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CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

INSIDE INFORMATION — PROFIT WARNING

This announcement is made by the Company pursuant to Inside Information Provisions under Part XIVA of the SFO and Rule 13.09(2)(a) of the Listing Rules.

The Board wishes to inform the Shareholders and potential investors that, based on the preliminary assessment of the Group's unaudited management accounts for the six months ended 30 June 2016 and information currently available to the Board, the Group is expected to record consolidated net loss for the six months ended 30 June 2016 as compared to the unaudited consolidated net profit for the six months ended 30 June 2015.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by China Assets (Holdings) Limited (the "Company" and together with its subsidiaries, the "Group") pursuant to the Inside Information Provisions (as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") and Rule 13.09(2)(a) of the Listing Rules.

The Company is an investment company listed under Chapter 21 of the Listing Rules. Its subsidiaries are principally engaged in investment activities principally investing in unlisted and listed securities of companies operating in the People's Republic of China. The board of directors (the "Board") of the Company wishes to inform the shareholders of the Company (the "Shareholders") and potential investors that, based on the preliminary assessment of the Group's unaudited management accounts for the six months ended 30 June 2016 (the "Interim Period") and information currently available to the Board, the Group is expected to record a consolidated net loss for the Interim Period as compared to the unaudited consolidated net profit of US\$11.98 million for the six months ended 30 June 2015. Such change is mainly attributable to (i) a decrease in realized profits on disposal of listed investments, of approximately US\$16.15 million; (ii) expected share of loss of its listed associated company, First Shanghai Investment Limited (stock code: 227) which announced on 8th July 2016 that it is expected to record a loss attributable to shareholders for the six months ended 30 June 2016, as compared with the profit attributable to shareholders for the corresponding period in 2015 and (iii) share of losses of other unlisted associated companies.

The Company is in the process of finalizing the consolidated results of the Group for the six months ended 30 June 2016. The information contained in this announcement is only based on the preliminary assessment made by the Board with reference to the unaudited management accounts of the Group for the Interim Period and information currently available and such information has not been audited or reviewed by the Company's auditor. Shareholders and potential investors are advised to read carefully the interim results announcement of the Company which is expected to be issued before the end of August 2016.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By Order of the Board

Lo Yuen Yat

Chairman

Hong Kong, 14 July 2016

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