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**NEW SYNERGIES INVESTMENTS  
COMPANY LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**CHINA ASSETS (HOLDINGS)  
LIMITED**

*(Incorporated in Hong Kong with limited liability)*

**(Stock Code: 170)**

**JOINT ANNOUNCEMENT**

**(1) PROPOSAL FOR THE PRIVATISATION OF  
CHINA ASSETS (HOLDINGS) LIMITED  
BY THE OFFEROR BY WAY OF  
A SCHEME OF ARRANGEMENT  
UNDER SECTION 673 OF THE COMPANIES ORDINANCE**

**(2) PROPOSED WITHDRAWAL OF LISTING OF  
CHINA ASSETS (HOLDINGS) LIMITED**

**(3) ESTABLISHMENT OF THE INDEPENDENT BOARD COMMITTEE**

**AND**

**(4) RESUMPTION OF TRADING IN THE SHARES OF  
CHINA ASSETS (HOLDINGS) LIMITED**

**Financial Adviser to the Offeror**



**INTRODUCTION**

The respective directors of the Offeror and the Company jointly announce that, on 26 June 2017, the Offeror approached the Board about the Proposal, which, if implemented, will result in the Company becoming wholly-owned by the Offeror. The Proposal, if proceeded with, will be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance.

## **TERMS OF THE PROPOSAL**

The Scheme will provide that the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$6.8 in cash for each Scheme Share.

Under the Proposal, the total consideration payable for the Scheme Shares will be payable by the Offeror.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price of HK\$6.8 per Scheme Share represents:

- (i) a premium of approximately 61.5% over the closing price of HK\$4.21 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a premium of approximately 76.6% over the average closing price of approximately HK\$3.85 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 77.1% over the average closing price of approximately HK\$3.84 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 76.6% over the average closing price of approximately HK\$3.85 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (v) a premium of approximately 74.8% over the average closing price of approximately HK\$3.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (vi) a discount of approximately 53.8% to the audited consolidated net asset value per Share of approximately US\$1.9 (equivalent to approximately HK\$14.725) as at 31 December 2016.

The Proposal is conditional upon the fulfilment or waiver, as applicable, of all the Conditions as described in the section headed “Conditions of the Proposal and the Scheme” below.

## **FINANCIAL RESOURCES**

On the basis of the Cancellation Price of HK\$6.8 per Scheme Share and 49,340,027 Scheme Shares in issue as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$335,512,183.6. The Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this announcement.

The Offeror intends to finance the cash required for the Proposal through (i) the Facility provided by GF Securities; and/or (ii) its own resources. GF Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

## **SHAREHOLDING STRUCTURE OF THE COMPANY**

As at the date of this announcement, the issued share capital of the Company is 107,461,424 Shares. As at the date of this announcement, the Offeror and parties acting in concert with it own or control 58,121,397 Shares, representing approximately 54.09% of the issued Shares.

Assuming that no new Shares will be issued after the date of this announcement up to the Record Date, the Offeror will immediately after the Scheme becomes unconditional be interested in 107,461,424 Shares, representing 100% of the total issued Shares.

As at the date of this announcement, the Scheme Shareholders are interested in an aggregate of 49,340,027 Shares, representing approximately 45.91% of the issued Shares.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISOR**

The Independent Board Committee, which comprises all non-executive Directors and independent non-executive Directors, namely, Mr. Yeung Wai Kin, Mr. Zhao Yu Qiao, Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire, except Ms. Lao Yuan Yuan as she is the daughter of Mr. Lo Yuen Yat and therefore is deemed to be materially interested in the Proposal, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting.

An independent financial adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme. An announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

## **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the date of this announcement or such later date as may be permitted under the Takeovers Code.

## **WITHDRAWAL OF LISTING OF THE SHARES**

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective.

Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the conditions described in the section headed “Conditions of the Proposal” has not been fulfilled or waived, as applicable.

## **RESUMPTION IN TRADING OF SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 27 June 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 4 July 2017.

### **Warnings:**

**Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor and/or other professional advisers.**

**This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Proposal or otherwise, nor shall there be any sale, issuance or transfer of securities of the Company in any jurisdiction in contravention of applicable law. The Proposal will be made solely through the Scheme Document, which will contain the full terms and conditions of the Proposal, including details of how to vote in favour of the Proposal. Any acceptance or other response to the Proposal should be made only on the basis of information in the Scheme Document or any other document by which the Proposal is made.**

**The availability of the Proposal to persons who are not resident in Hong Kong may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Persons who are not resident in Hong Kong should inform themselves about, and observe, any applicable legal or regulatory requirements of their jurisdictions. Further details in relation to overseas shareholders will be contained in the Scheme Document.**

## INTRODUCTION

On 26 June 2017, the Offeror approached the Board about the Proposal, which, if implemented, will result in the Company become wholly-owned by the Offeror. As at the date of this announcement, the Offeror and parties acting in concert with it own or control 58,121,397 Shares, representing approximately 54.09% of the issued share capital of the Company. The Proposal, if proceeded with, will be implemented by way of a scheme of arrangement under section 673 of the Companies Ordinance.

If the Proposal is approved and implemented:

- (1) all the Scheme Shares held by the Scheme Shareholders on the Effective Date will be cancelled in exchange for the payment to each Scheme Shareholder of the Cancellation Price in cash for each Scheme Share by the Offeror;
- (2) the issued share capital of the Company will, on the Effective Date, be reduced by cancelling and extinguishing the Scheme Shares. Upon such reduction, the share capital of the Company will be increased to its former amount by the creation of such number of the new Shares as is equal to the number of Scheme Shares cancelled. The credit arising in the Company's books of account as a result of the capital reduction will be applied in paying up the new Shares so allotted and issued, credited as fully paid, to the Offeror;
- (3) the expected withdrawal of the listing of the Shares on the Stock Exchange is expected to take place forthwith following the Effective Date.

## TERMS OF THE PROPOSAL

### The Scheme

The Scheme will provide that the Scheme Shares will be cancelled and, in consideration thereof, each Scheme Shareholder will be entitled to receive HK\$6.8 in cash for each Scheme Share.

Under the Scheme, the total consideration payable for the Scheme Shares will be payable by the Offeror.

**The Cancellation Price will not be increased, and the Offeror does not reserve the right to do so.**

The Cancellation Price of HK\$6.8 per Scheme Share represents:

- (i) a premium of approximately 61.5% over the closing price of HK\$4.21 per Share as quoted on the Stock Exchange on the Last Trading Date;

- (ii) a premium of approximately 76.6% over the average closing price of approximately HK\$3.85 per Share based on the daily closing prices as quoted on the Stock Exchange for the 30 trading days up to and including the Last Trading Date;
- (iii) a premium of approximately 77.1% over the average closing price of approximately HK\$3.84 per Share based on the daily closing prices as quoted on the Stock Exchange for the 60 trading days up to and including the Last Trading Date;
- (iv) a premium of approximately 76.6% over the average closing price of approximately HK\$3.85 per Share based on the daily closing prices as quoted on the Stock Exchange for the 90 trading days up to and including the Last Trading Date;
- (v) a premium of approximately 74.8% over the average closing price of approximately HK\$3.89 per Share based on the daily closing prices as quoted on the Stock Exchange for the 180 trading days up to and including the Last Trading Date;
- (vi) a discount of approximately 53.8% to the audited consolidated net asset value per Share of approximately US\$1.9 (equivalent to approximately HK\$14.725) as at 31 December 2016.

The Cancellation Price has been determined after taking into account of the prices of the Shares traded on the Stock Exchange, the trading multiples of comparable companies listed on the Stock Exchange and with reference to other privatisation transactions in Hong Kong in recent years.

### **Total Consideration and Financial Resources**

On the basis of the Cancellation Price of HK\$6.8 per Scheme Share and 49,340,027 Scheme Shares in issue as at the date of this announcement, the Scheme Shares are in aggregate valued at approximately HK\$335,512,183.6. The Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in issue as at the date of this announcement.

The Offeror intends to finance the cash required for the Proposal through (i) the Facility provided by GF Securities; and/or (ii) its own resources. GF Capital, the financial adviser to the Offeror, is satisfied that sufficient financial resources are available to the Offeror for satisfying its obligations in respect of the full implementation of the Proposal.

### **CONDITIONS OF THE PROPOSAL AND THE SCHEME**

Pursuant to section 674(2) of the Companies Ordinance, for a scheme of arrangement that involves a takeover offer to be approved, the votes cast against the scheme of arrangement must not exceed 10% of the voting rights attached to all Disinterested Shares. This requirement is in addition to the requirement under the Companies Ordinance that the scheme of arrangement must be approved by shareholders representing at least 75% of the voting rights of the shareholders present and voting, in person or by proxy, at the court meeting, and to similar voting threshold requirements under the Takeovers Code.

The Proposal is, and the Scheme will become effective and binding on the Company and all Shareholders, subject to the fulfilment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme at the Court Meeting (by way of a poll) by Scheme Shareholders representing at least 75% of the votes attaching to the Scheme Shares that are cast, in person or by proxy, at the Court Meeting, and the number of votes cast (by way of poll) against the Scheme at the Court Meeting not exceeding 10% of the total voting rights attached to all Disinterested Shares, provided that:
  - (i) the Scheme is approved (by way of poll) by Scheme Shareholders holding at least 75% of the votes attaching to the Scheme Shares held by the Scheme Shareholders that are voted either in person or by proxy at the Court Meeting; and
  - (ii) the number of votes cast (by way of poll) by Scheme Shareholders present and voting either in person or by proxy at the Court Meeting against the resolution to approve the Scheme at the Court Meeting is not more than 10% of the votes attaching to all Scheme Shares held by all the Scheme Shareholders.
- (b) the passing of a special resolution(s) by a majority of not less than 75% of the votes cast by the Shareholders present and voting in person or by proxy at the EGM (and otherwise in accordance with the procedural requirements of section 564 of the Companies Ordinance) to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares; and the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled;
- (c) the sanction of the Scheme (with or without modification) and the confirmation of the reduction of the issued share capital of the Company involved in the Scheme by the High Court and the registration of a copy of the order of the High Court by the Registrar of Companies under Part 2 of the Companies Ordinance;
- (d) the compliance with the procedural requirements of sections 230 and 231 and sections 673 and 674 of the Companies Ordinance in relation to the reduction of the issued share capital of the Company and the Scheme, respectively;
- (e) all necessary authorisations, consents and approvals (including approval in-principle) of any Relevant Authority in relation to the Proposal (including its implementation) having been obtained and remaining in full force and effect pursuant to the provisions of any laws or regulations in Hong Kong and other relevant jurisdictions;
- (f) all necessary third party consents in relation to the Proposal required pursuant to any agreement to which any member of the Group is a party having been obtained or waived by the relevant party(ies) and remaining in full force and effect without modification;



- (g) no relevant government, governmental, quasi-governmental, statutory or regulatory body, court or agency having granted any order or made any decision that would make the Proposal void, unenforceable or illegal, or restrict or prohibit the implementation of, or impose any additional material conditions or obligations with respect to, the Proposal;
- (h) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any of the Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each case up to and at the time when the Scheme becomes effective;
- (i) there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, which as a consequence of the Proposal or the Scheme would result in (in each case to an extent which is material in the context of the Group as a whole and in the context of the Proposal):
  - (i) any monies borrowed by or any other indebtedness (actual or contingent) of any member of the Group being or becoming repayable (or capable of being declared repayable) immediately or earlier than their or its stated maturity date or repayment date;
  - (ii) any such agreement, arrangement, licence, permit or instrument (or the rights, liabilities, obligations or interests of any member of the Group thereunder) being terminated or adversely modified (or any material obligation or liability arising or any material action being taken thereunder); or
  - (iii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Group or any such security (whenever arising) becoming enforceable,and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Group is a party or by which any such member or all or any of its assets may be bound, entitled or subject, would result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (iii) of this paragraph (i) (in each case to an extent which is material in the context of the Group as a whole and in the context of the Proposal);
- (j) no event having occurred which would make the Proposal, the cancellation of the Scheme Shares or the issue of the new Shares in the Scheme void, unenforceable or illegal or which would prohibit the implementation of the Proposal or impose any additional material conditions or obligations with respect to the Proposal or any part thereof, on the cancellation of the Scheme Shares or the issue of the new Shares in the Scheme; and

- (k) since the date of this announcement:
- (i) there having been no adverse change in the business, assets, financial or trading, positions, profits or prospects of any member of the Group (to an extent which is material in the context of the Group taken as a whole or in the context of the Proposal); and
  - (ii) there not having been instituted or remaining outstanding any litigation, arbitration, proceedings, prosecution or other legal proceedings to which any member of the Group is a party (whether as plaintiff, defendant or otherwise) and no such proceedings having been threatened in writing against any such member (and no investigation by any government or quasi-governmental, supranational, regulatory or investigative body or court against or in respect of any such member or the business carried on by any such member having been threatened in writing, announced, instituted or remaining outstanding by, against or in respect of any such member), in each case which is material and adverse in the context of the Group taken as a whole or in the context of the Proposal.

With reference to Conditions (e), (f), (g) and (h), the Company and the Offeror are not aware of any necessary authorisations, consents, approvals (including approval-in-principle), third party consents, Authorisations required. With reference to Condition (i), the Company and the Offeror are not aware of any such provision of any agreement, arrangement, licence, permit or other instrument.

The Offeror reserves the right to waive all or any of the conditions (except for the conditions referred to in paragraphs (a) to (e), (g) and (j) above) in whole or in part. The Company does not have the right to waive any of the conditions. All of the above conditions will have to be fulfilled or waived, as applicable, otherwise the Scheme will lapse. If the Scheme is withdrawn, not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn. In accordance with Note 2 to Rule 30.1 of the Takeovers Code, the Offeror will not be permitted to invoke all or any of the conditions of the Proposal so as to cause the Scheme to lapse unless the circumstances which give rise to the right to invoke the condition are of material significance to the Offeror in the context of the Proposal.

As of the date of this announcement, there are no agreements or arrangements to which the Offeror is a party which relate to the circumstances in which it may or may not invoke or seek to invoke a condition to the Proposal.

In accordance with Rule 31.1 of the Takeovers Code, except with the consent of the Executive, neither the Offeror nor any person who acted in concert with it in the course of the Proposal, nor any person who is subsequently acting in concert with any of them, may within 12 months from the date on which the Proposal is withdrawn or lapses, either announce an offer or possible offer for the Company or acquire any voting rights of the Company if the Offeror or persons acting in concert with it would thereby become obliged under Rule 26 of the Takeovers Code to make an offer.

If approved, the Scheme will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted at the Court Meeting.

## Warnings:

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the Conditions being fulfilled or waived, as applicable, and thus the Proposal may or may not be implemented and the Scheme may or may not become effective. Shareholders and potential investors should therefore exercise caution when dealing in the securities of the Company. Persons who are in doubt as to the action they should take should consult their stockbroker, bank manager, solicitor and/or other professional advisers.

## SHAREHOLDING STRUCTURE OF THE COMPANY

As at the date of this announcement, the issued share capital of the Company is 107,461,424 Shares.

The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately upon the Scheme becoming effective and assuming no other new Shares will be issued prior thereto:

Shareholders	As at the date of the announcement		Upon the Scheme becoming effective	
	Number of shares	Approximate % of the issued share capital	Number of shares	Approximate % of the issued share capital
<i>The Offeror</i>	57,806,397	53.79	107,461,424	100.00
<i>Parties acting in concert with the Offeror</i>				
Lo Yuen Yat <sup>1</sup>	<u>315,000</u>	<u>0.30</u>	<u>—</u>	<u>—</u>
<i>Aggregate number of Shares held by the Offeror and parties acting in concert with it</i>	58,121,397	54.09	—	—
<i>Scheme Shareholders</i>				
Team Assets Group Limited <sup>2</sup>	11,305,000	10.52	—	—
Mr. Yeung Wai Kin	146,416	0.13	—	—
Other Scheme Shareholders	<u>37,888,611</u>	<u>35.26</u>	<u>—</u>	<u>—</u>
<i>Total issued share capital</i>	<u><b>107,461,424</b></u>	<u><b>100.00</b></u>	<u><b>107,461,424</b></u>	<u><b>100.00</b></u>

*Note 1:* Mr. Lo Yuen Yat, the chairman and an executive Director, is deemed to be interested in 57,806,397 shares in the Company held by the Offeror. As at the date of this announcement, the Offeror is owned as to 40% by Mr. Lo Yuen Yat, as to 30% by his brother Mr. Lao Kaisheng, and as to 30% by his sister Ms. Lao Jiangsheng.

*Note 2:* Team Assets Group Limited is wholly-owned by Mr. Li Zhi Yun, Therefore, Mr. Li Zhi Yun has a deemed interest in the issued share capital of the Company through his interest in Team Assets Group Limited. Mr. Li Zhi Yun is an independent third party not connected with the Company, Mr. Lo Yuen Yat and the Offeror and is not acting in concert with each of them.

As at the date of this announcement, save for Mr. Lo Yuen Yat and Mr. Yeung Wai Kin, the Directors do not hold any Shares.

Assuming that no new Shares will be issued after the date of this announcement up to the Record Date, the Offeror will immediately after the Scheme becomes unconditional be interested in 107,461,424 Shares, representing 100% of the total issued Shares.

As at the date of this announcement, the Scheme Shareholders are interested in an aggregate of 49,340,027 Shares, representing approximately 45.91% of the issued Shares.

As at the date of this announcement, the Offeror and parties acting in concert with it own or control 58,121,397 Shares, representing approximately 54.09% of the issued Shares. The Shares beneficially owned by the Offeror will not form part of the Scheme Shares and, as such, will not be voted at the Court Meeting. The Shares beneficially owned by parties acting in concert with the Offeror in respect of the Company, i.e. Mr. Lo Yuen Yat, will not form part of the Scheme Shares, will not be voted at the Court Meeting and will not be cancelled upon the Scheme becoming effective, but will be transferred to the Offeror at the Cancellation Price immediately after the Scheme becoming effective in accordance with his personal decision. All Shareholders will be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the reduction of capital and the implementation of the Scheme. The Offeror has indicated that, if the Scheme is approved at the Court Meeting, the Offeror will vote in favour of the special resolution to be proposed at the EGM to approve and give effect to the Scheme, including the approval of the reduction of the issued share capital of the Company by cancelling and extinguishing the Scheme Shares and of the issue to the Offeror of such number of new Shares as is equal to the number of the Scheme Shares cancelled. Parties acting in concert with the Offeror, i.e. Mr. Lo Yuen Yat, will also be entitled to vote on the special resolution to be proposed at the EGM to approve and give effect to the Scheme.

## **REASONS FOR AND BENEFITS OF THE PROPOSAL, AND THE OFFEROR'S INTENTION IN RELATION TO THE GROUP**

Since its listing on the Stock Exchange and particularly over the recent two years, the Company's share price performance has been less satisfactory than expected, and specifically, the share price of the Company has for many years represented a deep discount to the net asset value per share of the Company (As at 31 May 2017, the unaudited consolidated net asset value per share was US\$1.8693 whilst its closing price on the Last Trading Date was HK\$4.21, equivalent to US\$0.543.)

This chronic discount is not in the best interest of Shareholders' value and limits the ability of the Group to attract investors' interests and enhance its market image. Furthermore, the liquidity of the Shares has also been at a low level over a long period of time. The average daily trading volume of the Shares for the 12 months up to and including the Last Trading Date was approximately 44,120 Shares per day, representing only approximately 0.09% of the Scheme Shares as at the date of this announcement. The low trading liquidity of the Shares make it difficult for Shareholders to execute substantial on-market disposals without adversely affecting the price of the Shares and to dispose of large numbers of Shares.

In order to seek to improve the Share price and liquidity of the Shares, in recent years, the Company has been actively formulating new strategic initiatives by placing high priority on the medical service and health care industry which the Directors believe will grow explosively in future years as a result of China's demographic changes, and the investment team has also been actively searching for new investment opportunities. However, given the fact that the Company is a public company listed on the Stock Exchange under Chapter 21 of the Listing Rules, it is subject to significant restrictions on its investment activities, such as (i) the prohibition of taking ownership or control of more than 30% of the voting rights in any single invested company; and (ii) the limit on the value of single investments to not more than 20% of its net asset value at the time of such investment, particularly given the relatively low net asset base of the Company, both of which may cause the Company to miss out on a number of attractive investment opportunities that would strategically benefit the business and financial growth of the Company on a long term basis. As such, the Offeror considers that the Proposal is in line with the long-term interest and strategic direction of the Company.

In addition, the Proposal is also intended to provide Scheme Shareholders with a good opportunity to realize their investments in the Company:

- Premium valuation: The Cancellation Price of HK\$6.8 per Scheme Share represents a premium of approximately 61.5% over the closing price per Share on the Last Trading Date.
- Certain and immediate premium despite low liquidity: The Scheme provides an opportunity for Scheme Shareholders, if they so wish, to dispose of their Shares expeditiously and receive cash at a price above the prevailing market price, particularly in light of the underperformance of the share price.

## **INFORMATION ABOUT THE OFFEROR**

The Offeror is a company incorporated in Hong Kong owned as to 40% by Mr. Lo Yuen Yat, the chairman and an executive Director, as to 30% by his brother Mr. Lao Kaisheng, and as to 30% by his sister Ms. Lao Jiangsheng. Mr. Lo Yuen Yat 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 as well as the chairman and managing director of First Shanghai Investments Limited which is an associated company of the Company. Mr. Lao Kaisheng and Ms. Lao Jiangsheng are currently in retirement and neither of them holds any position in the Offeror.

The Offeror was incorporated on 30 October 2013 and has not prepared any audited accounts.

## INFORMATION ABOUT THE COMPANY

The Company is incorporated in Hong Kong with limited liability and the Shares are listed on the Stock Exchange since 1992. The Company is an investment company listed under Chapter 21 of the Listing Rules and its subsidiaries are principally engaged in investment activities.

Set out below is a summary of certain audited financial information of the continuing operations of the Group for the financial years ended 31 December 2015 and 31 December 2016 extracted from the Company's annual reports:

	<b>Year ended</b> <b>31 December 2015</b> <i>US\$</i>	<b>Year ended</b> <b>31 December 2016</b> <i>US\$</i>
Income	810,309	846,867
Operating profit	11,598,071	12,284,928
Profit before income tax	11,075,584	12,364,320
Profit for the year	11,115,954	12,364,320
Consolidated net asset value	<u>224.83 million</u>	<u>204.57 million</u>

## WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled (with the equivalent number of new Shares being issued as fully paid to the Offeror) and the share certificates for the Scheme Shares will thereafter cease to have effect as documents or evidence of title. The Company will make an application for the listing of the Shares to be withdrawn from the Stock Exchange in accordance with Rule 6.15 of the Listing Rules, with effect from the date on which the Scheme becomes effective. Subject to the requirements of the Takeovers Code, the Scheme will lapse if any of the conditions described in the section headed "Conditions of the Proposal" has not been fulfilled or waived, as applicable. The Scheme Shareholders will be notified by way of an announcement of the dates of the last day for dealing in the Shares and on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in the Scheme Document. The Scheme Document will also contain, among other things, further details of the Proposal and the Scheme.

If the Scheme is withdrawn or not approved or lapses, the listing of the Shares on the Stock Exchange will not be withdrawn.

## **OVERSEAS SHAREHOLDERS**

The making of the Proposal to those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of the relevant jurisdictions where such Scheme Shareholders are located. Such Scheme Shareholders should inform themselves about and observe any applicable legal and regulatory requirements of their own jurisdictions. It is the responsibility of any overseas Scheme Shareholders wishing to vote for or otherwise participate in the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental or exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

In the event that the receipt of the Scheme Document by overseas Scheme Shareholders is prohibited by any relevant law or regulation or may only be effected after compliance with conditions or requirements that the directors of the Offeror regard as unduly onerous or burdensome (or otherwise not in the best interests of the Offeror or the shareholders of the Offeror), the Scheme Document will not be despatched to such overseas Scheme Shareholders. For that purpose, the Offeror will apply for any waivers as may be required by the Executive pursuant to Note 3 to Rule 8 of the Takeovers Code at such time. Any such waiver will only be granted if the Executive is satisfied that it would be unduly burdensome to despatch the Scheme Document to such overseas Scheme Shareholders. In granting the waiver, the Executive will be concerned to see that all material information in the Scheme Document is made available to such Scheme Shareholders.

## **FINANCIAL ADVISER TO THE OFFEROR, ESTABLISHMENT OF INDEPENDENT BOARD COMMITTEE**

The Offeror has appointed GF Capital as its financial adviser in connection with the Proposal.

The Independent Board Committee, which comprises all non-executive Directors and independent non-executive Directors, namely, Mr. Yeung Wai Kin, Mr. Zhao Yu Qiao, Mr. Fan Jia Yan, Mr. Wu Ming Yu and Dr. David William Maguire, except Ms. Lao Yuan Yuan as she is the daughter of Mr. Lo Yuen Yat and therefore is deemed to be materially interested in the Proposal, has been established by the Board to make a recommendation to the Scheme Shareholders as to whether the terms of the Proposal and the Scheme are, or are not, fair and reasonable and as to voting.

An independent financial adviser will be appointed by the Independent Board Committee in due course to advise the Independent Board Committee in connection with the Proposal and the Scheme. An announcement will be made by the Company as soon as possible after the appointment of the independent financial adviser.

## **DESPATCH OF THE SCHEME DOCUMENT**

A Scheme Document including, among other things, further details of the Proposal and the Scheme, an explanatory statement, the expected timetable relating to the Proposal, the recommendations of the Independent Board Committee, the letter of advice from the independent financial adviser, notices of the Court Meeting and the EGM as well as other particulars required by the Takeovers Code will be despatched to the Shareholders within 21 days from the date of this announcement or such later date as may be permitted under the Takeovers Code or by the Executive on application by the Offeror and/or the Company.

The Scheme Document will contain important information and the Scheme Shareholders are urged to carefully read the Scheme Documents containing such disclosures before casting any vote at (or providing any proxy in respect of) the Court Meeting or the EGM.

## **GENERAL**

The Offeror confirms that, as at the date of this announcement:

- (i) save as disclosed in the section headed “Shareholding structure of the Company” above, none of the Offeror or each of the parties acting in concert with it owns or has control or direction over any shares, rights over shares, convertible securities, warrants or options of the Company;
- (ii) none of the Offeror or each of the parties acting in concert with it has entered into any arrangements or contracts in relation to any outstanding derivative in respect of the securities of the Company;
- (iii) none of the Offeror or each of the parties acting in concert with it has received any irrevocable commitment to vote for or against the Proposal and the Scheme;
- (iv) save for the Proposal and the Scheme, there are no arrangements (whether by way of option, indemnity or otherwise) relating to the relevant securities as described in Note 8 to Rule 22 of the Takeovers Code between the Offeror or any parties acting in concert with the Offeror and any other person in relation to the shares of the Offeror or the Company which might be material to the Proposal and the Scheme;
- (v) save for the Conditions set out in the section headed “Conditions to the Proposal and the Scheme” above, there is no agreement or arrangement to which the Offeror or each of the parties acting in concert with it is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Proposal; and
- (vi) none of the Offeror or each of the parties acting in concert with it has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.



None of the Offeror or each of the parties acting in concert with it has any dealings in any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company during the 6-month period preceding the date of this announcement.

## **DISCLOSURE OF DEALINGS**

In accordance with Rule 22 of the Takeovers Code, associates of the Company (including shareholders of the Company having interests of 5% or more in the relevant securities of the Company) and New Synergies are hereby reminded to disclose their dealings in the securities of the Company pursuant to the requirements of the Takeovers Code.

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Responsibilities of stockbrokers, banks and other intermediaries*

*Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

## **RESUMPTION IN TRADING OF SHARES**

At the request of the Company, trading in the Shares on the Stock Exchange has been halted with effect from 9:00 a.m. on 27 June 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on Tuesday, 4 July 2017.

## DEFINITIONS

In this announcement, the following defined terms have the meanings as set out next to them:

“acting in concert”	has the meaning ascribed to it in the Takeovers Code, and “persons acting in concert” and “concert parties” shall be construed accordingly
“associate”	has the meaning ascribed to it in the Takeovers Code
“Authorisation”	all necessary authorisations, registrations, filings, rulings, consents, permissions, waivers, exemptions and approvals required from the Relevant Authorities or other third parties which are necessary for any member of the Group to carry on its business
“Board”	the board of Directors of the Company
“Cancellation Price”	the cancellation price of HK\$6.8 per Scheme Share payable in cash by the Offeror to the Scheme Shareholders pursuant to the Scheme
“Company”	China Assets (Holdings) Limited, a company incorporated in Hong Kong with limited liability and the shares of which are listed on the Stock Exchange (Stock Code: 170)
“Companies Ordinance”	Companies Ordinance (Chapter 622 of the laws of Hong Kong)
“Conditions”	the conditions to the implementation of the Proposal and the Scheme as set out in the section headed “Conditions of the Proposal and the Scheme” of this announcement
“Court Meeting”	a meeting of the Scheme Shareholders to be convened at the direction of the High Court for the purpose of approving the Scheme
“Disinterested Shares”	Shares in issue other than those held by: (i) the Offeror or by a nominee on its behalf; (ii) an associate (as defined in section 667(1)(b) of the Companies Ordinance) of the Offeror, except a person who falls within section 667(1)(b)(iii) of the Companies Ordinance or a person specified in section 674(4) of the Companies Ordinance; or (iii) a person who is a party to an acquisition agreement within the meaning of section 667(5) of the Companies Ordinance with the Offeror (except a person specified in section 674(4) of the Companies Ordinance), or by a nominee on behalf of the person under the acquisition agreement, as described in section 674(3)(a) of the Companies Ordinance

“Directors”	directors of the Company
“Effective Date”	the date on which the Scheme becomes effective in accordance with the Companies Ordinance
“EGM”	an extraordinary general meeting of the Company to be held after the Court Meeting for the purpose of approving, among other matters, the reduction of the share capital of the Company and implementing the Scheme
“Executive”	means the Executive Director of the Corporate Finance Division of the SFC or any delegate of the Executive Director
“Facility”	a credit facility granted by GF Securities as lender and GF Capital as arranger, to the Offeror as borrower in accordance with the terms of the Facility Agreement for financing the cash required for the Proposal
“Facility Agreement”	the facility agreement entered into among GF Securities as lender, GF Capital as arranger and the Offeror as borrower dated 3 July 2017
“GF Capital”	GF Capital (Hong Kong) Limited, a corporation licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“GF Securities”	GF Securities (Hong Kong) Brokerage Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Group”	the Company and its subsidiaries
“High Court”	the High Court of Hong Kong
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China

“Independent Board Committee”	the independent board committee of the Company established by the Board to make a recommendation to the Scheme Shareholders in respect of, among others, the Scheme
“Last Trading Date”	26 June 2017, being the last day of trading in the Shares on the Stock Exchange before the suspension of trading in the Shares pending publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offeror” or “New Synergies”	New Synergies Investments Company Limited, a company incorporated in Hong Kong with limited liability and owned by Mr. Lo Yuen Yat (as to 40%), his brother Mr. Lao Kaisheng (as to 30%) and his sister Ms. Lao Jiangsheng (as to 30%)
“Proposal”	the proposal for the privatisation of the Company by the Offeror by way of the Scheme referred to herein
“Record Date”	the record date to be announced for determining participation under the Scheme
“Registrar of Companies”	the Registrar of Companies appointed under the Companies Ordinance
“Relevant Authorities”	governments or governmental bodies, regulatory bodies, courts or institutions having jurisdiction over members of the Group in matters relevant to the Proposal
“Scheme”	the scheme of arrangement to be proposed under section 673 of the Companies Ordinance for the implementation of the Proposal
“Scheme Document”	the scheme document of the Offeror and the Company to be issued containing, inter alia, further details of the Proposal and the Scheme together with additional information specified in the section headed “Scheme Document” of this announcement
“Scheme Share(s)”	Share(s) other than those beneficially owned by the Offeror and parties acting in concert with it
“Scheme Shareholders”	registered holders of the Scheme Shares
“SFC”	Securities and Futures Commission of Hong Kong

“Shares”	ordinary shares in the capital of the Company
“Shareholders”	registered holders of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“US\$”	US dollar(s), the lawful currency of the United States

\* *for identification only*

*Unless the context requires otherwise, amounts denominated in US\$ have been converted into HK\$ at the exchange rates of US\$1: HK\$7.75 for the purpose of illustration only. No representation is made that any amount in HK\$ and US\$ could have been or could be converted at the relevant dates at the above rates or at any other rates or at all.*

By Order of the board of directors of  
**New Synergies Investments Company Limited**  
**Lo Yuen Yat**  
*Director*

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

Hong Kong, 3 July 2017

*As at the date of this announcement, the sole director of the Offeror is Mr. Lo Yuen Yat.*

*The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Group) and confirm, having made all reasonable enquiries, that to the best of his knowledge, opinions expressed in this announcement (other than those expressed by the Directors (excluding Mr. Lo Yuen Yat)) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*

*As at the date of this announcement, 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.*

*The directors of the Company jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than those relating to the Offeror and parties acting in concert with it) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than those expressed by the sole director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statements in this announcement misleading.*