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CHINA ASSETS (HOLDINGS) LIMITED

(Incorporated in Hong Kong with limited liability)

(Stock Code: 170)

AMENDED INVESTMENT MANAGEMENT AGREEMENT — CONTINUING CONNECTED TRANSACTION AND REQUISITION ISSUED BY QVT FUND LP

The Company requested QVT's to withdraw its requisition but QVT has not agreed to do so. QVT may take steps to convene its own EGM. This would force shareholders to make a voting decision in the absence of material information and of advice from an independent financial advisor.

The Company received from QVT a request to conduct an investigation into interests in the Company pursuant to section 329 of the Securities and Futures Ordinance. QVT itself has not identified any parties with material interests in the Amended Investment Management Agreement not already known to the Company.

On 1st September, 2011, 15th September, 2011 and 27th April, 2012 the Company announced amongst other things details of proposals for fees and bonuses (and a "high watermark" for bonuses) payable under the Amended Investment Management Agreement, annual caps on them. Terms defined in those announcements are used in this announcement with those defined meanings.

The Company announced on 2nd November, 2011, 12th December, 2011 and 27th March, 2012 delays in the issuance of the circular (the "Circular") to be issued to shareholders in the Company ("Shareholders") giving details of those proposals for fees, bonuses and annual caps and convening an extraordinary general meeting of Shareholders (an "EGM") to consider them.

The Company also referred in its announcement on 27th March, 2012 to the requisition issued by QVT Fund LP ("QVT"), a substantial Shareholder, under section 113 of the Companies Ordinance to the Company requiring the Company to convene an extraordinary general meeting, and to the fact that the resolutions which QVT wished the Company to table before Shareholders in general meeting relate to the Amended Investment Management Agreement and its renewal, which are the subject matter of resolutions which are to be put to Shareholders by the Company itself, for which purpose the Company has been preparing the Circular so as to provide all material information to Shareholders.

The Company approached QVT and requested that QVT's requisition be withdrawn pending issue of the Circular so as to allow all Shareholders to have the benefit of all material information and the advice of independent advisors before voting on the Amended Investment Management Agreement and its renewal. However, QVT has not to date agreed to withdraw its requisition. On 2nd May, 2012, QVT issued a statement stating, amongst other things, that over seven months had passed since the Company's first announcement on 1st September, 2011 and that the Company had repeatedly announced delays in the issuance of the Circular but had failed to provide reasons for the delays that QVT considered satisfactory.

The Company shares QVT's wish to convene an EGM as soon as practicable, to enable Shareholders to vote on the Amended Investment Management Agreement and its renewal and the other matters referred to above. However, if the Company were to convene an EGM now as requested by QVT, Shareholders would not be provided with all material information about the Amended Investment Management Agreement as the Circular, which is substantially finalised, has not yet been cleared by the Stock Exchange and cannot yet be issued. The Company has for the past seven months worked diligently towards clearing the Circular with the Stock Exchange; however for reasons beyond the Company's control the clearing of the Circular has been delayed. The Company will continue to work diligently towards clearing the Circular with the Stock Exchange, convening an EGM as soon as the Circular has been cleared. QVT further notes that the Company stated in its 1st September, 2011 announcement that "no Shareholder is required to abstain from voting" at the EGM to be convened by the Company.

In the meantime, QVT may take steps to convene its own EGM pursuant to section 113 of the Companies Ordinance despite the efforts of the Company to persuade it that this would not be in the interests of shareholders. This would be regrettable since it would force shareholders to make a voting decision in the absence of material information and of advice from an independent financial advisor.

In the statement made by QVT and Quintessence Fund L.P. dated 2nd May, 2012, QVT has also indicated that it understands that in accordance with the Listing Rules, any shareholder with a material interest in the Amended Investment Management Agreement and its associates should abstain from voting at the EGM in respect of resolutions considering the Amended Investment Management Agreement. QVT expects the Company to ensure full compliance with the Listing Rules, and to fully investigate and have due regard to any interests that any connected person or shareholders may have, directly or indirectly, in China Assets Investment Management Limited or the Amended Investment Management Agreement. In this regard, the Company previously received from QVT a request to conduct an investigation into interests in the Company pursuant to section 329 of the Securities and Futures Ordinance. Although the Company believes that all parties with material interests in the Amended Investment Management Agreement have already been identified and their interests taken into account in compliance with the requirement under the Listing Rules, the Company has responded to and continues to address QVT's request. QVT itself has not identified any parties with material interests in the Amended Investment Management Agreement not already known to the Company.

Further announcements will be made if and when appropriate.

By Order of the Board
Lo Yuen Yat
Chairman

Hong Kong, 4th May, 2012

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