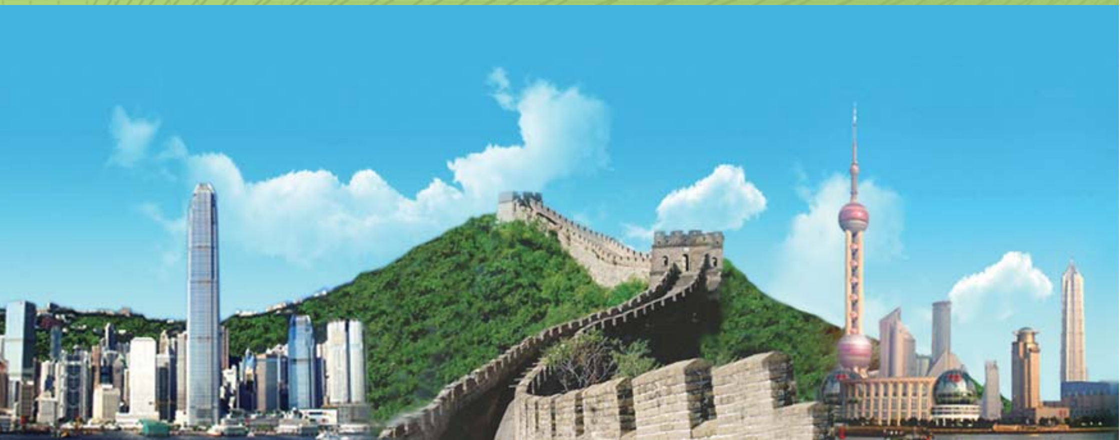
CHINA ASSETS (HOLDINGS) LIMITED

(Stock Code: 170)



INTERIM REPORT

2012

Corporate Information

Board of Directors

Executive Directors

Mr. Lo Yuen Yat *(Chairman)*
Mr. Chan Suit Khown
Ms. Lao Yuan Yuan

Non-executive Directors

Mr. Jiang Wei
Mr. Yeung Wai Kin
Mr. Zhao Yu Qiao

Independent Non-executive Directors

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Dr. David William Maguire

Company Secretary

Mr. Cheng Sai Wai

Audit Committee

Mr. Fan Jia Yan
Mr. Wu Ming Yu
Mr. Yeung Wai Kin

Remuneration Committee

Mr. Fan Jia Yan
Mr. Lo Yuen Yat
Dr. David William Maguire

Nomination Committee

Mr. Lo Yuen Yat
Mr. Fan Jia Yan
Mr. Wu Ming Yu

Solicitors

ReedSmith Richards Butler
David Norman & Co.

Auditor

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong

Bankers

CITIC Bank International Limited
Shanghai Pudong Development Bank
Co. Ltd.

Custodian

Citibank, N.A., Hong Kong Branch

Registrars

Computershare Hong Kong Investor
Services Limited
46th Floor, Hopewell Centre
183 Queen's Road East
Hong Kong

Registered Office

19th Floor, Wing On House
71 Des Voeux Road Central
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Telephone: (852) 2521 9888
Facsimile: (852) 2526 8781
E-mail address: info@chinaassets.com
Website: www.chinaassets.com

Stock Code

170

UNAUDITED INTERIM RESULTS

The Board of Directors of China Assets (Holdings) Limited (the "Company") has pleasure in reporting the following unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2012:

Condensed Consolidated Income Statement

For the six months ended 30 June 2012

		Unaudited Six months ended 30 June	
		2012	2011
	Note	***US$***	*US$*
Income	*6*	**353,571**	1,181,196
Other losses — net	*7*	**(1,239,058)**	(306,788)
Other (expenses)/income — net	*8*	**(4,041,894)**	65,460
Administrative expenses	*9*	**(1,216,434)**	(1,260,677)
Operating loss		**(6,143,815)**	(320,809)
Share of (losses)/profits of associates		**(821,077)**	112,086
Provision for impairment on investment in an associate		**(2,900,776)**	—
Loss before income tax		**(9,865,668)**	(208,723)
Income tax (expense)/credit	*10*	**(2,352)**	5,031
Loss for the period attributable to the equity holders of the Company		**(9,868,020)**	(203,692)
Losses per share attributable to the equity holders of the Company			
Basic		**(0.1286)**	(0.0027)
Diluted		**(0.1286)**	(0.0027)

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Dividend	*12*	**—**	—

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Loss for the period	**(9,868,020)**	(203,692)
Other comprehensive loss:		
Share of post-acquisition reserves of associates	**348,625**	181,094
Exchange differences arising on translation of associates and subsidiaries	**(123,758)**	768,091
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	**986,794**	(669,456)
Fair value losses of available-for-sale financial assets, net of deferred income tax	**(2,564,241)**	(1,861,113)
Other comprehensive loss for the period, net of tax	**(1,352,580)**	(1,581,384)
Total comprehensive loss for the period attributable to equity holders of the Company	**(11,220,600)**	(1,785,076)

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Balance Sheet

As at 30 June 2012

	Note	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
ASSETS			
Non-current assets			
Investments in associates		**65,674,230**	66,859,008
Available-for-sale financial assets		**56,068,787**	66,115,220
Total non-current assets		**121,743,017**	132,974,228
Current assets			
Loans receivable	*13*	**5,196,252**	7,331,903
Other receivables, prepayments and deposits	*14*	**104,160**	2,229,838
Financial assets at fair value through profit or loss		**13,122,990**	13,408,379
Cash and cash equivalents	*15*	**22,605,878**	18,681,992
Total current assets		**41,029,280**	41,652,112
Total assets		**162,772,297**	174,626,340
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	*16*	**7,675,816**	7,675,816
Reserves		**149,695,020**	160,915,620
Total equity		**157,370,836**	168,591,436
LIABILITIES			
Non-current liabilities			
Deferred income tax liabilities		**3,635,345**	3,998,213
Current liabilities			
Accounts payable		**13,685**	144,683
Accrued expenses		**80,578**	155,700
Amounts due to related companies	*18(c)*	**312,487**	310,609
Current income tax liabilities		**1,359,366**	1,425,699
Total current liabilities		**1,766,116**	2,036,691
Total liabilities		**5,401,461**	6,034,904
Total equity and liabilities		**162,772,297**	174,626,340
Net current assets		**39,263,164**	39,615,421
Total assets less current liabilities		**161,006,181**	172,589,649

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2012

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Cash flows used in operating activities	**(1,482,421)**	(8,230,136)
Cash flows from investing activities	**5,468,251**	1,992,278
Cash flows from financing activity	**—**	68,038
Net increase/(decrease) in cash and cash equivalents	**3,985,830**	(6,169,820)
Exchange (losses)/gains on cash and cash equivalents	**(61,944)**	112,012
Cash and cash equivalents at beginning of the period	**18,681,992**	30,247,889
Cash and cash equivalents at end of the period	**22,605,878**	24,190,081

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2012

	Unaudited							
	Share capital US$	Share premium US$	Capital reserve US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
Balance at 1 January 2012	7,675,816	69,107,882	7,367,380	2,663,003	1,826,375	24,939,781	55,011,199	168,591,436
Comprehensive loss								
Loss for the period attributable to equity holders of the Company	–	–	–	–	–	–	(9,868,020)	(9,868,020)
Other comprehensive loss								
Share of post-acquisition reserves of associates	–	–	348,625	–	–	–	–	348,625
Exchange differences arising on translation of associates and subsidiaries	–	–	–	(123,758)	–	–	–	(123,758)
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	–	986,794	–	986,794
Fair value losses of available-for-sale financial assets	–	–	–	–	–	(2,867,480)	–	(2,867,480)
Deferred income tax on fair value gains of available-for-sale financial assets	–	–	–	–	–	303,239	–	303,239
Total other comprehensive loss for the period, net of tax	–	–	348,625	(123,758)	–	(1,577,447)	–	(1,352,580)
Total comprehensive loss for the period ended 30 June 2012	–	–	348,625	(123,758)	–	(1,557,447)	(9,868,020)	(11,220,600)
Transaction with owners in their capacity as owners								
Employees share option scheme:								
— transfer of reserve upon lapse of share options	–	–	–	–	(252,494)	–	252,494	–
Total transactions with owners	–	–	–	–	(252,494)	–	252,494	–
Balance at 30 June 2012	7,675,816	69,107,882	7,716,005	2,539,245	1,573,881	23,362,334	45,395,673	157,370,836

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Condensed Consolidated Statement of Changes in Equity *(Continued)*

For the six months ended 30 June 2011

	Share capital US$	Share premium US$	Capital reserve US$	Exchange translation reserve US$	Share-based compensation reserve US$	Investment revaluation reserve US$	Retained earnings US$	Total US$
				Unaudited				
Balance at 1 January 2011	7,655,816	69,059,844	8,025,425	1,157,405	1,927,373	53,067,674	56,550,987	197,444,524
Comprehensive loss								
Loss for the period attributable to equity holders of the Company	–	–	–	–	–	–	(203,692)	(203,692)
Other comprehensive loss								
Share of post-acquisition reserves of associates	–	–	181,094	–	–	–	–	181,094
Exchange differences arising on translation of associates and subsidiaries	–	–	–	768,091	–	–	–	768,091
Release of investment revaluation reserve upon disposal of an available-for-sale financial asset	–	–	–	–	–	(669,456)	–	(669,456)
Fair value losses of available-for-sale financial assets	–	–	–	–	–	(2,080,792)	–	(2,080,792)
Deferred income tax on fair value losses of available-for-sale financial assets	–	–	–	–	–	219,679	–	219,679
Total other comprehensive loss for the period, net of tax	–	–	181,094	768,091	–	(2,530,569)	–	(1,581,384)
Total comprehensive loss for the period ended 30 June 2011	–	–	181,094	768,091	–	(2,530,569)	(203,692)	(1,785,076)
Transactions with owners in their capacity as owners								
Employees share option scheme:								
– issue of new shares upon exercise of share options	20,000	48,038	–	–	–	–	–	68,038
– transfer of reserve upon lapse of share options	–	–	–	–	(100,998)	–	100,998	–
Total transactions with owners	20,000	48,038	–	–	(100,998)	–	100,998	68,038
Balance at 30 June 2011	7,675,816	69,107,882	8,206,519	1,925,496	1,826,375	50,537,105	56,448,293	195,727,486

The notes on pages 7 to 17 form an integral part of these condensed consolidated financial statements.

Notes to the Condensed Consolidated Financial Statements

1. General information

China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the investment holding 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 Company is listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information is presented in United States dollars ("US$"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 24 August 2012. The condensed consolidated interim financial information has not been audited.

2. Basis of preparation

These condensed consolidated interim financial statements for the six months ended 30 June 2012 have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim financial reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial statements should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

3. Accounting policies

Except as described below, the accounting policies applied are consistent with those of the annual financial statements for the year ended 31 December 2011, as described in those annual financial statements.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group:

The following new and amended standards and interpretations of HKFRSs are mandatory for accounting periods beginning on or after 1 January 2012 but are not relevant to the Group's operations:

HKAS 12 (amendment)	Deferred tax: recovery of underlying assets
HKFRS 1 (amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters
HKFRS 7 (amendment)	Disclosures – Transfers of financial assets

3. Accounting policies *(Continued)*

(b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (2011)	Employee benefits	1 January 2013
HKAS 27 (2011)	Separate financial statements	1 January 2013
HKAS 28 (2011)	Investments in associates and joint ventures	1 January 2013
HKAS 32 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2014
HKFRS 7 (Amendment)	Financial instruments: Presentation — Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 7 and 9 (Amendments)	Mandatory effective date and transition disclosures	1 January 2015
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HK(IFRIC) — Int 20	Stripping costs in the production phase of a surface mine	1 January 2013
Fourth annual improvements	Improvements to HKFRS published Project (2011) in June 2012	1 January 2013

Management is in the process of making an assessment of the impact of these new standards, new interpretation, amendments and revision to standards and interpretation and is not yet in a position to state whether they would have a significant impact on the Group's results of operations and financial position.

4. Critical accounting estimates and judgements

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

5. Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial information do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2011.

There have been no changes in the risk management responsible departments since year end or in any risk management policies.

5.2 Fair value estimation

Compared to 31 December 2011, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

The different levels of financial instruments carried at fair value by valuation method are defined as follows:

— Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

— Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2); and

— Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. Financial risk management *(Continued)*

5.2 Fair value estimation *(Continued)*

The following table presents the Group's assets that are measured at fair value at 30 June 2012.

		Unaudited	
	Level 1	**Level 3**	**Total**
	US$	*US$*	*US$*
Financial assets at fair value through profit or loss			
— listed securities	3,539,373	—	3,539,373
— convertible bond	—	2,266,060	2,266,060
— unlisted securities	—	7,317,557	7,317,557
Available-for-sale financial assets			
— listed securities	49,759,578	—	49,759,578
— unlisted, quoted securities	2,596,664	—	2,596,664
— private investment fund	—	3,712,545	3,712,545
	55,895,615	13,296,162	69,191,777

The following table presents the Group's assets that are measured at fair value at 31 December 2011.

		Audited	
	Level 1	**Level 3**	**Total**
	US$	*US$*	*US$*
Financial assets at fair value through profit or loss			
— listed securities	3,689,284	—	3,689,284
— convertible bond	—	2,401,538	2,401,538
— unlisted securities	—	7,317,557	7,317,557
Available-for-sale financial assets			
— listed securities	49,545,911	—	49,545,911
— unlisted, quoted securities	9,755,294	—	9,755,294
— private investment fund	—	6,814,015	6,814,015
	62,990,489	16,533,110	79,523,599

For the period ended 30 June 2012, there were no significant changes in the business or economic circumstances that affect the fair value of the Group's financial assets and financial liabilities.

For the period ended 30 June 2012, there were no reclassifications of financial assets.

6. Income and segment information

The principal activity of the Group is investment holding in Hong Kong and the PRC. Income recognised during the period is as follows:

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Income		
Bank interest income	**232,220**	161,231
Loan interest income	**17,577**	879,215
Dividend income from listed investments	**103,774**	140,750
	353,571	1,181,196

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 HKFRS financial statements.

The Group has identified only one operating segment — investment holding. Accordingly, segment disclosures are not presented.

7. Other losses — net

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
(Losses)/gains on disposal of available-for-sale financial assets	**(895,772)**	818,868
Net fair value losses on financial assets at fair value through profit or loss	**(185,420)**	(1,418,854)
Net exchange (losses)/gains	**(159,803)**	275,859
Others	**1,937**	17,339
	(1,239,058)	(306,788)

8. Other (expenses)/income — net

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Provision for impairment on loan and other receivables	**(4,041,894)**	—
Reversal of provision for impairment on an amount due from an associate	**—**	65,460
	(4,041,894)	65,460

9. Administrative expenses

Expense included in administrative expenses is analysed as follows:

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Investment management fee *(Note 18(a))*	**950,418**	983,440

10. Income tax (expense)/credit

Hong Kong and overseas profits tax has been provided for at the rate of 16.5% (2011: 16.5%) and at the rates of taxation prevailing in the countries in which the Group operates respectively.

The amount of income tax expense (charged)/credited to the condensed consolidated income statement represents:

	Unaudited Six months ended 30 June	
	2012	2011
	US$	***US$***
Current income tax:		
— Current income tax on profits for the period	**(2,352)**	(15,050)
— Adjustments in respect of prior year	**—**	20,081
	(2,352)	5,031

11. Losses per share

The calculation of basic and diluted losses per share is based on the Group's loss for the period attributable to equity holders of US$9,868,020 (2011: US$203,692). The basic losses per share is based on the weighted average number of 76,758,160 (2011: 76,687,994) ordinary shares in issue during the period.

Diluted losses per share during the period is the same as the basic losses per share as the potential additional ordinary shares are anti-dilutive.

12. Interim dividend

The directors do not recommend the payment of an interim dividend for the six months ended 30 June 2012 (2011: Nil).

13. Loans receivable

Loans receivable are denominated in the following currencies:

	Unaudited 30 June 2012 *US$*	Audited 31 December 2011 *US$*
Renminbi	**6,770,268**	6,831,903
US dollars	**350,000**	500,000
Loans receivable — gross	**7,120,268**	7,331,903
Provision for impairment	**(1,924,016)**	—
Loans receivable — net	**5,196,252**	7,331,903

The carrying values of loans receivable approximate their fair values as at 30 June 2012. The maximum exposure to credit risk at the reporting date is the fair values (i.e. their carrying values) of the loans receivable. The loans receivable are secured by certain assets of the borrowers as stipulated in the respective loan agreements.

13. Loans receivable *(Continued)*

As at 30 June 2012 and 31 December 2011, the ageing analysis of the loans receivable was as follows:

	Unaudited 30 June 2012 *US$*	Audited 31 December 2011 *US$*
Current	**350,000**	500,000
Past due over 6 months	**6,770,268**	6,831,903
	7,120,268	7,331,903

As of 30 June 2012, a loan receivable of US$6,770,268 was impaired. The amount of provision was US$1,924,016 as of 30 June 2012. This relates to a loan secured by an asset of which the market value is not sufficient to cover the past due balance. It was assessed that portion of the loan receivable is expected to be recovered.

Movements in the provision for impairment on loans receivable are as follows:

	Unaudited 30 June 2012 *US$*	Audited 31 December 2011 *US$*
At beginning of the period	—	6,719,176
Provision for impairment on loan receivable	**1,924,016**	—
Written off during the year as uncollectible	—	(6,834,879)
Exchange difference	—	115,703
At end of the period	**1,924,016**	—

The charge of provision for impairment on loans receivable has been included in "other (expenses)/income — net" in the consolidated income statement.

14. Other receivables, prepayments and deposits

	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
Other receivables	**4,729,998**	4,766,465
Prepayments and deposits	**11,209**	5,477
	4,741,207	4,771,942
Provision for impairment on other receivables	**(4,637,047)**	(2,542,104)
	104,160	2,229,838

Movements in the provision for impairment on other receivables are as follows:

	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
At beginning of the period	**2,542,104**	2,825,941
Provision for impairment on other receivable	**2,117,878**	—
Written off during the year as uncollectible	**—**	(399,165)
Exchange difference	**(22,935)**	115,328
At end of the period	**4,637,047**	2,542,104

The charge of provision for impairment on other receivables has been included in "other (expenses)/income — net" in the consolidated income statement.

15. Cash and cash equivalents

Included in the cash and cash equivalents of the Group are Renminbi deposits and cash in the Mainland China of US$20,402,121 (31 December 2011: US$16,697,844). The conversion of the RMB denominated balances into foreign currencies and the remittance of foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

16. Share Capital

	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
Authorised:		
160,000,000 shares of US$0.10 each	**16,000,000**	16,000,000

	Unaudited 30 June 2012		Audited 31 December 2011	
	Number of share US$0.10 each	**Ordinary share US$**	Number of share US$0.10 each	Ordinary share US$
Issued and fully paid:				
At beginning of period	**76,758,160**	**7,675,816**	76,558,160	7,655,816
Issue of shares upon exercise of share options	**–**	**–**	200,000	20,000
At end of period	**76,758,160**	**7,675,816**	76,758,160	7,675,816

17. Capital commitments

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

	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
Investments in associates	**2,153,834**	4,374,817
Available-for-sale financial asset	**944,688**	953,289
	3,098,522	5,328,106

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

	Unaudited 30 June 2012 US$	Audited 31 December 2011 US$
Contracted but not provided for	**7,629,450**	7,813,084
Authorised but not contracted	**13,014,594**	13,076,757

18. Related party transactions

The Company has appointed China Assets Investment Management Limited ("CAIML") as the investment manager for all investments. First Shanghai Investments Ltd, an associate and major shareholder of the Company, was a shareholder of CAIML until 24 August 2011. Mr. Lo Yuen Yat, the Chairman and an executive director of the Company, is a director of CAIML. Mr. Xu Xiao Feng, an executive director of the Company until 21 October 2011, is a director and shareholder of CAIML. Ms. Lao Yuan Yuan, an executive director of the Company, was a director of CAIML until 21 October 2011. Mr. Yeung Wai Kin, a non-executive director of the Company, is a shareholder and was a director of CAIML until 21 October 2011. Mr. Zhao Yu Qiao, a non-executive director of the Company, is an indirect shareholder of CAIML. The Company has announced that it is in discussions with CAIML about amendments to the investment management arrangements between them, which if and when agreed will be disclosed in a circular to shareholders (the "Circular") and be subject to the approval of independent shareholders of the Company.

The Company has also previously issued announcements about a requisition issued by QVT Fund LP ("QVT") under section 113 of the Companies Ordinance requiring the Company to convene an extraordinary general meeting, relating to the investment management arrangements between the Company and CAIML and their renewal. The Company considered QVT's concern can be dealt with in the Circular and has requested QVT to withdraw its requisition. QVT has not to date withdrawn its requisition and QVT may take steps itself to convene that extraordinary general meeting pursuant to section 113 of the Companies Ordinance.

Significant related party transactions, which were carried out in the normal course of business are as follows:

(a) During the period, the Company paid management fees totaling US$950,418 (2011: US$983,440) to CAIML under the management agreement signed between the Company and CAIML.

(b) As at 30 June 2012, management fee payable to CAIML amounted to US$14,751 (31 December 2011: US$12,333). The balance is denominated in United States dollar, unsecured, interest-free and will be settled in the third quarter of 2012.

(c) The amounts due to related companies, which are an associate and CAIML, are denominated in United States dollars, unsecured, interest-free and repayable on demand.

(d) Key management compensation

	Unaudited Six months ended 30 June	
	2012	2011
	US$	*US$*
Salaries and other short-term employee benefits	**92,652**	19,259
Pension costs — defined contribution plan	**806**	725
	93,458	19,984

Net Asset Value

The unaudited consolidated net asset value per share of the Group at 30 June 2012 was US$2.0502 (31 December 2011: US$2.1964).

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

As at 30 June 2012, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules, were as follows:

Shares in the Company

	Number of shares held			% of the
Name of director	Personal interests	Corporate interests	Total	issued share capital
Lo Yuen Yat	225,000	—	225,000	0.29%
Yeung Wai Kin	100,000	—	100,000	0.13%
Fan Jia Yan	75,000	—	75,000	0.10%

Directors' and Chief Executives' Interests and Short Positions in the Shares, Underlying Shares and Debentures of the Company and its Associated Corporations

Options in respect of shares in the Company

Details of the share options granted under the share option scheme approved on 19 May 2004 (the "Scheme") remain outstanding as at 30 June 2012 are as follows:

	Options held at 1 January 2012	Options lapsed during the period	Options exercised during the period	Options held at 30 June 2012	Exercise price *HK$*	Closing price before the date of grant *HK$*	Date of grant	Exercise period
Directors:								
Lo Yuen Yat	725,000	–	–	725,000	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	–	–	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Xu Xiao Feng*	750,000	(750,000)[1]	–	–	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Lao Yuan Yuan	750,000	–	–	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Jiang Wei	50,000	–	–	50,000	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	500,000	–	–	500,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Yeung Wai Kin	400,000	–	–	400,000	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	–	–	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Zhao Yu Qiao	305,000	–	–	305,000	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	750,000	–	–	750,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Wu Ming Yu	70,000	–	–	70,000	2.65	2.50	21/05/2004	25/05/2004-23/05/2014
	75,000	–	–	75,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
Employees of the Manager	1,100,000	–	–	1,100,000	5.74	5.62	25/04/2007	25/04/2007-24/04/2017
	6,975,000	(750,000)	–	6,225,000				

1. Pursuant to the terms of the Scheme, the options lapsed six months after the resignation of the Director.

* Resigned on 21 October 2011

Apart from the above, as at 30 June 2012, none of the Directors or the chief executive of the Company had or was deemed to have any interests and short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies contained in the Listing Rules.

Substantial shareholders' interests and short positions in the shares, Underlying Shares and Debentures of the Company and its associated corporations

The register of substantial shareholders' interests maintained under section 336 of the SFO reveals that as at 30 June 2012, the Company had been notified of the following interests of the substantial shareholders of the Company, being 5% or more of the Company's issued shares that carry a right to vote at general meetings of the Company.

Name	Type of interest	Capacity	Number of ordinary shares held	Percentage of issued share capital
First Shanghai Investments Limited ("FSIL") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.87%
First Shanghai Direct Investments Limited ("FSDI") *(Note 1)*	Corporate	Interest of Controlled Corporation	25,162,866	32.87%
Golad Resources Limited *(Note 1)*	Corporate	Beneficial Owner	25,162,866	32.87%
Deutsche Bank Aktiengesellschaft	Corporate	Security Interest Beneficial owner	16,738,918 3,176,082	21.86% 4.15%
QVT Financial LP *(Note 2)*	Corporate	Investment Manager	17,093,918	22.33%
QVT Financial GP LLC *(Note 2)*	Corporate	Interest of Controlled Corporation	17,093,918	22.33%
QVT Associates GP LLC *(Note 3)*	Corporate	Interest of Controlled Corporation	16,863,526	22.03%
QVT Fund LP *(Note 3)*	Corporate	Beneficial Owner	15,337,878	20.03%
Chen Dayou *(Note 4)*	Personal	Interest of Controlled Corporation	8,075,000	10.55%
Team Assets Group Limited *(Note 4)*	Corporate	Beneficial Owner	8,075,000	10.55%

Substantial shareholders' interests and short positions in the shares, Underlying Shares and Debentures of the Company and its associated corporations *(Continued)*

Note:

(1) Both FSIL and FSDI had corporate interests in the issued share capital of the Company through their indirect or direct share interests in Golad Resources Limited. Golad Resources Limited is wholly-owned by FSDI, which is, in turn, wholly-owned by FSIL.

(2) QVT Financial GP LLC had an interest in QVT Financial LP which is deemed to have interest in the issued share capital of the Company since QVT Financial LP acts in the capacity of an investment manager to QVT Fund LP.

(3) QVT Associates GP LLC had an interest in the issued share capital of the Company through its interest in QVT Fund LP.

(4) Chen Dayou had an interest in the issued share capital of the Company through its interest in Team Assets Group Limited.

Save as disclosed above, no other shareholders of the Company had any beneficial or legal interests in 5% or more of the Company's issued shares that carry a right to vote in general meetings of the Company as recorded in the register maintained by the Company. All the interests described above represent long positions, in the shares of the Company and no short positions, or other deemed interests or derivative interests were recorded in the register maintained by the Company as at 30 June 2012.

Purchase, Sale or Redemption of Shares

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

Corporate Governance

The Board is committed to maintain a high standard of corporate governance in the best interests of the shareholders. For the six month ended 30 June 2012, the Board is of the view that, for the period from 1 January 2012 to 31 March 2012, the Company has complied with the code provisions on the Code on Corporate Governance Practices (the "Old Code") set out in Appendix 14 to the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") and for the period from 1 April 2012 till 30 June 2012, the Company has complied with the code provisions included in the amendments made to the Old Code which have been effective since 1 April 2012 (the "New Code") save for a deviation from the code provision of A.6.7 that only one non-executive director attended the annual general meeting of the Company held on 25 May 2012, while other non-executive directors (including all independent non-executive directors) were unable to attend the said annual general meeting due to their overseas commitments.

Audit Committee

The Company has set up an Audit Committee with written terms of reference since December 1998. The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including a review of the unaudited interim accounts for the period. The committee comprises two independent non-executive directors and a non-executive director.

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. Following specific enquiry by the Company, all directors have confirmed that they fully complied with the standard laid down in the said rules at any time during the period ended 30 June 2012.

Investment Review

China Assets (Holdings) Limited (the "Company") and its subsidiaries (together, the "Group") reported a loss of approximately US$9.87 million for the six months ended 30 June 2012, compared with a loss of US$0.20 million for the same period in 2011. The loss was mainly due to a provision of US$4.04 million made against partial of its secured loan and interest receivables due from Junhui International Holdings Limited, and an impairment loss of US$2.90 million on its investment in an associated company, Goldeneye Interactive Limited.

Shandong Lukang Pharmaceutical Co. Ltd. ("Lukang") has been adversely affected by the declining selling prices of its major antibiotics products as a result of price reduction measures implemented in 2011 by the National Development and Reform Commission. Its difficulties also have been compounded by the introduction of a drug tendering scheme which resulted in fierce competition among industry players. Coupled with the rapid increase in costs of raw materials, including soybean oil and starch, Lukang reported a loss of RMB 30.90 million (approx. US$4.87 million) in the first quarter of 2012 compared with a profit of RMB 43.49 million (approx. US$7.25 million) for the corresponding quarter last year.

The Company's major associate, First Shanghai Investments Limited, reported a net loss of HK$42.76 million (approx. US$5.51 million) for the six months ended 30 June 2012, compared to a restated net profit of HK$1.90 million (approx. US$0.24 million) for the period ended 30 June 2011. The loss was mainly attributable to its share of the loss of the Group and a decline in fair value gain on investment properties reported during the period. Excluding these two items, its overall operation improved, with turnover and gross profit increased by nearly 21% and 50% to HK$172.40 million and HK$101.34 million respectively.

In February 2012, the Company made its first investment tranche of RMB1.45 million in Shanghai Moxing Environmental Science and Technology Co. Ltd ("SMEST"), a PRC incorporated company. SMEST is an early-stage technology and services company that provides waste oil recycling services for transportation and industry customers. It has developed a proprietary, patented, oil filtration technology that recycles waste oil without any loss in quality. Under a signed investment agreement, the Company or its wholly-owned subsidiary will invest a total of RMB4.65 million in two tranches for an equity interest of 29.86%. This is subject to adjustment if SMEST does not achieve certain performance milestones. A consortium of six individuals (including Mr. Yeung Wai Kin, a director of the Company) has agreed to invest on similar terms and conditions at RMB800,000 for a total equity interest of 5.137% (each investor's share being RMB133,333, or an equity interest of 0.856%). It is now anticipated the second tranche of investment will be made before the end of 2012.

In February 2012, PingAn Defeng Collective Fund Trust Plan ("PingAn Trust") reached maturity date and accordingly was dissolved for distribution. The Company received RMB45.43 million (approx. US$7.21 million) upon dissolution, resulting in a realized loss of RMB5.64 million (approx.US$0.90 million) in the current period. Including its past distributions from PingAn Trust, the Company realized an overall profit of US$2.75 million on the investment during its holding period, a return of 39.47% over 5 years.

Having assessed the respective operating situation during the period, the pledged security and its related market environment, the Company made a provision of US$4.04 million against partial of its loan and interest receivables due from Junhui International Holdings Limited, and an impairment loss of US$2.90 million on its investment in Goldeneye Interactive Limited.

As at 30 June 2012, the consolidated net asset value of the Group was US$157.37 million, representing a 6.66% decrease from US$168.59 million as of 31 December 2011. Apart from the factors mentioned above, unrealized fair value losses on available-for-sale financial assets of approximately US$2.56 million was also included in the consolidated balance sheet, mainly resulting from an unrealised fair value loss of Red Stone Fund.

The half year was full of surprises and bad news, mainly from Europe but not much less from the US and China. The significant financial markets turmoil experienced late last year gave way to some respite in the early months of 2012. This relative calm, however, proved to be fragile and renewed pressures again emerged in April as volatility continued to afflict global financial markets. Worries over Europe's debt crisis were responsible for the broad slump in the second quarter when major European economies contracted, causing the yield on the sovereign debt of both Spain and Italy to reach unsustainable levels. This undermined market confidence and sparked a global sell-off in financial markets, driving stock markets to their lowest levels in early June.

In China, manufacturing activity deteriorated at a faster clip during the period. External demand weakened and domestic demand showed no meaningful improvement in response to earlier easing measures, indicating that business conditions had worsened in the manufacturing sector. A contracting European economy and weak recovery in the US were key contributors to China's slowdown. Data showed that China's recent GDP growth had decelerated to its slowest pace since the 2008 global financial crisis, dragged down by a combination of weak exports, stagnant real estate investment, and the inability of domestic consumption to take up the slack. Reflecting the economic situation, the stock market in China performed unsatisfactorily. The Shanghai Composite A index settled marginally up by a mere 1.1%, from 2,199 points at 31 December 2011, to 2,225 points at 30 June 2012, resulting in the unsatisfactory performance of the portfolio of Hong Kong and China listed investments.

A review of the Group's investment is set out below.

Major Long-Term Investments

Investments in associates

First Shanghai Investments Limited ("FSIL")

FSIL reported a net loss of HK$42.76 million (approx. US$5.51 million) for the six months ended 30 June 2012, compared to the restated net profit of HK$1.90 million (approx. US$0.24 million) for the period ended 30 June 2011. The loss was mainly attributable to its share of the loss of the Group and a decline in fair value gain on investment properties reported during the period. During the period, the corporate finance and stock broking segment, its core operation, improved mildly, with turnover increased by approx. 6.23% to HK$76.31 million. Due to the slowdown in the economy and sluggish property market in China, the overall turnover of property-related segments, including property development and investment, and hotel decreased by more than 4% to HK$57.46 million.

Major Long-Term Investments *(Continued)*

Investments in associates *(Continued)*

Shanghai International Medical Centre Investment Management Company Limited ("SIMC")

SIMC was founded by Shanghai International Medical Zone Group Company Limited, a wholly-owned local government entity, to establish a 500-bed, class-A hospital in Pudong New Area to provide high-end medical services to foreign expatriates and local high-income residents in Shanghai and adjacent regions.

Construction of the hospital started in December 2011 and is expected to be completed in 2013 in time for a November 2013 opening. Parkway (Shanghai) Hospital Management Ltd has been appointed to manage the hospital and recruitment of key personnel has begun.

The Group holds a 25% indirect interest in SIMC and during the period paid RMB12.50 million as the fourth installment of the capital call.

Goldeneye Interactive Limited ("Goldeneye")

The Company entered into an agreement to invest US$5.5 million in two tranches for an ultimate 28.48% Preferred B-share holding in Goldeneye. The first tranche of US$ 3.85 million was made in April 2011 and the second tranche of US$1.65 million is to be invested following the satisfactory achievement of agreed performance milestones. Goldeneye and its affiliated companies operate a web portal — www.fangjia.com — which is a vertical search engine specializing in online real estate information in the secondary market. The information is gathered by data mining and undergoes sophisticated analysis using Goldeneye's self-developed, patented technology. As a result of the sluggish China property market, its operating result is substantially behind budget. In the first half-year Goldeneye incurred a loss of US$0.88 million, of which the Company shared US$0.10 million, and it has significantly reduced staffing and overhead expenses in order to survive the current difficult environment. In view of its disappointing revenue, stagnant portal traffic and the expectation of a continued sluggish secondary housing market, the Company has decided not to invest the second tranche of investment. It has also made a provision of US$2.90 million as impairment loss on the investment.

Major Long-Term Investments *(Continued)*

Available-for-sale financial assets

Shandong Lukang Pharmaceutical Co., Ltd. ("Lukang")

Since early 2011, Lukang has been adversely affected by the operating environment caused by various new government policies, including mandated drug price reduction measures, the start of provincial drug tendering, restrictions on the use of antibiotics, and the implementation of new Good Manufacturing Practice ("GMP") standards. These factors have either driven down the selling prices of Lukang's products or increased the overall costs of its operation. For the first quarter in 2012, Lukang reported a loss of RMB30.90 million (approx. US$4.87 million), compared to a profit of RMB43.49 million (approx. US$6.91 million) over the corresponding quarter in 2011. To mitigate the impact of government policies, Lukang has implemented energy conservation measures and streamlined production facilities that enhance cost controls. Construction of the bio-pharmaceutical industrial park in Zhoucheng has been completed and production has started, enhancing output and streamlining the overall cost structure of products. In March 2012, Lukang completed the acquisition of 70% equity in QingHai Earth Pharmaceutical Co., Ltd.（青海大地藥業有限公司）for RMB42 million. This acquisition has allowed Lukang access to a source of a variety of proprietary Chinese medicines which has expanded its product range and thereby reduced its exposure and major dependence on antibiotics.

Lukang's share price closed at RMB4.92 for the period ended 30 June 2012. Its highest and lowest closing prices for the period were RMB5.90 and RMB4.76 respectively. As at 30 June 2012, the fair value of Lukang was stated as US$44.97 million and an unrealized fair value loss of US$0.29 million was transferred to the investment revaluation reserve.

China Pacific Insurance (Group) Co., Ltd. ("China Pacific")

The Company held 1,488,200 shares in China Pacific, a PRC general insurer, at the end of the period. As at 30 June 2012, the fair value of China Pacific was stated as US$4.78 million and an unrealised fair value gain (net of tax) of US$0.54 million was transferred to the investment revaluation reserve.

Major Long-Term Investments *(Continued)*

Available-for-sale financial assets (Continued)

Red Stone Fund ("RS Fund")

RS Fund was set up in Ganzhou, Jiangxi Province, in January 2010 as a limited partnership in accordance with PRC Limited Partnership Law. The aim of RS Fund is to invest in mineral, energy or related industries in the PRC and its size is RMB500 million. The Group has a 6% indirect interest in RS Fund and has paid RMB24 million for its first and second capital call. The Group is committed to paying a further RMB6 million as the balance of its investment.

In 2010, RS Fund made investments, respectively, of 14.4% in equity in Ganxian Shirui New Material Company Limited, and 12.5% in equity in Ganzhou Chenguang Rare Earths New Material Company Limited which reported very unfavorable operating results compared to the corresponding period last year. In March 2011, RS Fund advanced an entrusted loan of RMB180 million to 太重煤機有限公司 (Tai Chong Coal Machinery Limited Company, "TCC") whose main businesses are the manufacture and sale of coal washing equipment, coking coal equipment and coal devices (scrapers, belt machines). RS Fund has an option to convert all, or a portion, of the entrusted loan for equity in TCC. The conversion will be based on the appraised value of TCC's net assets upon completion of the reorganization. It is targeted the conversion will be completed by the end of 2012.

The fair value of the RS Fund was stated as RMB23.58 million (US$3.71 million) and an unrealised fair value loss of US$3.04 million was transferred to the investment revaluation reserve.

PingAn Defeng Collective Fund Trust Plan ("PingAn Trust")

Upon its maturity in February 2012, PingAn Trust was dissolved and distribution of RMB45.43 million was received by the Company, resulting in a realized loss of RMB5.64 million (approx. US$0.90 million) for the period. Including past distributions from PingAn Trust, the Company realized an overall profit of US$2.75 million on this investment during its holding period, a return of 39.47% over 5 years.

Major Long-Term Investments *(Continued)*

Available-for-sale financial assets *(Continued)*

China Alpha II Fund ("China Alpha")

The Group invested approximately US$1.3 million in China Alpha in 2007. As a result of the sluggish performance of China's stock market, China Alpha's market price recorded a decline of 4.9%, resulting in an unrealised fair value loss of US$0.13 million being transferred to the investment revaluation reserve.

Ragentek Technology Group Limited ("Ragentek")

In February 2011, the Company invested US$7.3 million for a 6.6% common equity stake in Ragentek, a Chinese mobile phone handset design and development company which had reported remarkable operating results and solid growth prior to 2011. Ragentek was founded in 2006 by a group of experts from the TMT (technology, media, telecom) industry and mobile device manufacturers. It focused mainly on R&D and manufacture of ODM (Original Design Manufacturer) mobile phone handsets, providing GSM/3G/WiFi and smart phone total solutions. Its major customers are top local brands or local telecommunication operators servicing major developing countries such as China, India and Brazil, as well as regions in the Middle East, Southeast Asia and Africa.

In March 2012, Ragentek started to shift from 2G products to 3G smart phone products and in April launched self-branded product lines. Sales of the new products are reported to have been encouraging.

Holygene Corporation ("Holygene")

The Group holds a convertible note of US$2.20 million issued by Holygene to finance its EPO certification. In May 2012, the maturity date of the convertible note was due and the Group called on Holygene for redemption. Holygene advised that, due to its funding situation, it would redeem the convertible note by the end of the year. Due to revaluation of the convertible note of its previous fair value to face value, the Group recorded a fair value loss of US$0.14 million in the current period.

Other investments

Loan receivable

Junhui International Holdings Limited ("Junhui")

In September 2009, the Group entered into a set of secured loan and warrant agreements with Junhui, pursuant to which the Group committed to provide a total of RMB50 million to finance part of the construction cost of a dredging ship for projects in China. Up to August 2010, the Group had, from time to time, advanced sums amounting to a total of RMB43 million to Junhui for its interim payments to the shipyard. Around July 2010, Junhui informed the Group that it was exploring the opportunity of a dredging project in Indonesia and intended to move the ship, upon completion, to operate in Indonesia. Having considered the political and business factors involved, both the Group and Junhui agreed all principal and interest would be prepaid, irrespective of the scheduled repayment dates. Agreement was reached that full repayment was to be made no later than June 2012, an outcome the Group has been monitoring closely. However, due to its repeated failure to provide substantial evidence of obtaining external financing to replace the Group's loan, and having assessed the existing financial situation of Junhui and its guarantor, the Group considers there is a high risk to full recoverability of the loan and its related interest receivable. The outstanding amount totaled RMB56.45 million at the end of June 2012. The Group has learned from the shipyard that it is also owed a very material balance by Junhui. Given that the dredge is under the shipyard's control, that it has first priority over debt due to it, and the prevailing severe market conditions in the dredging industry, the Group has provided US$4.04 million as impairment to the loan receivable and its related interest.

Investment For Which Full Provision Had Been Made

Canton Property Investment Ltd. ("Canton Property")

The Company held discussions during the period with certain interested buyers with the purpose of disposing of its holding in Canton Property. The discussions are at an advanced stage and it is anticipated a portion of the original investment cost may be recoverable.

Liquidity and Financial Resources

The Group's financial position remained stable during the period. As at 30 June 2012, it had cash and cash equivalents of US$22.61 million (31 December 2011: US$18.68 million), of which US$20.40 million (31 December 2011: US$16.70 million) was held in RMB equivalents in PRC bank deposits in Mainland China. The Group had no debt. Most of the Group's investments are located in Mainland China. RMB is not a freely convertible currency and the RMB exchange rate against the US dollar remained stable during the period.

Employees

The Company's investments are managed by China Assets Investment Management Limited. A company secretary is employed by the Company. In addition to basic salary payments, other benefits include participation in a mandatory provident fund scheme and a discretionary employee share option scheme.

Prospects

The persistent European debt crisis will undoubtedly be the strongest factor affecting global economic trends for the rest of the year. In the US, concerns over the political environment will dominate the second half of 2012, affecting its stability and hampering its fragile recovery. In the short term, we see the European economic recession and sovereign debt situation deteriorating and believe the gyrating performance of financial markets will continue.

As inflation eases sharply in China, the Central Government has plenty of policy tools available to cushion the effect of fallout from the Eurozone and the US. It is anticipated that in the second half of the year, a further loosening of monetary policy, a fine tuning of the RMB to a weakened level and more fixed investments by the Central Government will be implemented to ensure the economy is stable. In addition, China's battered real estate market appears to be turning around, strengthening an important pillar of growth and reducing chances that the country's slowing economy will stall in the second half of the year. It is believed that these further easing measures should reduce the risk of a hard landing and could generate a modest growth recovery to not less than 7.5% over the year.

In light of the uncertainties, the Company will be skeptical and conservative when committing to new investment projects and preference will be given to opportunities in emerging sectors that are publicly promulgated by the Central Government of China.

By Order of the Board
Lo Yuen Yat
Chairman

Hong Kong, 24 August 2012