CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2016

RESULTS

The Board of Directors (the "Board) of China Assets (Holdings) Limited (the "Company") announces the audited consolidated financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2016

	Note	**2016** *US$*	2015 *US$*
Income	*3*	**846,867**	810,309
Other gains — net	*4*	**15,703,807**	16,585,512
Administrative expenses	*5*	**(4,265,746)**	(5,797,750)
Operating profit		**12,284,928**	11,598,071
Share of results of associates		**79,392**	74,756
Provision for impairment loss of an associate		**—**	(597,243)
Profit before income tax		**12,364,320**	11,075,584
Income tax credit	*6*	**—**	40,370
Profit for the year attributable to equity holders of the Company		**12,364,320**	11,115,954
Earnings per share attributable to the equity holders of the Company during the year	*7*		
— Basic		**0.158**	0.145
— Diluted		**0.158**	0.145

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2016

	2016	2015
	US$	*US$*
Profit for the year	**12,364,320**	11,115,954
Other comprehensive (loss)/income:		
Items that have been reclassified or may be subsequently reclassified to profit or loss		
Share of post-acquisition reserves of associates	**(2,380,937)**	(6,536,011)
Release of post-acquisition reserve upon deemed disposal of an associate	**(36,162)**	(115,712)
Release of exchange translation reserve upon disposal of an associate	**(4,528)**	—
Exchange differences arising on translation of subsidiaries and associates	**(1,180,091)**	(1,042,416)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**(15,619,240)**	(13,309,997)
Fair value (losses)/gains of available-for-sale financial assets	**(28,729,292)**	38,095,055
Other comprehensive (loss)/income for the year, net of tax	**(47,950,250)**	17,090,919
Total comprehensive (loss)/income for the year attributable to equity holders of the Company	**(35,585,930)**	28,206,873

CONSOLIDATED BALANCE SHEET

As at 31 December 2016

	Note	**2016**	2015
		US$	*US$*
ASSETS			
Non-current assets			
Interests in associates		**77,582,945**	78,005,948
Available-for-sale financial assets		**56,033,646**	102,190,222
Total non-current assets		**133,616,591**	180,196,170
Current assets			
Loan receivable	*9*	—	—
Other receivables, prepayments and deposits		**224,245**	367,068
Amount due from a related company		**3,558**	—
Financial assets at fair value through profit or loss		**6,168,912**	5,055,595
Tax recoverable		**51,937**	—
Cash and cash equivalents		**68,252,321**	42,784,510
Total current assets		**74,700,973**	48,207,173
Total assets		**208,317,564**	228,403,343
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		**92,109,301**	76,783,698
Reserves		**112,464,803**	148,050,733
Total equity		**204,574,104**	224,834,431
LIABILITIES			
Current liabilities			
Other payables and accrued expenses		**3,376,708**	764,505
Amounts due to related companies		**349,989**	2,787,644
Current income tax liabilities		**16,763**	16,763
Total current liabilities		**3,743,460**	3,568,912
Total liabilities		**3,743,460**	3,568,912
Total equity and liabilities		**208,317,564**	228,403,343

Notes:

1. General information

China Assets (Holdings) Limited (the 'Company') and its subsidiaries (together, the 'Group') are principally engaged in investment holdings in Hong Kong and the People's Republic of China ("PRC").

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 financial information relating to the years ended 31 December 2016 and 2015 included in this announcement of annual results does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory consolidated financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Company has delivered the consolidated financial statements for the year ended 31 December 2015 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance (Cap. 622) and will deliver the consolidated financial statements for the year ended 31 December 2016 in due course.

The Company's auditor has reported on the consolidated financial statements of the Group for both years. The auditor's reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance (Cap. 622).

2. Basis of preparation

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.

The consolidated financial statements of China Assets (Holdings) Limited have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") and requirements of the Hong Kong Companies Ordinance (Cap. 622). 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.

Changes in accounting policy and disclosures

Effect of adopting new standard and amendments to existing accounting standards

The following new standard and amendments to existing accounting standards are mandatory to the Group for the financial year beginning on or after 1 January 2016 but they did not result in any significant impact on the results and financial position of the Group.

HKAS 1 (amendments)	Disclosure initiative
HKAS 16 and HKAS 38 (amendments)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (amendments)	Agriculture: bearer plants
HKAS 27 (2011) (amendments)	Equity method in separate financial statement
HKAS 28 (2011), HKFRS 10 and HKFRS 12 (amendments)	Investment entities: applying the consolidation exception
HKFRS 11 (amendments)	Acquisition of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements project	Improvements to HKASs and HKFRSs 2012-2014 cycle

New standards and amendments to existing standards have been issued but are not effective for the financial year beginning 1 January 2016 and have not been early adopted.

		Effective for accounting periods beginning on or after
HKAS 7 (amendments)	Statement of cash flows	1 January 2017
HKAS 12 (amendments)	Income taxes	1 January 2017
HKFRS 2 (amendments)	Classification and measurement of share-based payment transactions	1 January 2018
HKFRS 4 (amendments)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 15 (amendments)	Clarifications to HKFRS 15	1 January 2018
HKFRS 16	Leases	1 January 2019
HKFRS 10 and HKAS 28 (amendments)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

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.

3. 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:

	2016	2015
	US$	*US$*
Income		
Bank interest income	**417,382**	526,992
Dividend income from listed investments	**429,485**	283,317
	846,867	810,309

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:

	2016	2015
	US$	*US$*
Income		
Hong Kong	**831,886**	700,418
Mainland China	**14,981**	109,891
	846,867	810,309

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

	2016	2015
	US$	*US$*
Non-current assets, other than available-for-sale financial assets		
Hong Kong	**61,398,998**	62,111,415
Mainland China	**16,183,947**	15,894,533
	77,582,945	78,005,948

4. Other gains – net

	2016	2015
	US$	*US$*
Net gains on disposals of available-for-sale financial assets	**16,701,985**	16,149,408
Net gain on disposal of a financial asset at fair value through profit or loss	**—**	3,972,902
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**345,810**	(716,295)
Net gain on disposal of an associate	**909,240**	—
Net gains/(losses) on deemed disposals of interests in associates	**229,926**	(280,545)
Provision for impairment loss of an available-for-sale financial asset	**—**	(690,388)
Net exchange losses	**(2,483,154)**	(1,849,570)
	15,703,807	16,585,512

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

	2016	2015
	US$	*US$*
Net gains on disposals of available-for-sale financial assets	**16,701,985**	16,149,408
Net gain on disposal of a financial asset at fair value through profit or loss	**—**	3,972,902
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**345,810**	(716,295)
Net gain on disposal of an associate	**909,240**	—
Net gains/(losses) on deemed disposals of interests in associates	**229,926**	(280,545)
Provision for impairment loss of an available-for-sale financial asset	**—**	(690,388)
	18,186,961	18,435,082

Represented by:

	2016	2015
	US$	*US$*
Listed investments		
Net realised gains	**16,583,498**	15,868,863
Net unrealised gains/(losses)	**345,810**	(716,295)
	16,929,308	15,152,568
Unlisted investments		
Net realised gains	**1,257,653**	3,972,902
Net unrealised losses	**—**	(690,388)
	1,257,653	3,282,514
	18,186,961	18,435,082

5. Administrative expenses

Expenses included in administrative expenses are analysed as follows:

	2016	2015
	US$	*US$*
Investment management fee and performance bonus	—	4,132,000
Employee benefit expenses (including directors' remuneration)	**2,635,411**	207,507
Auditor's remuneration		
— Audit services	**143,429**	177,909
— Non-audit services	**63,356**	63,283
Operating lease rental payments	**180,734**	—
Other expenses	**1,242,816**	1,217,051
	4,265,746	5,797,750

6. Income tax credit

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 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.

	2016	2015
	US$	*US$*
Current tax:		
— Hong Kong profits tax	—	—
— People's Republic of China ("PRC") corporate income tax	—	—
— Over-provision in respect of prior year	—	(40,370)
Income tax credit	—	(40,370)

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:

	2016	2015
	US$	*US$*
Profit before income tax	**12,364,320**	11,075,584
Less: Share of results of associates	**(79,392)**	(74,756)
	12,284,928	11,000,828
Calculated at applicable domestic profits tax rate of respective jurisdictions	**2,154,452**	1,772,310
Income not subject to tax	**(3,377,071)**	(3,477,001)
Expenses not deductible for tax purposes	**1,256,621**	1,547,627
Utilisation of previously unrecognised tax losses	**(47,967)**	—
Tax losses not recognised	**13,965**	157,064
Over-provision in prior year	**—**	(40,370)
Income tax credit	**—**	(40,370)

The weighted average applicable tax rate was 17.5% (2015: 16.1%). The increase is caused by a change in the relative profitability of the group's subsidiaries in the respective jurisdictions.

7. 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$12,364,320 (2015: US$11,115,954). The basic earnings per share is based on the weighted average number of 78,352,045 (2015: 76,758,160) ordinary shares in issue during the year.

Diluted earnings per share for the year is the same as the basic earnings per share as there were no potential dilutive shares outstanding (2015: the potential additional ordinary shares are anti-dilutive).

8. Dividends

The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 2016 (2015: US$Nil).

9. Loan receivable

Loan receivable is denominated in the following currency:

	2016	2015
	US$	*US$*
Independent third party *(Note)*:		
Renminbi ("RMB")	**6,164,433**	6,547,392
Loan receivable — gross	**6,164,433**	6,547,392
Provision for impairment	**(6,164,433)**	(6,547,392)
Loan receivable — net	**—**	—

The carrying amount of loan receivable approximate to its fair value as at 31 December 2016. The maximum exposure to credit risk at the reporting date is the carrying amount of the loan receivable.

Note: The loan receivable from an independent third party was secured by certain assets of the borrower as stipulated in the respective loan agreement. As at 31 December 2016 and 2015, the loan receivable from independent third party was all past due and fully impaired.

As at 31 December 2016 and 2015, the ageing analysis of the loan receivable is as follows:

	2016	2015
	US$	*US$*
Past due over 1 year	**6,164,433**	6,547,392

As of 31 December 2016, loan receivable of US$6,164,433 (2015: US$6,547,392) was fully impaired. It is assessed that the loan receivable is not expected to be recovered.

Movement in the provision for impairment of loan receivable is as follows:

	2016	2015
	US$	*US$*
As at 1 January	**6,547,392**	6,915,518
Exchange difference	**(382,959)**	(368,126)
As at 31 December	**6,164,433**	6,547,392

10. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follows:

	2016	2015
	US$	*US$*
Contracted but not provided for:		
An available-for-sale financial asset	**1,000,000**	—
Interest in an associate	**2,867,178**	—
	3,867,178	—

The Group's share of capital commitments of an associate not included in the above are as follows:

	2016	2015
	US$	*US$*
Contracted but not provided for	**11,355,863**	7,601,444

DIVIDEND

The Board does not recommend the payment of a dividend for the year ended 31 December 2016.

BUSINESS REVIEW

Global economic growth remained soft in 2016 for numerous reasons which varied across regions. Generally, the culprits included structural adjustments in many countries, efforts to reduce overcapacity, recurring natural disasters, geopolitical events — such as Brexit, a coup d'état in Turkey and the ongoing civil war in Syria, among others — and heightened uncertainty related to the U.S. presidential election. The year will be remembered, due to the unexpected nature of the results, for Brexit and Donald Trump being elected as US president, outcomes that could cause a potentially profound shift in global economics and international relations in coming years.

2016 started with global stock markets adjusting substantially downward, oil falling to US$28 per barrel and investors concerned about the risk of China sharply devaluing its currency. In the summer, the UK's surprise vote to leave the European Union was the first big shock of the year and led to the resignation of Prime Minister David Cameron. In emerging markets, Brazilian president Dilma Rousseff was impeached and removed from office, driving a rally in Brazilian risk assets. By winter, Donald Trump was US president-elect, Italian Prime Minister Matteo Renzi had lost his job and the European Central Bank had extended quantitative easing further into 2017. OPEC cut production at the end of November and the US Federal Reserve raised interest rates in December. Despite all these, the global economy managed to navigate its way through troubled waters and the major stock markets had a decent year except the China market whose performance lagged substantially behind.

Many central banks in the developed world have maintained exceptionally loose monetary policies in an effort to support household consumption and business investment. Eight years after the acute phase of the global financial crisis, the developed world is still using its central banks as a saver. Throughout developed economies, interest rates were at, or close to, record lows and several are experimenting with unconventional policies in the hope of stimulating domestic demand.

In China, capital outflows were substantial, leading to a contraction of foreign exchange reserves and pressure on the exchange rate. Expected Renminbi depreciation led the corporate sector to reduce its foreign liabilities and increase foreign assets. Individuals also diversified their asset into foreign holdings. The Shenzhen-Hong Kong Stock Connect commenced operations in December, opening up a new channel for capital inflows. The inclusion of the Renminbi in IMF Special Drawing Rights also boosted demand for Renminbi assets. The combination of these various offsetting forces took the Renminbi down more than 6% against the dollar in the year.

China's economic growth continued to decline very gradually as adjustment in manufacturing sectors plagued by excess capacity gathered momentum and also due to diminished private investment. Capacity cuts in the coal and steel sectors, together with disruptions in the distribution chain due to floods, resulted in regional coal shortages and price hikes. Real estate investment seemed to have bottomed out, although trends in upper and lower-tier cities diverged increasingly, with sharply rising demand and prices in the former, prompting new home-purchase restrictions. In lower-tier cities, working off excess capacity will take several more years. Consumption was robust, with buoyant e-commerce sales. Weak business investment demand weighed on imports and rising costs weighed on exports. Despite all these, with strong support from public infrastructure spending, China achieved a growth rate of 6.7% for the whole year.

Although its economy achieved the fastest growth rate of any G20 nation, China's stock markets were among the worst performing in the world in 2016. Starting with a botched attempt to reduce volatility that instead triggered a spectacular meltdown, Chinese bourses spent the year struggling against a slowing economy, massive capital flight and a declining currency. The benchmark Shanghai Composite Index struggled towards the finish line and down 12.3% for the year, compared to a gain of 13.4% for the Dow Industrial. The share price of Shangdong Lukang Pharmaceutical Co Ltd ('Lukang'), the Company's major listed investment, dropped from RMB13.35 to RMB9.71 for the year, a decline of 27%.

The U.S. economy was undoubtedly the healthiest among the developed economies in 2016, even though growth was only 1.6%. In Europe, although the economic indicators had been resilient, confidence in the Eurozone continued to be undermined by political risks, the rise of populism to opt-out from the EU and the uncertainty of dealing with Brexit, the lingering immigration crisis, and difficulties in its banking sector.

The Group reported a profit of approximately US$12.36 million for the year ended 31 December 2016, compared with a profit of US$11.12 million in 2015. The result mainly comprised of a profit (net of taxation) of US$16.25 million arising from disposal of portion of its equity investment in Lukang.

The consolidated net asset value decreased by US$20.26 million for the year to US$204.57 million as at 31 December 2016. The decrease was mainly due to the fall in fair value of Lukang as a result of its material decline in price as well as depreciation of the Renminbi on its mainland investments. The magnitude of the decline was partially alleviated by the new capital raised by the Company under an open offer completed in December.

In the first half year, the Company disposed of its investment in Shanghai Moxing Environmental Science and Technology Co Ltd for US$0.91 million, a small company developing oil refining technology and whose performance had not been impressive in previous years.

In the second half year, the Company invested in two start-ups, a 9% equity in a limited partnership specializing in the medical industry for US$1 million, and US$1.5 million for a less than 1% stake in a U.S. company developing virtual technology for broadcasting. The Group also advanced RMB 20 million as its prorated shareholder advance to Shanghai International Medical Centre Co Limited to strengthen its funding position.

In December, the Company completed an open offer on the basis of two new shares for every five shares by issuing 30,703,264 shares at a subscription price of HK$3.95 per share. This initiative raised approximately HK$118.87 million for general working capital purposes.

ECONOMIC OUTLOOK

The 2017 year will be full of uncertainties for China's economy. It is expected that policy stimulus will help keep growth above 6%. However, investment is increasingly financed by public funds. Current growth rates of disposable income will support consumption growth, but without structural reforms to reduce precautionary savings such as the provision of a better social safety net, the rebalancing from export driven growth to consumption will advance only slowly. The slow pace of reform of state-owned enterprises and high leverage will continue to take up resources, preventing reallocation for more efficient use. Soaring property prices in first-tier cities and leveraged investment in asset markets magnify the risk of disorderly defaults.

Excessive leverage and mounting debt in the corporate sector compound financial stability problems. This means that Chinese officials need to tread carefully in the coming months to tighten monetary conditions and curb risky investment practices while not dampening investment spending. A balanced approach will be taken to these challenges: combining some degree of exchange rate flexibility, some controls on capital flows, and some amount of domestic tightening and furtherance of government-led investments. Supply-side policies, including deleveraging and working off excess capacity, are crucial to avoid a sharp slowdown. On the upside, a stronger-than-foreseen global rebound would support Chinese exports and growth.

With all these risks hanging, so far, Chinese policymakers have successfully maintained the economy on a soft-landing path. It is hence expected to maintain the existing old growth drivers, fiscal spending and the property market, to keep the economy stable in 2017, an important year of leadership change. Based on consumption holding up, factories having pulled out of a four-year streak of deflation and with expectations for continued government stimulus, the International Monetary Fund upgraded the growth forecast for China for 2017 to 6.5%. It also warned, however, that the risk of a sharper slowdown would be possible if China delays addressing issues related to continued reliance on policy stimulus measures and rapid expansion of credit.

For Europe in 2017, the big question is whether fragile economic growth and unprecedented central-bank stimulus will be overtaken by populist politics. European equities could have a strong year if the anti-Euro populist candidates who have gained traction over 2016 fail to win elections. But if anti-Euro parties triumph in coming votes in French and German elections, the prospect of a Eurozone breakup could return and impair the region's growth. While Britain's influence in the global economy has diminished in recent decades, the impact of the Brexit vote is still felt in markets and currencies across the globe. The region will continue to grapple with the bumpy and uncertain path leading to Britain's exit from the EU through speculation as to the nature and impact of subsequent re-arrangements of trade and political relations. The longer the saga continues, the longer the associated uncertainty will be priced into equities and currencies, dampening corporate investment and damaging the European economy as a whole. Without major electoral upsets, the outlook for the European economy should be one of steady growth, given that the European Central Bank will keep its quantitative easing running through the year and well into 2018.

In the U.S., President Trump is fulfilling his campaign promises and his protectionist agenda is slowly taking shape, quitting the Trans-Pacific Partnership, demanding a renegotiation of NAFTA, planning building a wall with Mexico, overhauling immigration, warming to Brexit-bound Britain and Russia, cooling to the European Union, defending torture, and attacking the press. He is also threatening to impose hefty import tariffs on countries having a trade surplus with the U.S. which, if materialized, will restrict international trade and seriously disrupt global growth. Export-driven nations such as China, Japan and Mexico would be the worst hit by Trump's anti-trade policies and this situation could exacerbate domestic imbalances. On the other hand, the new administration's proposed tax cuts and fiscal stimulus, particularly in the shape of high-multiplier infrastructure spending, could boost U.S. economic growth, but this fiscally-driven demand increase could collide with more rigid capacity constraints, leading to a steeper path for interest rates for the Federal Reserve to contain inflation and resulting in the dollar appreciating sharply which could hurt emerging economies.

In short, the biggest risk to the global outlook is a rise in protectionism, which could put an end to the era of multinational trade agreements that has defined global economics in recent decades. All eyes are now on measures the Trump administration could announce against China, which enjoys a healthy trade surplus with the U.S. If Trump imposes any significant trade barrier against China, it will certainly lead to a trade war between the world's two largest economies. The most immediate effects of a trade war would probably be felt by companies like Walmart in the U.S. which imports billions of dollars of cheap goods. The prices on almost all of these items would quickly skyrocket beyond the reach of the lower economic brackets because of the tariffs. The result would be an economic war of attrition for both countries. While it might take a while for that to happen, the turmoil would be catastrophic for business and employment on both sides.

LIQUIDITY AND FINANCIAL RESOURCES

The Group's financial position remained stable during the year. As at 31 December 2016, it had cash and cash equivalents of US$68.25 million (31 December 2015: US$42.78 million), of which US$46.06 million (31 December 2015: US$35.75 million) was held in Renminbi equivalents in PRC bank deposits in Mainland China. The Group had no debt.

EMPLOYEES

As at 31 December 2016, the Company managed its investment in-house and employed 10 staff. Employee remuneration is performance based and is reviewed annually. In addition to basic salary payments, other benefits include discretionary bonus, medical schemes, defined benefit contribution provident fund schemes, and an employee share option scheme. Training courses are provided to staff where necessary. The Group's staff costs for the year ended 31 December 2016, amounted to approximately US$2.64 million, reflecting Company management being brought in-house rather than outsourced as it was in 2015 and previous years to China Assets Investment Management Limited.

PROSPECTS

The Company has been quite conservative in the past few years in terms of the pace of its investments in China for various reasons. These include reservations about the sustainability of its economic growth, its restrictive regulations on the health industry which the Company has been targeting, and its restricted use of Renminbi balance under the current foreign exchange regulations. These factors combined have influenced the Company to take a very cautious approach toward committing its usable funds, especially when the targeted asset price level was considered exuberant and not in line with underlying fundamentals or the overall economic environment. With a view that recent valuations of targeted investments have been trending to a more reasonable level, the Group has quickened its pace in concluding or committing to new projects. The aim is to strengthen its investment portfolio in phases and in consideration of its usable and on-hand Renminbi balance. The projects are mainly related to hospitals in Shanghai. As stated in the past, investments will be proceeded with cautiously, especially if there could be dramatic economic impacts on China as a result of the new U.S. administration adopting any policy that is harmful to the relationship between these two economic giants.

PURCHASE, SALE OR REDEMPTION OF SHARES

The Company has not redeemed any of its shares during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the year.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Code on Corporate Governance Practices set out in Appendix 14 of the Listing Rules (the "CG Code") was introduced on 1 January 2005. Accordingly, the Company has adopted the code provisions and its subsequent amendments in the CG Code as its own code on corporate governance. The Board is committed to maintain a high standard of corporate governance in the best interests of the shareholders. For the year ended 31 December 2016, the Company has complied with the code provisions set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for deviation from code provision A.2.1 of the CG Code.

On 1 January 2016, the Company appointed Mr. Lo Yuen Yat ("Mr. Lo"), the Chairman of the Board, as the Managing Director of the Company. This arrangement deviates from Code provision A.2.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules which states the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company believes that vesting the role of both positions in Mr. Lo provides the Company with strong and consistent leadership and allows for more effective planning and execution of long-term business strategies. The Company also considers this structure will not impair the balance of power and authority between the Board and the management given that there is a strong and independent non-executive element on the Board. The Company believes the structure is beneficial to the Company and its business.

MODEL CODE FOR SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted Appendix 10 of the Listing Rules "Model Code for Securities Transactions by Directors of Listed Issuers" as rules for securities transactions initiated by the Directors of the Company. After specifically inquiring with all Directors of the Company, the Company confirms that its Directors' securities transactions, fully complied with the standard laid down in the said rules during the year ended 31 December 2016.

REVIEW OF ACCOUNTS

The Audit Committee has reviewed the Group's audited consolidated financial results for the year ended 31 December 2016.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 22 May 2017 to 26 May 2017, both days inclusive, for the purpose of establishing entitlement of shareholders to vote at the meeting. During this period, no transfer of shares will be effected. All transfers of shares accompanied by the relevant share certificates must be lodged with the Company's registrars, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on 19 May 2017.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE HONG KONG LIMITED (THE "STOCK EXCHANGE") AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange at http://www.hkexnews.com.hk and the website of the Company at http://www.chinaassets.com accordingly. The 2016 annual report of the Company and the notice of general meeting will be despatched to the Company's shareholders and to be posted on the above websites in due course.

LIST OF DIRECTORS

The directors of the Company as 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.

By Order of the Board
Lo Yuen Yat
Chairman

Hong Kong, 24 March 2017