中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 01333)

ANNOUNCEMENT
(1) SUPPLEMENTAL AGREEMENTS TO
(a) ASSETS TRANSFER AGREEMENT; AND
(b) COMPENSATION AGREEMENT
IN RELATION TO THE PROPOSED SPIN-OFF OF LIAONING ZHONGWANG
(2) FURTHER INFORMATION IN CONNECTION WITH THE PROPOSED PLACEMENT/DEEMED DISPOSAL

On 19 August 2016, Zhongwang Fabrication and CRED Holding entered into the Supplemental Assets Transfer Agreement and Supplemental Compensation Agreement pursuant to which both parties agreed to certain principal terms in respect of the Asset Restructuring.

According to the valuation report prepared by China United, the valuation on the Liaoning Zhongwang Shares was performed based on, among other things, the income approach, which involves the calculation of discounted cash flow. Therefore, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules.

As the Proposed Placement will constitute a deemed disposal of interest in CRED Holding under the Listing Rules, and one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Placement, aggregating with the proposed disposal of the Liaoning Zhongwang Shares to CRED Holding, exceed 25% but are less than 75%, the Proposed Placement, together with the disposal of the Liaoning Zhongwang Shares, constitutes a major disposal of the Company under the Listing Rules and is therefore subject to announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Shareholders and potential investors of the Company should note that the Asset Restructuring, the Proposed Spin-off and the Deemed Disposal are subject to, among other things, approvals of the relevant PRC regulatory authorities, including CSRC and MOFCOM. Accordingly, the Asset Restructuring, the Proposed Spin-off and the Deemed Disposal may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

We refer to the announcement of the Company dated 22 March 2016 in relation to (1) the proposed spin-off of Liaoning Zhongwang by way of (a) proposed disposal of 100% equity interests in Liaoning Zhongwang; and (b) proposed acquisition of equity interests in CRED Holding, (2) the proposed acquisition of 100% equity interests in CRED Xinjiang, and (3) the Proposed Placement by CRED Holding of no more than 702.2472 million Placing Shares to eight qualified designated investors in the PRC at an issue price of RMB7.12 per Placing Share to raise proceeds of no more than RMB5 billion in aggregate (the "**Announcement**"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Announcement.

FINAL VALUATION ON THE CRED XINJIANG SHARES AND THE LIAONING ZHONGWANG SHARES

Beijing Yatai Lianhua Assets Appraisal Co., Ltd. ("**Beijing Yatai**") issued its valuation report on the CRED Xinjiang Shares dated 19 August 2016. According to such valuation, the final valuation on the CRED Xinjiang Shares at the reference date of 31 March 2016 was RMB207,280.4 thousand.

China United Assets Appraisal Group ("**China United**") issued its valuation report on the Liaoning Zhongwang Shares on 19 August 2016. According to such valuation, the final valuation on the Liaoning Zhongwang Shares at the reference date of 31 March 2016 was RMB28,225,259.4 thousand.

SUPPLEMENTAL AGREEMENTS IN RELATION TO THE ASSET RESTRUCTURING

(1) Supplemental Assets Transfer Agreement

On 19 August 2016, Zhongwang Fabrication and CRED Holding entered into a supplemental agreement to the Assets Transfer Agreement (the "**Supplemental Assets Transfer Agreement**"). Under the Supplemental Assets Transfer Agreement, both parties agreed to certain principal terms as follows:

(i) the final consideration for the sale of the Liaoning Zhongwang Shares shall be RMB28.2 billion;

(ii) the final consideration for the acquisition of the CRED Xinjiang Shares shall be RMB200 million; and

(iii) according to the final consideration of the Liaoning Zhongwang Shares and the CRED Xinjiang Shares, respectively, the final Transfer Consideration shall be RMB28 billion. Therefore, the total amount of Consideration Shares to be issued shall be 3,932,584,269 shares.

The amount of the Consideration Shares to be issued by CRED Holding to Zhongwang Fabrication will be subject to the approvals at the general meetings of both the Company and CRED Holding, as well as the approvals of CSRC and MOFCOM.

Except for the above, other principle terms of the Assets Transfer Agreement remain the same and shall be in full force and effect.

(2) Supplemental Compensation Agreement

On 19 August 2016, Zhongwang Fabrication and CRED Holding entered into a supplemental agreement to the Compensation Agreement (the "**Supplemental Compensation Agreement**"). Under the Supplemental Compensation Agreement, both parties agreed to certain principal terms as follows:

(i) if the assets transfer is completed by 31 December 2016, the Committed Net Profit Amount of Liaoning Zhongwang for the years 2016, 2017 and 2018 shall be RMB2.8 billion, RMB3.5 billion and RMB4.2 billion, respectively; if the assets transfer is completed between 1 January 2017 and 31 December 2017, the Committed Net Profit Amount of Liaoning Zhongwang for the years 2016, 2017, 2018 and 2019 shall be RMB2.8 billion, RMB3.5 billion, RMB4.2 billion and RMB4.8 billion, respectively; and

(ii) Net Profit Difference and/or the impairment compensation at the end of the Profit Compensation Period shall be settled by the repurchase of the Consideration Shares (as Compensation Shares) by CRED Holding in priority, and the shortfall (if any) shall be settled in cash. In particular, Zhongwang Fabrication undertakes that the number of shares of CRED Holding available for compensation including those already compensated shall not be less than 90% of the total number of the Consideration Shares acquired by Zhongwang Fabrication in the Asset Restructuring.

Except for the above, other principle terms of the Compensation Agreement remain the same and shall be in full force and effect.

PROFIT FORECAST

According to the valuation report prepared by China United, the valuation on the Liaoning Zhongwang Shares was performed based on, among other things, the income approach, which involves the calculation of discounted cash flow. Therefore, such valuation is regarded as a profit forecast under Rule 14.61 of the Listing Rules (the "**Liaoning Zhongwang Profit Forecast**").

Set out below is the information in relation to the Liaoning Zhongwang Profit Forecast:

(1) Valuation Assumptions

For this valuation, the valuers have followed the following valuation assumptions:

I) General Assumptions

1. Transaction Assumption

   Transaction assumption is to assume that all the assets to be valued are already in the process of transaction and the valuer carries out the valuation based on a simulated market which involves the transaction conditions of the assets to be valued. Transaction assumption is the basic assumption for the valuation of assets.

2. Open Market Assumption

   Open market assumption is to assume that both parties of the assets transaction or the proposed assets transaction in the market are in equal position and have opportunities and time to obtain sufficient market information, so as to make rational judgments on the functions, purposes and transaction price of the assets. The open market assumption is based on the fact that the assets can be traded openly in the market.

3. Asset Going Concern Assumption

   Asset going-concern assumption means that the valuation method, parameters and basis shall be determined in accordance with the condition that the valued assets will be continuously used in consistence with their current functions and methods, scale and frequency of application, or used on the basis of certain changes thereof.

II) Special Assumptions

1. The external economic environment remains unchanged and the current national macroeconomic conditions will not change significantly since the Reference Date;

2. The social and economic environment, as well as the implemented policies in relation to tax and tax rates, etc. of the company will not change significantly;

3. The future management of the company is diligent and will maintain the existing management model;

4. The assets composition, structure of principal businesses, the composition of income and cost, sales strategy and cost control of the company in the forecast period will be implemented as planned without significant changes (not taking into account any incomes and losses brought by changes in assets composition, principal businesses and business structure arising from the changes in management, business policy and business environment);

5. The acquisition and utilization methods of the sites for business operation remain in line with those at the Reference Date without changes;

6. In future operating periods, various expenses of the company comply with its original plans, without major changes. Considering that the monetary capitals or bank deposits of the company will change frequently or considerably during the operating periods, the report does not take into account any interest incomes of deposits or any contingent incomes or losses (such as losses or gains on exchanges) when appraising the finance expenses;

7. In future operating periods, under the precondition that the recognition standards and policies for new & high-tech enterprises will not change greatly, and the company will continue to be qualified for new & high-tech enterprise and be entitled to relevant preferential tax policy;

8. The valuation is based on the existing assets as at the Reference Date and the current market price of relevant assets is based on the effective domestic price as at the Reference Date;

9. The basic information and financial information provided by the principal and the valued company is true, accurate and complete;

10. The scope of the valuation is subject to the application form for valuation provided by the principal and the valued company, without taking into account the contingent assets or contingent liabilities, if any, not included in the list provided by the principal and the valued company;

11. The impact of inflation is not taken into account in the selection of the value of the parameters in the valuation.

If there is any change in the aforesaid conditions, the valuation results will usually become invalid.

(2) Report from the Company's auitor

KPMG, the Company's auditor, issued a report on the discounted future cash flows in connection with the valuation of Liaoning Zhongwang Shares dated 19 August 2016 (the "**Report from KPMG in Relation to the Profit Forecast**"), which is included in Appendix I to this announcement.

(3) Board Letter

The Board has reviewed the Liaoning Zhongwang Profit Forecast and discussed the bases and assumptions upon which the Liaoning Zhongwang Profit Forecast was based. The Board has also considered the Report from KPMG in Relation to the Profit Forecast. On the basis of the foregoing, the Board confirmed that the Liaoning Zhongwang Profit Forecast has been made after due and careful enquiry and issued a letter to the Stock Exchange (the "**Board Letter**") accordingly.

The Report from KPMG in Relation to the Profit Forecast and the Board Letter are included in Appendix I and Appendix II, respectively, to this announcement for the purposes of Rules 14.60A and 14.62 of the Listing Rules. The Company has submitted the Report from KPMG in Relation to the Profit Forecast and the Board Letter to the Stock Exchange in compliance with Rule 14.62 of the Listing Rules.

(4) Consent of Experts

The qualifications of the experts who have given any opinion or advice in this announcement with the inclusion of their letters, reports, and/or opinions or statements and references to their names in the form and context in which they are included are as follows:

Name	**Qualification**
China United Assets Appraisal Group	Independent Asset Valuer certified with the relevant PRC qualifications, including the Licensed Certification for Asset Appraisals《資產評估資格證書》issued by Beijing Municipal Bureau of Finance and the Licensed Certification for Appraisals in relation to Securities and Futures (《証券期貨相關業務評估資格證書》), jointly issued by the Ministry of Finance of the PRC and the CSRC
KPMG	Certified Public Accountants, Hong Kong

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the experts mentioned above is a third party independent of the Company and its connected persons.

Each of the experts mentioned above has given and has not withdrawn its written consent to the issue of this announcement with the inclusion of its letters, reports and/or opinions and the references to its names included herein in the form and context in which it is included.

As at the date of the announcement, each of the experts mentioned above has no shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the date of this announcement, each of the experts mentioned above did not have, nor had had, any direct or indirect interest in any assets which have since 31 December 2015 (being the date to which the latest published audited consolidated accounts of the Company were made up) been acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

FURTHER INFORMATION IN CONNECTION WITH THE PROPOSED PLACEMENT/DEEMED DISPOSAL

The Proposed Placement will be completed simultaneously with the Asset Restructuring or shortly thereafter which may then constitute a deemed disposal of the Company's interest in CRED Holding (the "**Deemed Disposal**"). Following the proposed acquisition of the Consideration Shares by Zhongwang Fabrication and assuming the Consideration Shares are fully issued, the Company will hold approximately 87.16% equity interest in CRED Holding through Zhongwang Fabrication, and CRED Holding will become an indirect non-wholly-owned subsidiary of the Company. In case that the Proposed Placement is to be completed after the completion of the Asset Restructuring, immediately following the issuance of the Placing Shares and assuming the Placing Shares are fully issued, the equity interest of the Company in CRED Holding will be diluted to 75.42%. Such dilution of the Company's equity interest in CRED Holding constitutes a deemed disposal of interest in CRED Holding under Rule 14.29 of the Listing Rules.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Proposed Placement, aggregating with the proposed disposal of the Liaoning Zhongwang Shares to CRED Holding, exceed 25% but are less than 75%, the Proposed Placement, together with the disposal of the Liaoning Zhongwang Shares, constitutes a major disposal of the Company under the Listing Rules and is therefore subject to announcement, reporting and shareholders' approval requirements under Chapter 14 of the Listing Rules.

On 17 June 2016, the CSRC announced a public consultation (the "**Consultation**") on the proposed amendments (the "**Amendments**") to the Administrative Measures on Significant Assets Restructuring of Listed Companies (《上市公司重大資產重組管理辦法》) (the "**Administrative Measures**"), which ended on 17 July 2016. As at the date of this announcement, the CSRC had not officially issued the amended Administrative Measures and it was not clear when the Amendments would become effective. The Amendments will not be applicable to transactions which have been approved by the shareholders' meeting of the relevant A share-listed companies before the Amendments become effective. Before further announcement or clarification by the CSRC on the implementation of the Amendments, CRED Holding will proceed with the Proposed Placement.

Shareholders and potential investors of the Company should note that the Asset Restructuring, the Proposed Spin-off and the Deemed Disposal are subject to, among other things, approvals of the relevant PRC regulatory authorities, including CSRC and MOFCOM. Accordingly, the Asset Restructuring, the Proposed Spin-off and the Deemed Disposal may or may not take place. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the securities of the Company.

By order of the Board
China Zhongwang Holdings Limited
Liu Zhongtian
Chairman

Hong Kong, 19 August 2016

As at the date of this announcement, the Board consists of:

Executive directors
Mr. Liu Zhongtian, Mr. Lu Changqing and Mr. Gou Xihui

Non-executive directors
Mr. Chen Yan and Ms. Zhong Hong

Independent non-executive directors
Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy

* *For identification purpose only*

The following is the text of a report received from the Company's auditor, KPMG, Certified Public Accountants, Hong Kong, for inclusion in this announcement.

KPMG

8th Floor
Prince's Building
10 Chater Road
Central
Hong Kong

19 August 2016

REPORT ON THE DISCOUNTED FUTURE CASH FLOWS IN CONNECTION WITH THE VALUATION OF THE TOTAL EQUITY INTERESTS IN LIAONING ZHONGWANG GROUP CO., LTD.

TO THE BOARD OF DIRECTORS OF CHINA ZHONGWANG HOLDINGS LIMITED

We refer to the discounted future cash flows on which the valuation (the "**Valuation**") dated 19 August 2016 prepared by China United Assets Appraisal Group in respect of the appraisal of the fair value of the total equity interests in Liaoning Zhongwang Group Co., Ltd. (the "**Liaoning Zhongwang Shares**") as at 31 March 2016 is based. The Valuation is prepared based in part on the discounted future cash flows and is regarded as a profit forecast under paragraph 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

Directors' Responsibilities

The directors of China Zhongwang Holdings Limited (the "**Directors**") are responsible for the preparation of the discounted future cash flows in accordance with the bases and assumptions determined by the Directors and as set out in the Valuation. This responsibility includes carrying out appropriate procedures relevant to the preparation of the discounted future cash flows for the Valuation and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's Responsibilities

Our responsibility is to report, as required by paragraph 14.62(2) of the Listing Rules, on the calculations of the discounted future cash flows used in the Valuation. The discounted future cash flows do not involve the adoption of accounting policies.

Basis of Opinion

We conducted our engagement in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" issued by the HKICPA. This standard requires that we plan and perform our work to obtain reasonable assurance as to whether, so far as the calculations are concerned, the Directors have properly compiled the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation. We performed procedures on the arithmetical calculations and the compilations of the discounted future cash flows in accordance with the bases and assumptions adopted by the Directors. Our work is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Accordingly, we do not express an audit opinion.

Opinion

In our opinion, so far as the calculations are concerned, the discounted future cash flows have been properly compiled in all material respects in accordance with the bases and assumptions adopted by the Directors as set out in the Valuation.

Other matters

Without qualifying our opinion, we draw to your attention that we are not reporting on the appropriateness and validity of the bases and assumptions on which the discounted future cash flows are based and our work does not constitute any valuation of Liaoning Zhongwang Shares or an expression of an audit or review opinion on the Valuation.

The discounted future cash flows depend on future events and on a number of assumptions which cannot be confirmed and verified in the same way as past results and not all of which may remain valid throughout the period. Our work has been undertaken for the purpose of reporting solely to you under paragraph 14.62(2) of the Listing Rules and for no other purpose. We accept no responsibility to any other person in respect of, arising out of or in connection with our work.

KPMG
Certified Public Accountants
Hong Kong

中国忠旺控股有限公司*
China Zhongwang Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01333)

19 August 2016

The Stock Exchange of Hong Kong Limited
11/F, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

Dear Sirs,

Re: Proposed Disposal of 100% Equity Interests in Liaoning Zhongwang

We refer to the valuation report dated 19 August 2016 (the "**Valuation Report**") prepared by China United Assets Appraisal Group (the "**Independent Valuer**") in relation to the valuation of Liaoning Zhongwang Group Co., Ltd.* ("**Liaoning Zhongwang**") as at 31 March 2016 (the "**Valuation**"). The discounted future estimated cash flows of Liaoning Zhongwang (the "**Profit Forecast**") constitutes a profit forecast under Rule 14.61 of the Listing Rules.

We have discussed with the Independent Valuer about different aspects including the bases and assumptions based upon which the Valuation has been prepared, and reviewed the Valuation for which the Independent Valuer is responsible. We have also considered the report dated 19 August 2016 from KPMG, the auditor of the Company, regarding whether the Profit Forecast, so far as the calculations are concerned, has been properly complied with the bases and assumptions as set out in the Valuation Report in all material respects.

On the basis of the foregoing, we are of the opinion that the Valuation prepared by the Independent Valuer has been made after due and careful enquiries.

Yours faithfully,
By order of the Board
China Zhongwang Holdings Limited
Liu Zhongtian
Chairman

* *For identification purpose only*