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CHINA ASSETS (HOLDINGS) LIMITED

中國資本(控股)有限公司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

PROPOSED OPEN OFFER BY CHINA ASSETS (HOLDINGS) LIMITED ON THE BASIS OF TWO OFFER SHARES FOR EVERY FIVE SHARES HELD ON THE RECORD DATE

China Assets proposes to raise approximately HK\$121.28 million (before expenses) by issuing 30,703,264 Offer Shares at the Subscription Price of HK\$3.95 per Offer Share payable in full on application by way of the Open Offer, on the basis of an assured allotment for Qualifying Holders of two new Offer Shares for every five Shares held on the Record Date. The Open Offer will not be available to the Excluded Shareholders. The net proceeds from the Open Offer are estimated to be approximately HK\$119.01 million. China Assets intends to use the net proceeds of the Open Offer for investment activities and general corporate purposes.

The aggregate number of the Offer Shares to be issued pursuant to the terms of the Open Offer is 30,703,264 Shares and represents (i) 40 % of China Assets' existing issued share capital; and (ii) approximately 28.57 % of the issued share capital of China Assets as enlarged by the issue and allotment of the Offer Shares.

The Underwritten Offer Shares will be fully underwritten by the Underwriter subject to the conditions set out in the Underwriting Agreement. If the Underwriting Agreement is terminated or the conditions of the Open Offer are not satisfied or waived (where permitted) the Open Offer will not proceed.

As the Underwriter is a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules but is fully exempt under Rules 7.26A and 14A.92 of the Listing Rules.

The payment of the underwriting commission by the Company to the Underwriter also constitutes a connected transaction of the Company. The total amount of underwriting commission payable by the Company is within the de minimis threshold for connected transactions under Chapter 14A of the Listing Rules, the payment of commission to the Underwriter pursuant to the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer will be subject to, among other things, the fulfilment or waiver of the conditions set out in the paragraph headed "Conditions of the Open Offer" below. In particular, it is subject to the Underwriting Agreement not being terminated. Accordingly, the Open Offer may or may not proceed and the Shareholders and the public are reminded to exercise caution when dealing in the Shares.

The Open Offer circular is expected to be despatched to the Shareholders on or before 21 November 2016.

PROPOSED OPEN OFFER

Issue statistics

Basis of the Open Offer:	Two Offer Shares for every five Shares held by the Qualifying Shareholders on the Record Date
Number of Shares in issue at the date of this announcement:	76,758,160 Shares
Subscription Price:	HK\$3.95 per Offer Share
Enlarged issued share capital of China Assets upon completion of the Open Offer:	107,461,424 Shares
Funds raised before expenses:	approximately HK\$121.28 million
Underwriter:	Mr. Lo Yuen Yat

Basis of Open Offer

Two Offer Shares for every five Shares held by the Qualifying Shareholders on the Record Date.

China Assets has no outstanding convertible securities or options in issue or other similar rights which confer any right to convert into or subscribe for Shares as at the date of this announcement.

Subscription Price

The Subscription Price for the Offer Shares will be HK\$3.95 per Offer Share.

The Subscription Price represents:

- (i) a discount of approximately 1.25% to the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 1.25% to the average closing price of approximately HK\$4.00 per Share for the five consecutive trading days ended on the Last Trading Day;
- (iii) a discount of approximately 1.32% to the average closing price of approximately HK\$4.003 per Share for the thirty consecutive trading days ended on the Last Trading Day; and
- (iv) a discount of approximately 1.00% to the theoretical ex-entitlement price of approximately HK\$3.99 per Share based on the closing price of HK\$4.00 per Share as quoted on the Stock Exchange on the Last Trading Day.

Based on the Subscription Price of HK\$3.95 the gross proceeds raised by China Assets from the Open Offer will amount to approximately HK\$121.28 million (before expenses).

The Subscription Price was determined after arm's length negotiations between China Assets and the Underwriter with reference to recent market prices of the Shares. The Directors consider the terms of the Open Offer, including the Subscription Price, to be fair and reasonable and in the best interest of China Assets and the Shareholders as a whole.

Qualifying Shareholders

The Open Offer will be available only to the Qualifying Shareholders and China Assets will send the Application Forms for Offer Shares to the Qualifying Shareholders only. To qualify for the Open Offer, a Shareholder must be registered as a member of China Assets at the close of business on the Record Date and not be an Excluded Shareholder. In order for the transferees to be registered as members of China Assets on the Record Date, all transfers of the Shares must be lodged (together with the relevant share certificate(s)) with the Registrar, Computershare Hong Kong Investor Services Limited of Shops 1712 – 1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong by 4:30 p.m. (Hong Kong time) on 11 November, 2016.

The AALs will not be transferable and there will be no trading in entitlements on the Stock Exchange.

Excluded Shareholders

The Open Offer Circular will not be registered under the securities legislation of any jurisdiction.

The Directors will make enquiries as required by Rule 13.36(2) of the Listing Rules. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place to exclude such Overseas Shareholders from the Open Offer, no Offer Shares will be offered to such Overseas Shareholders. In such circumstances, the Open Offer will not be extended to the Excluded Shareholders. China Assets will send the Open Offer Circular (without the Application Forms) to the Excluded Shareholders, for information only.

Fractional entitlements to the Offer Shares

Fractions of the Offer Shares will not be allotted to the Qualifying Shareholders and fractional entitlements will be rounded down to the nearest whole number of Offer Shares. Any Offer Shares created from the aggregation of fractions of the Offer Shares will be available for excess application by the Qualifying Shareholders. Should there be no excess application by the Qualifying Shareholders, those Offer Shares created from the aggregation of fractions of the Offer Shares will be taken up by the Underwriter.

Excess Applications

Qualifying Shareholders will have the right to apply on EAFs for Offer Shares in excess of their assured allotments. The Directors will allocate excess Offer Shares applied for on EAFs at their discretion and on a fair and equitable basis in which excess shares will be allocated to applicants on a pro rata basis with reference to the number of the excess Offer Shares applied for by them.

Reference will only be made to the number of excess Offer Shares being applied for. No reference will be made to the number of Offer Shares applied for in the assured allotments and the existing

numbers of Shares held by Qualifying Shareholders save that preference will be given to applications on EAFs for topping up odd-lot holdings that do not appear to be made with the intention to abuse the preference for applications topping up odd-lot holdings.

Investors with their Shares held by a nominee company should note that the Board will regard the nominee company as a single Shareholder according to the register of members of the Company. Accordingly, the Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Offer Shares will not be extended to beneficial owners individually. Investors with their Shares held by a nominee company are advised to consider whether they would like to arrange for the registration of the relevant Shares in the name of the beneficial owner(s) prior to the Record Date.

The Qualifying Shareholders whose Shares are held by their nominee(s) (including HKSCC Nominees Limited) and who would like to have their names registered on the register of members of the Company must lodge all necessary documents with the Registrar by 4:30 p.m. on 11 November 2016. Shareholders and investors should consult their professional advisers if they are in any doubt as to their status.

Odd lots

The Open Offer also provides maximum flexibility to Qualifying Shareholders who will have the choice of applying for any number of Offer Shares. They are guaranteed the allotment of Offer Shares applied for not exceeding their assured allotments and will also be able to apply on EAFs for Offer Shares in excess of their assured allotments. Shareholders can thus make applications in the Open Offer to round up holdings that are not integral holdings of board lots and as stated in the section of this announcement headed “Excess Applications “ it is the intention of the Board to allocate excess Offer Shares on a fair and equitable basis with preference given to applications for topping up odd-lot holdings.

Status of the Offer Shares

When issued and fully paid, the Offer Shares will rank *pari passu* in all respects with the existing Shares. Holders of fully-paid Offer Shares will be entitled to receive all dividends and distributions which are declared, made or paid on after the date of allotment of the Offer Shares.

Share certificates and refund cheques for the Open Offer

Subject to the fulfilment of the conditions of the Open Offer as set out in the section headed “Conditions of the Open Offer” below, certificates for all fully-paid Offer Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or around 13 December 2016. If the Underwriting Agreement is terminated or does not become unconditional or in respect of wholly or partially unsuccessful applications for excess Offer Shares, refund cheques will be despatched on or around 13 December 2016 by ordinary post at the respective Shareholders’ own risk.

No nil-paid trading

Although a rights issue would allow Shareholders to trade nil-paid entitlements in the market in nil-paid form, the Board is of the view that such trading arrangements would increase the administrative work and expenses for the proposed fund raising exercise which are estimated to be approximately HK\$100,000. In addition, the liquidity of the Shares is low. The average daily trading volume of the Shares in June 2016 represented approximately 0.031% , in July 2016 represented approximately 0.019%, in August 2016 represented approximately 0.028 % and in September 2016 represented approximately 0.014 % of the total issued Shares as at the Last Trading Day. Accordingly there is no certainty of an active market to trade the nil-paid rights. The Board therefore considers raising funds by way of the Open Offer is more cost-effective and efficient than a rights issue

Application for Listing

China Assets will apply to the Listing Committee for the listing of, and permission to deal in, the Offer Shares. No part of the share capital of China Assets is listed or dealt in on, and no listing or permission to deal in the Shares is being or is proposed to be sought on any stock exchange other than the Stock Exchange.

Offer Shares will be eligible for admission into CCASS

Subject to the granting of the listing of, and permission to deal in the Offer Shares on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Offer Shares will be accepted as eligible securities by HKSCC as deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Offer Shares on the Stock Exchange or such other dates as may be determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbroker or other professional advisors for details of those settlement arrangements and how such arrangements will affect their rights and interests.

UNDERTAKING

As at the date of this announcement, Mr. Lo, the chairman and an executive Director of China Assets, and the Underwriter, owns 225,000 Shares representing approximately 0.30% of the existing issued share capital of China Assets. He is also the owner of 40% of the issued share capital of New Synergies, the controlling shareholder of the Company. The balance of New Synergies is owned by Mr. Lo's brother and sister. New Synergies owns 41,290,285 Shares representing approximately 53.79% of the existing issued share capital. Mr. Lo has irrevocably undertaken to China Assets that he will apply for the 90,000 Offer Shares he will be entitled to apply for on an assured basis under the Open Offer and that New Synergies will apply for the 16,516,114 Offer Shares that it will be entitled to apply for on an assured basis under the Open Offer.

THE UNDERWRITING AGREEMENT

Date: 31 October 2016

Parties: Mr. Lo and the Company

Total number of Underwritten Offer Shares: 14,097,150 Offer Shares

Commission: 2% of the Subscription Price of the Underwritten Offer Shares or HK\$1,113,675 based on 14,097,150 Underwritten Offer Shares

Pursuant to the Underwriting Agreement, the Underwriter has agreed to subscribe or procure subscribers to subscribe for all the Offer Shares (other than those in the assured allotments of Mr. Lo and New Synergies) which are not validly applied for by Shareholders, subject to terms and conditions set out in the Underwriting Agreement and in particular the fulfilment or waiver of the conditions contained therein. China Assets will not issue or agree to issue new Shares or other convertible securities between the date of the Underwriting Agreement and Record Date. The ordinary course of business of the Underwriter does not include underwriting.

China Assets has considered the underwriting arrangements (including the commission rates) of the open offers and rights issues recently conducted by issuers on the Stock Exchange to ensure the terms of the Open Offer, including the underwriting arrangements, are fair and reasonable and in line with market practices. The Directors are of the view that the terms of the underwriting of the Open Offer (including the underwriting commission rate) are comparable to the market practice.

Mr. Lo has advised the Company that he does not at present intend to appoint any sub-underwriters.

The Company did not approach other potential underwriters for the Open Offer. Given the low liquidity of the Company's securities, and the small size of the underwriting required and fees to be earned (with over half the Open Offer shares being the subject of undertakings to apply and thus not underwritten), and its prior experience in a potential fund raising in 2015 when the low liquidity of the Company's securities was similar to the present days, the Board considers it unlikely that commercial underwriters would be interested in the transaction except on terms that would be onerous.

The reasons for selecting Mr. Lo as the Underwriter were Open Offer price, commission rate, his ability to act quickly, and his knowledge of the Company, which meant the underwriting agreement representations and warranties could be negotiated more easily and quickly than would be the case with a securities house.

The Open Offer may have a dilution effect if a Qualifying Shareholder decides not to apply for its entire assured allotment under the Open Offer. If all the Qualifying Shareholders do not apply

for any of the Offer Shares in their assured allotments, the percentage shareholding of the existing public Shareholders will be diluted by approximately 10.07% from approximately 35.26% to 25.19%.

Based on the above, and given that each Qualifying Shareholder will be entitled to apply for the Offer Shares at the same price in proportion to his/her/its existing shareholding in China Assets, the Directors (including the independent non-executive directors) consider that the underwriting arrangements and the terms of the Open Offer are fair and reasonable and in the interests of China Assets and the Shareholders as a whole.

Conditions of the Open Offer

The Open Offer is conditional upon the Underwriting Agreement becoming unconditional and not being terminated. The obligations of the Underwriter under the Underwriting Agreement are conditional on:—

- (i) the posting on the Posting Date of the Open Offer Documents to the Qualifying Shareholders;
- (ii) compliance by China Assets with all its obligations under the Underwriting Agreement;
- (iii) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Offer Shares either unconditionally or subject to such conditions which China Assets accepts and the satisfaction of such conditions (if any and where relevant) by no later than the Settlement Date and the Listing Committee of the Stock Exchange not having withdrawn or revoked such listing and permission on or before 4:00 p.m. on the Settlement Date;
- (iv) the obligations of the Underwriter under the Underwriting Agreement not being terminated by the Underwriter.

None of the conditions are capable of being waived.

In the event that condition (i) has not been satisfied on or before the Posting Date or in the event that the condition (iii) has not been satisfied on or before 4:00 p.m. on the Settlement Date, all liabilities of the parties under the Underwriting Agreement shall cease and determine and none of the parties shall have any claim against the other (save in respect of any antecedent breaches and claims).

Termination of the Underwriting Agreement

The Underwriter may terminate the arrangements set out in the Underwriting Agreement by notice in writing issued to China Assets at any time prior to 4:00 p.m. on the Settlement Date if there occurs:–

- (i) an introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof); or
- (ii) any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or currency (including any disruption to trading generally or trading in any securities of China Assets on any stock exchange, or a change in the system under which the value of the Hong Kong currency is linked to the currency of the United States of America) or other nature (whether or not such are of the same nature as any of the foregoing) or of the nature of any local, national or international outbreak or escalation of hostilities, insurrection or armed conflict; or
- (iii) any act of God, fire, flood, explosion, epidemic, earthquake, nuclear or natural disaster, war, act of terrorism, riot, public disorder, civil commotion, strike or lock-out; or
- (iv) any suspension or a material limitation in trading in securities generally on the Stock Exchange, or a general moratorium on commercial banking activities in Hong Kong declared by the relevant authorities or a material disruption in commercial banking or securities settlement or clearance services in Hong Kong;

and in the absolute opinion of the Underwriter, such change could have a material and adverse effect on the business, financial or trading position or prospects of the Group as a whole or the success of the Open Offer or make it inadvisable or inexpedient to proceed with the Open Offer.

If, at or prior to 4:00 p.m. on the Settlement Date:

- (i) China Assets commits any material breach of or omits to observe any of the obligations, undertakings, representations or warranties expressed to be assumed by it under the Underwriting Agreement which breach or omission could have a material and adverse effect on its business, financial or trading position; or
- (ii) the Underwriter shall receive notification, or shall otherwise become aware of, the fact that any of the representations or warranties contained in the Underwriting Agreement was, when given, untrue, inaccurate or misleading, or would be untrue, inaccurate or misleading if repeated as provided in the Underwriting Agreement and the Underwriter shall, in its absolute opinion, determine that any such untrue representation or warranty represents or is likely to represent a material adverse change in the business, financial or trading position or prospects of the Group taken as a whole or is otherwise likely to have a materially prejudicial effect on the Open Offer;

the Underwriter shall be entitled (but not bound) by notice in writing to China Assets prior to the Settlement Date to terminate the Underwriting Agreement.

Upon the giving of such notice, all obligations of the Underwriter under the Underwriting Agreement shall cease and determine and none of the parties thereto shall have any claim against the other parties in respect of any matter or thing arising out of or in connection with the Underwriting Agreement (save in respect of any antecedent breaches and claims). If the Underwriter exercises such right, the Open Offer will not proceed.

WARNING OF THE RISKS OF DEALING IN THE SHARES

The Open Offer is subject to, among other things, the fulfilment or waiver of the conditions set out in the paragraph headed “Conditions of the Open Offer” above. In particular, it is subject to the Underwriting Agreement not being terminated. Accordingly, the Open Offer may or may not proceed and the Shareholders and the public are reminded to exercise caution when dealing in the Shares.

Any dealing in the Shares from the date of this announcement up to the date on which all the conditions of the Open Offer are fulfilled, will accordingly bear the risk that the Open Offer may not become unconditional or may not proceed. Any Shareholders or other persons contemplating any dealings in the Shares are recommended to consult their own professional advisers.

CLOSURE OF REGISTER OF MEMBERS

The register of members of China Assets will be closed from 14 November to 16 November, 2016 both days inclusive, for the purpose of establishing entitlements to participate in the Open Offer. No transfer of Shares will be registered during this period.

TIMETABLE

The expected timetable of the Open Offer is set out below.

2016
November

Last day of dealings in the Shares on a cum-entitlements basis	Wednesday 9
Latest time for lodging transfers of Shares to qualify for the Open Offer	4:30 p.m. on Friday 11
Book close period (both dates inclusive)	Monday 14 to Wednesday 16
Record date for determining assured allotments in the Open Offer	Wednesday 16
Despatch of Open Offer Documents	Monday 21

December

Latest time for application for and payment for the Offer Shares	4:00 p.m. on Monday 5
Latest time for the Open Offer to become unconditional	4:00 p.m. on Thursday 8
Announcement of the results of the Open Offer published	Monday 12
Despatch of certificates for Offer Shares and refund cheques	Tuesday 13
First day of dealings in Offer Shares on the Stock Exchange	9:00 a.m. on Wednesday 14

All times specified in this announcement refer to Hong Kong times. Dates stated in this announcement for events mentioned in the timetable are indicative only and may be extended or varied. China Assets will make further announcement if there is any change to the above timetable.

SHAREHOLDING STRUCTURE OF CHINA ASSETS

Set out below is the shareholding structure of China Assets.

Shareholders	At date of this announcement		Immediately after completion of Open Offer assuming all Qualifying Shareholders apply for Offer		Immediately after completion of Open Offer assuming no Qualifying Shareholders except Mr Lo and New Synergies apply for Offer Shares and Underwriter takes up all Underwritten Offer Shares	
	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>	<i>Number of Shares</i>	<i>%</i>
Directors						
Lo Yuen Yat	225,000	0.30	315,000	0.30	14,412,150	13.41
Yeung Wai Kin	100,000	0.13	140,000	0.13	100,000	0.09
	<u>325,000</u>	<u>0.43</u>	<u>455,000</u>	<u>0.43</u>	<u>14,512,150</u>	<u>13.50</u>
Substantial shareholders						
New Synergies	41,290,285	53.79	57,806,399	53.79	57,806,399	53.79
Team Assets Group Limited	8,075,000	10.52	11,305,000	10.52	8,075,000	7.52
	<u>49,365,285</u>	<u>64.31</u>	<u>69,111,399</u>	<u>64.31</u>	<u>65,881,399</u>	<u>61.31</u>
Public	<u>27,067,875</u>	<u>35.26</u>	<u>37,895,025</u>	<u>35.26</u>	<u>27,067,875</u>	<u>25.19</u>
Total	<u><u>76,758,160</u></u>	<u><u>100</u></u>	<u><u>107,461,424</u></u>	<u><u>100</u></u>	<u><u>107,461,424</u></u>	<u><u>100</u></u>

REASONS FOR THE OPEN OFFER AND USE OF PROCEEDS

The Directors consider that it would be in the best interest of China Assets and the Shareholders as a whole to raise long-term equity capital through the Open Offer. The Open Offer will also offer existing Shareholders the opportunity to participate in the future development of China Assets on equal terms.

The net proceeds from the Open Offer are estimated to be approximately HK\$119.01 million (i.e. HK\$3.88 per Offer Share). China Assets intends to use the net proceeds of the Open Offer for its investment activities and general corporate purposes.

The Company is an investment company listed under Ch. 21 of the Listing Rules principally engaged in investment holding in Hong Kong and Mainland China. Its business is investment. Because the Company is an investment company it requires funding to be available for investment as and when opportunities arise and the Directors therefore propose the Open Offer. At any given time the Company may be considering any number of investment opportunities but it has no specific investment for which proceeds of the Open Offer are to be used.

Although the Company has cash of approximately RMB 308 million deposited at a bank in Mainland China that amount is restricted for use under relevant PRC taxation and foreign exchange regulations. It is envisaged that the amount will not be available for use within the first half of 2017.

It is expected that the net proceeds from the Open Offer will satisfy the Company's expected funding needs for the immediately foreseeable future. As an investment company the Company has few non-discretionary outgoings other than staff and office costs. It invests if and when attractive opportunities arise. At present the Company has no plan to conduct further open offer or other fund raising activities but if and when attractive opportunities arise and if the cash of approximately RMB 308 million in the PRC are still not available for use the Board will consider at the time how to fund any investment. Funding may or may not include further open offer or other fund raising activities.

The Company expects to invest approximately RMB 200 million in several investments within the next 12 months, either as follow-on or in advanced stage of due diligence and negotiations. The investments are all within the healthcare, an industry stressed by the Company in its recent interim and annual reports.

ALTERNATIVES CONSIDERED

The Open Offer will offer existing Shareholders the opportunity to participate in the future development of the Company on equal terms because it will give each of them the opportunity to join in that funding according to their existing percentage interests of the Company. The Company has considered other debt/equity fund raising alternatives such as bank borrowings, placings or a rights issue. Bank borrowings carry interest costs and creditors rank before shareholders, and

placings dilute the interests of shareholders. Whilst a rights issue does not carry these disadvantages it was considered that an open offer is slightly more flexible and in terms of equality of treatment of shareholders is no different to a rights issue. Bank borrowing is by nature more expensive than issuing equity.

FUND RAISING EXERCISES OF CHINA ASSETS

China Assets has not conducted any fund raising exercises by way of issue of equities in the past 12 months immediately preceding the date of this announcement.

GENERAL

The Open Offer circular containing, among other things, further details of the Open Offer, the Underwriting Agreement and the transactions contemplated thereunder will be posted to Shareholders on or before 21 November, 2016.

IMPLICATIONS UNDER THE LISTING RULES

As the Underwriter is a connected person of the Company under the Listing Rules, Shares held by him are not regarded as part of the public float for the purposes of the Company's compliance with the minimum public float requirement under Rule 8.08 of the Listing Rules. It is not expected that the public float requirements will be breached as a result of the Open Offer but if necessary appropriate steps will be taken to ensure that the public float requirements under Rule 8.08 of the Listing Rules will continue to be complied with immediately after the Open Offer.

As the Underwriter is a connected person of the Company, the entering into of the Underwriting Agreement by the Company constitutes a connected transaction for the Company under the Listing Rules but is fully exempt under Rules 7.26A and 14A.92 of the Listing Rules.

The payment of the underwriting commission by the Company to the Underwriter also constitutes a connected transaction of the Company. The total amount of underwriting commission payable by the Company is within the de minimis threshold for connected transactions under Chapter 14A of the Listing Rules, the payment of commission to the Underwriter pursuant to the Underwriting Agreement is exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76 of the Listing Rules.

IMPLICATIONS UNDER THE TAKEOVERS CODE

At the date of this announcement, New Synergies and Mr. Lo own, control or have direction over 41,515,285 Shares in aggregate, representing approximately 54.09% of the existing issued share capital of China Assets. . New Synergies and Mr. Lo did not hold any convertible securities, options, warrants or derivatives of China Assets which confer any right to subscribe for, convert or exchange into Shares as at the date of this announcement.

No bid obligation will arise on the Underwriter under the Takeovers Code regardless of the number of Offer Shares he acquires.

WARNING: AS THE OPEN OFFER IS SUBJECT TO A NUMBER OF CONDITIONS, THE OPEN OFFER MAY OR MAY NOT PROCEED. THE INVESTING PUBLIC AND SHAREHOLDERS ARE URGED TO EXERCISE CAUTION WHEN DEALING IN SHARES.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“AAL”	the letter proposed to be issued to the Qualifying Shareholders in respect of applications for the assured allotments of Qualifying Shareholders in respect of the Open Offer as mentioned herein
“Application Forms”	the AAL and EAF
“associate(s)”	the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Business Day”	any day (other than Saturday and Sunday) on which the Stock Exchange is open for business of dealings in securities
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“Company”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the main board of the Stock Exchange
“Completion”	completion of the Open Offer
“connected person”	the meaning ascribed thereto in the Listing Rules

“Director(s)”	director(s) of China Assets
“EAF”	the form of application for Offer Shares in excess of assured allotments, proposed to be issued to the Qualifying Shareholders as mentioned herein
“Excluded Shareholders”	those Overseas Shareholders whom the Directors, after making enquiries regarding the legal restrictions under the laws of the relevant places and the requirements of the relevant regulatory bodies or stock exchanges, consider it necessary or expedient to exclude from the Open Offer
“Final Application Date”	4:00 p.m. on 5 December, 2016 or such other time or date as the Underwriter may agree in writing with China Assets as the last time for application and payment for the Offer Shares
“Group”	China Assets and its subsidiaries
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Day”	31 October, 2016
“Listing Committee”	the listing sub-committee of the board of directors of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Synergies”	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%)
“Offer Shares”	30,703,264 Shares
“Open Offer”	the proposed offer of the Offer Shares at the Subscription Price on the basis of an assured allotment for Qualifying Holders of two new Offer Shares for every five Shares held on the Record Date on the terms and subject to the conditions to be set out in the Open Offer Documents
“Open Offer Circular”	the open offer offering circular to be despatched to Shareholders on the Posting Date in connection with the Open Offer

“Open Offer Documents”	the Open Offer Circular and the Application Forms
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of China Assets at the close of business on the Record Date and whose address(es) as shown on such register is (are) outside Hong Kong
“Posting Date”	21 November, 2016 or such other date as the Underwriter may agree in writing with China Assets as the date of despatch of the Open Offer Documents
“Qualifying Shareholders”	Shareholders, other than the Excluded Shareholders, whose names appear on the register of members of China Assets as at the Record Date
“Record Date”	Tuesday 16 November, 2016 (or such other date as the Underwriter may agree in writing with China Assets), being the date by reference to which entitlements to the Open Offer are to be determined
“Registrar”	the share registrar of China Assets in Hong Kong, being Computershare Hong Kong Investor Services Limited of Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong
“RMB”	Renminbi, the lawful currency of the People’s Republic of China
“Settlement Date”	7 December, 2016, being the second Business Day following the Final Application Date (or such other time or date as the Underwriter and China Assets may agree in writing) as the day for settlement of the Open Offer
“Share(s)”	ordinary share(s) of no par value in the share capital of China Assets
“Shareholder(s)”	holder(s) of Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$3.95 per Offer Share
“Underwriter” and “Mr. Lo”	Mr. Lo Yuen Yat, a director of the Company, underwriter of the Underwritten Shares
“Underwriting Agreement”	the underwriting agreement dated 31 October, 2016 entered into between China Assets and Mr. Lo in relation to the underwriting arrangement in respect of the Open Offer

“Underwritten Offer Shares” all the Offer Shares other than the Offer Shares in the assured allotments of New Synergies and Mr. Lo Yuen Yat , which are fully underwritten by the Underwriter on the terms and subject to the conditions set out in the Underwriting Agreement

“%” per cent.

By Order of the board of
China Assets (Holdings Limited)
Lo Yuen Yat
Chairman

Hong Kong, 31 October, 2016

At the date of this announcement, the Board of China Assets comprises 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, and Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire as independent non-executive directors.