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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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*If you are in doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.*

*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.*

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**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 Qiao\*  
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, 2017

*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, 2016, 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, 2016 (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 12 April 2017 (the “Latest Practicable Date”), there were in issue an aggregate of 107,461,424 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 21,492,284 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 107,461,424 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 10,746,142 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.

The Company will be empowered by the Articles to purchase its Shares. 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 54.09 per cent in aggregate of the issued Shares and Mr. Li Zhiyun (through his 100 per cent directly controlled corporation, Team Assets Group Limited) held approximately 10.52 per cent

of the issued Shares, 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 60.10% per cent and 11.69 per cent of the issued Shares respectively.

### **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<br><i>HK\$</i> | Lowest<br><i>HK\$</i> |
| <b>2016</b>                               |                        |                       |
| April                                     | 4.39                   | 4.10                  |
| May                                       | 4.22                   | 3.99                  |
| June                                      | 4.14                   | 3.91                  |
| July                                      | 4.02                   | 3.95                  |
| August                                    | 4.07                   | 3.81                  |
| September                                 | 4.08                   | 3.88                  |
| October                                   | 4.03                   | 3.80                  |
| November                                  | 4.05                   | 3.89                  |
| December                                  | 4.13                   | 3.87                  |
| <b>2017</b>                               |                        |                       |
| January                                   | 4.18                   | 3.88                  |
| February                                  | 4.00                   | 3.60                  |
| March                                     | 3.98                   | 3.77                  |
| April (up to the Latest Practicable Date) | 3.82                   | 3.78                  |

## ANNUAL GENERAL MEETING

You will find on pages 10 to 12 of this circular a notice of the AGM to be held at 3:30 p.m. on 26th May, 2017 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 Mr. Lo Yuen Yat, Mr. Yeung Wai Kin and Mr. Fan Jia Yan as Directors according to the Articles. Their particulars are as follows:

**Mr. Lo Yuen Yat (“Mr. Lo”)**, aged 71, was a Director from 1991 to 1993 and was re-elected in 1995. He is the chairman of the Company and was appointed as managing director in January 2016. He is a director of various subsidiaries of the Company. He is also the chairman and managing director of First Shanghai Investments Limited which is an associated company of the Company. Previously, Mr. Lo was a senior policy researcher at China’s National Research Centre for Science and Technology and Social Development and worked at the PRC State Science and Technology Commission, Ministry of Communications of the People’s Republic of China and the PRC Railway Ministry. Mr. Lo graduated from Fudan University in Shanghai and obtained his master’s degree from Harvard University.

In accordance with the Articles of the Company, the term of Mr. Lo’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. Lo has a service contract with the Group, pursuant to which, he is entitled to receive a basic salary of HK\$2,844,000 per annum which was determined with reference to his qualification, experience and responsibilities to the Group and the market conditions from time to time, and a discretionary bonus to be decided by the board of directors of the Company with reference to the operating results of the Group and the performance of Mr. Lo in the relevant financial year. The total amount of emoluments for the year ended 31st December, 2016 received by Mr. Lo is set out in note 28 to the consolidated financial statements of the Company’s annual report 2016.

Save that Mr. Lo is the father of Ms. Lao Yuan Yuan, a non-executive Director, Mr. Lo does not have any relationship with any other Directors and senior management of the Company.

At the Latest Practicable Date, Mr. Lo was interested in 315,000 Shares personally and was deemed to be interested in 57,806,397 Shares in which New Synergies Investments Company Limited was interested. New Synergies Investments Company Limited was owned as to 40% by Mr. Lo, to 30% by his brother Mr. Lao Kaisheng and to 30% by his sister Ms. Lao Jiangsheng.

**Mr. Yeung Wai Kin (“Mr. Yeung”)**, aged 55, has been a Director since 1997 and is a director of various subsidiaries of the Company. Mr. Yeung is the chief financial officer and a director of First Shanghai Investments Limited. He is also a director of First Shanghai Direct Investments Limited and Golad Resources Limited. He has over 30 years experience in auditing, finance and management positions. Mr. Yeung is a professional member of the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He has a bachelor’s degree in law from Peking University.

In accordance with the Articles of the Company, the term of Mr. Yeung’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 Mr. Yeung and the Group. He received a director’s fee of HK\$143,640 for the year ended 31st December, 2016 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. The total amount of emoluments for the year ended 31st December, 2016 received by Mr. Yeung is set out in note 28 to the consolidated financial statements of the Company’s annual report 2016.

Mr. Yeung does not have any relationship with other Directors, senior management, or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Yeung was interest in 146,416 shares within the meaning of Part XV of the SFO.

**Mr. FAN Jia Yan (“Mr. Fan”)**, aged 70, has been a director since 1999. Mr. Fan is an independent non-executive director of the Company. He is a special adviser of CITIC Bank International Limited. He worked for CITIC Industrial Bank in Beijing for more than 10 years and is well versed in all aspects of China’s banking business. Mr. Fan is the chairman of the Audit and Remuneration Committees and is also a member of the Nomination Committee of the Company.

In accordance with the Articles of the Company, the term of Mr. Fan’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.

Although Mr. Fan has served as independent non-executive Directors for more than 9 years, he meets the independence factors set out in Rule 3.13 of the Listing Rules and is not involved in the daily management of the Company, nor in any relationships or circumstances which would interfere with the exercise of their independent judgment. In addition, he continues to demonstrate the attributes of independent non-executive directors and there is no evidence that his tenure has had any impact on his independence. Taking into account the above, the Board is of the opinion that Mr. Fan remains independent notwithstanding the length of their service and it believes that his valuable knowledge and experience in the Group’s business and his general business acumen continue to generate significant contribution to the Company.

There is no service contract between Mr. Fan and the Group. He received a director’s fee of HK\$211,680 for the year ended 31st December, 2016 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. Fan does not have any relationship with other Directors, senior management, or substantial or controlling shareholders of the Company. As at the Latest Practicable Date, Mr. Fan did not have any interest in any securities of the Company with the meaning of Part XV of the SFO.

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*

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## NOTICE OF ANNUAL GENERAL MEETING

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# 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 26th May, 2017 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, 2016.
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, 2017

*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 Qiao 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.*