

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09(1) of the Listing Rules.

The Board wishes to inform its shareholders and potential investors that the Group is expected to record a loss for the six months ended 30 June 2010, as compared to a profit for the six months ended 30 June 2009.

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

This announcement is made by China Assets (Holdings) Limited (the “Company”, together with its subsidiaries, the “Group”) pursuant to Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

The Company is an investment holding company which principally invests in unlisted and listed securities of companies operating in the People’s Republic of China. The Board of Directors of the Company (the “Board”) wishes to inform its shareholders and potential investors that the Group is expected to record a loss for the six months ended 30 June 2010, as compared to a profit for the six months ended 30 June 2009. The expected losses are mainly attributable to (i) impairment loss on loan receivable; and (ii) unrealised fair value losses on financial assets at fair value through profit or loss.

The information contained in this announcement is based on the preliminary review on the management accounts of the Group which have not been audited by the Company’s auditor.

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

By Order of the Board

Lo Yuen Yat

Chairman

Hong Kong, 20 August 2010

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