

Hong Kong law provides that payment in connection with a share repurchase may only be paid out of the distributable profits of the Company or out of a fresh issue of Shares made for the purpose of the repurchase. Under Hong Kong law, the repurchased Shares will be regarded as cancelled.

The Directors intend to apply the profits that would otherwise be available for distribution by way of dividend for any purchase of Shares.

Directors, their associates and connected persons

None of the Directors nor, to the best of the knowledge and belief of the Directors having made all reasonable enquiries, any of the associates of any of the Directors has any present intention, in the event that the proposal is approved by shareholders, to sell Shares to the Company.

No connected person of the Company (as defined in the Listing Rules) has notified the Company that he/she has a present intention to sell Shares to the Company nor has he/she undertaken not to sell any of the Shares held by him/her to the Company in the event that the Company is authorised to make purchases of Shares.

Undertaking of the Directors

The Directors have undertaken to the Stock Exchange to exercise the power of the Company to make purchases pursuant to the proposed resolution in accordance with the Listing Rules and all applicable laws of Hong Kong, and in accordance with the regulations set out in the Articles.

Effect of Takeovers Code

A repurchase of Shares by the Company may result in an increase in the proportionate interests of a substantial shareholder of the Company in the voting rights of the Company, which could give rise to an obligation to make a mandatory offer in accordance with Rule 26 of the Hong Kong Code on Takeovers and Mergers (the “Code”).

As at the Latest Practicable Date, to the best of the knowledge and belief of the Company, Lo Yuen Yat and New Synergies Investments Company Limited (owned as to 40% by Mr. Lo Yuen Yat, a director of the Company, as to 30% by his brother Mr. Lao Kaisheng, and as to 30% by his sister Ms. Lao Jiangsheng) together held approximately 34.52 per cent in aggregate of the issued Shares, Mr. Chen Dayou (through his 100 per cent directly controlled corporation, Team Assets Group Limited) held approximately 10.55 per cent of the issued Shares, and Deutsche Bank Aktiengesellschaft held approximately 20.07 per cent. of the issued Shares (through which, based on notices filed under Part XV of

the Securities and Futures Ordinance, QVT Associates GP LLC, QVT Financial GP LLC, QVT Financial LP and QVT Fund LP, appear to have interests in 20.70 per cent., 20.70 per cent., 20.70 per cent and 18.62 per cent. of the issued Shares respectively) and were the only substantial shareholders holding more than 10 per cent. of the issued Shares. In the event that the Directors should exercise in full the power to repurchase Shares which is proposed to be granted pursuant to the resolution, their shareholdings or interests (as the case may be) in the Company would be increased to approximately 38.36 per cent. 11.72 per cent., 23.00 per cent., 23.00 per cent., 23.00 per cent., 23.00 per cent and 20.69 per cent. of the issued Shares respectively and such increase would give rise to an obligation on Lo Yuen Yat, New Synergies Investments Company Limited and parties acting in concert with them to make a mandatory offer under Rule 26 of the Code.

Stock Exchange Rules for repurchases of shares

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their shares on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(a) Shareholders' approval

The Listing Rules provide that all shares repurchases on the Stock Exchange by a company with its primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, which may be by way of general mandate, or by special resolution in relation to specific transactions.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose.

General

During each of the six months preceding the date of this circular, no Share had been repurchased by the Company.

During each of the previous 12 months, the highest and lowest traded prices for Shares on the Stock Exchange were as follows:

Month	Per Share	
	Highest <i>HK\$</i>	Lowest <i>HK\$</i>
2015		
April	6.30	3.99
May	9.89	5.36
June	8.48	5.56
July	6.00	3.38
August	4.50	3.69
September	4.38	3.80
October	4.48	3.97
November	4.40	4.03
December	4.28	3.90
2016		
January	4.20	3.53
February	4.30	3.93
March	4.33	4.06
April (up to the Latest Practicable Date)	4.19	4.16

ANNUAL GENERAL MEETING

You will find on pages 9 to 11 of this circular a notice of the AGM to be held at 3:30 p.m. on 27th May, 2016 at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong. Voting at the AGM will be taken by poll.

Resolution no. 4A will be proposed as an ordinary resolution to give a general mandate to the Directors to allot, issue and deal with shares of the Company not exceeding 20 per cent. of the total number of Shares in issue as at the date of the resolution.

Resolution no. 4B will be proposed as an ordinary resolution to give a general mandate to the Directors to make on-market purchases of shares of the Company of up to 10 per cent. of the total number of Shares in issue as at the date of the resolution.

Resolution no. 4C will be proposed as an ordinary resolution to extend resolution no. 4A to include the aggregate number of Shares which are repurchased by the Company under the authority granted to the Directors pursuant to resolution no. 4B.

There is enclosed a form of proxy for use at the AGM. You are requested to complete the form of proxy and return it to the registered office of the Company in accordance with the instructions printed thereon not less than 48 hours before the time fixed for holding the meeting, whether or not you intend to be present at the meeting. The completion and return of the form of proxy will not prevent you from attending and voting in person should you so wish.

RE-ELECTION OF DIRECTORS

Resolutions will be proposed at the AGM for re-election of Dr. David William Maguire and Mr. Cheng Sai Wai as Directors according to the Articles. Their particulars are as follows:

Dr. David William Maguire (“Dr. Maguire”), aged 63, has been a Director since July 2008. Dr. Maguire is an independent non-executive Director of the Company. Over a continuing career of more than 40 years in the media sector he has held senior management positions in Shanghai, Hong Kong and Australia, been a university media academic, and served as chairman and director of a number of corporate and NFP entities. He is a Ph.D. (Murdoch University, Perth) and Doctor of Business Administration (Edith Cowan University, Perth), as well as a Master of Business Administration (James Cook University, Cairns) and holder of Masters degrees in regional development (University of Western Australia, Perth) and tourism management (Southern Cross University). He is a graduate of the Australian Institute of Company Directors.

In accordance with the Articles of the Company, the term of Dr. Maguire’s appointment as director will expire on the coming Annual General Meeting, during which his directorship will be subject to re-election for another term of not more than three years.

There is no service contract between Dr. Maguire and the Group. He received a director’s fee of HK\$111,300 for the year ended 31st December, 2015 which fee being determined by reference to the market range for the position and is subject to review by the Board from time to time.

Mr. CHENG Sai Wai (“Mr. Cheng”), aged 58, was appointed a director in January, 2016. Mr. Cheng has been company secretary of the Company since January 2011. Mr. Cheng is a non-executive director of Shandong Lukang Pharmaceutical Co. Limited, a company listed on the Shanghai Stock Exchange, PRC. He is also employed by First Shanghai Investments Limited to oversee its PRC non-wholly owned subsidiary whose business activity is related to logistics. Mr. Cheng holds a Bachelor of Business Administration

degree in Accounting from The Chinese University of Hong Kong. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants in the United Kingdom. He has over 30 years extensive experience in auditing, accounting and financial control, as a company secretary and in private equity investment.

In accordance with the Articles of the Company, the term of Mr. Cheng's appointment as director will expire on the coming Annual General Meeting, during which his directorship will be subject to re-election for a term of not more than three years. Mr. Cheng has a service contract with the Group, pursuant to which, he is entitled to receive a basic salary of HK\$729,400 per annum which was determined with reference to his qualification, experience and responsibilities to the Group and the market conditions from time to time, subject to the review and approval of the Remuneration Committee of the Company. In addition, he may receive a discretionary bonus determined by the Board in its sole discretion based on the performance of the Company.

None of the above-named Directors has any relationship with any other Directors, senior management, or substantial or controlling shareholders of the Company.

As at the Latest Practicable Date, the above-named Directors had no interests in Shares within the meaning of Part XV of the Securities and Futures Ordinance:

Save as disclosed above, none of the above-named Directors has held directorships in any other listed public companies in the past three years.

Save as disclosed above, there is no information required to be disclosed pursuant to the requirements of Rule 13.51(2) of the Listing Rules.

RECOMMENDATION

The Directors consider that the above proposals are in the interest of the Company and so recommend you to vote in favour of the relevant resolutions at the AGM. The Directors will vote all their shareholdings in favour of such resolutions.

RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable inquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 herein or this circular misleading.

Yours faithfully,
By order of the Board
Lo Yuen Yat
Chairman

NOTICE OF ANNUAL GENERAL MEETING

CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the annual general meeting of the abovenamed company (the “Company”) will be held at 3:30 p.m. on 27th May, 2016 at 19th Floor, Wing On House, 71 Des Voeux Road Central, Hong Kong for the following purposes:

1. To receive and consider the audited financial statements and the reports of the directors and independent auditor for the year ended 31st December, 2015.
2. To elect directors and to authorise the board of directors to fix their remuneration.
3. To re-appoint auditor and to authorise the board of directors to fix its remuneration.
4. As special business, to consider and, if thought fit, pass the following resolutions, of which resolution nos. 4A, 4B, and 4C will be proposed as ordinary resolutions:

ORDINARY RESOLUTIONS

A. “**THAT:**

- (a) subject to paragraph (c), the exercise by the directors of the Company during the Relevant Period of all the powers of the Company to allot, issue and deal with additional shares of the Company and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- (b) the approval in paragraph (a) shall authorise the directors of the Company during the Relevant Period to make or grant offers, agreements and options which might require the exercise of such power after the end of the Relevant Period;
- (c) the aggregate number of shares allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) by the directors of the Company pursuant to the approval in paragraph (a), otherwise than pursuant to a Rights Issue or scrip dividend scheme or similar arrangement of the Company or the exercise

of the subscription rights under the share option scheme of the Company shall not exceed 20 per cent. of the total number of shares of the Company in issue as at the date of this resolution and the said approval shall be limited accordingly; and

(d) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting; and

“Rights Issue” means an offer of shares open for a period fixed by the directors of the Company to holders of shares on the register of members of the Company on a fixed record date in proportion to their then holdings of such shares (subject to such exclusion or other arrangements as the directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong).”

B. “THAT:

- (a) the exercise by the directors of the Company during the Relevant Period of all powers of the Company to purchase its own shares, subject to and in accordance with all applicable laws, be and is hereby generally and unconditionally approved;
- (b) the total number of shares of the Company purchased by the Company pursuant to the approval in paragraph (a) during the Relevant Period shall not exceed 10 per cent. of the total number of shares of the Company in issue as at the date of this resolution and the said approval be limited accordingly; and

(c) for the purposes of this resolution:

“Relevant Period” means the period from the passing of this resolution until whichever is the earlier of:

- (i) the conclusion of the next annual general meeting of the Company;
- (ii) the expiration of the period within which the next annual general meeting of the Company is required by the Articles of Association of the Company or any applicable law to be held; and
- (iii) the revocation or variation of this resolution by an ordinary resolution of the shareholders of the Company in general meeting.”

C. “**THAT** conditional upon resolution no. 4B above being passed, the aggregate number of shares of the Company which are repurchased by the Company under the authority granted to the directors as mentioned in resolution no. 4B above shall be added to the total number of shares that may be allotted or agreed conditionally or unconditionally to be allotted by the directors of the Company pursuant to resolution no. 4A above.”

By Order of the Board
Cheng Sai Wai
Company Secretary

Hong Kong, 21st April, 2016

Registered Office:

19th Floor

Wing On House

71 Des Voeux Road Central

Hong Kong

Note: A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint proxies to attend and, in the event of a poll, vote in his stead. A proxy need not be a member of the Company. In order to be valid, the form of proxy must be deposited at the Company’s registered office together with a power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, not less than 48 hours before the time for holding the meeting or adjourned meeting.

As at the date of this notice, the executive directors of the Company are Mr. Lo Yuen Yat and Mr. Cheng Sai Wai; the non-executive directors are Mr. Yeung Wai Kin, Mr. Zhao Yu Qian and Ms. Lao Yuan Yuan; and the independent non-executive directors are Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire.