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中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1333)

ANNOUNCEMENT

PRICE-SENSITIVE INFORMATION AND RESUMPTION OF TRADING

This announcement is made by China Zhongwang 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 “**Stock Exchange**”).

Reference is made to the announcement dated 5 January 2010 of the Company (the “**5 January Announcement**”) regarding, *inter alia*, certain independent review work. Following the publication of the 5 January Announcement, certain press articles were published which contained statements which the Company considers not to be an accurate reflection of the statements set out in the 5 January Announcement. As a result, the Company would like to provide further information and to clarify the inaccurate reflections of certain press articles relating to the 5 January Announcement in this announcement.

Background

On 14 September 2009, The Economic Observer (the “**Newspaper**”), a mainland China publication, published a press article (the “**Press Article**”) in the PRC containing certain allegations against the Company about the accuracy of the information set out in the Company’s prospectus dated 24 April 2009 (the “**Prospectus**”) relating to the Company’s major customers. The Press Article also stated that the Newspaper had not been able to verify the truth and accuracy of the allegations made in the Press Article.

On 15 September 2009, the Company issued an announcement in which the board of directors of the Company (the “**Board**”) stated that the allegations made in the Press Article were false and the Newspaper did not have any form of communication with, or confirmation from, the Company and strenuously denied all such allegations. The Company and the directors of the Company reaffirmed that they accept full responsibility for the accuracy of the information contained in the Prospectus.

On 17 September 2009, the Company issued a further announcement stating that the Company had received a public letter of apology from the Newspaper regarding “the negative effect on China

Zhongwang and the misunderstandings created among overseas investors brought about by the publication of the Press Article, without first verifying the relevant facts with the Company, without first evaluating all the relevant materials and based on interviews with persons who have limited knowledge of the facts”. Subsequently, the Company invited management representatives from four of the Group’s major customers (the “**Representatives**”) together to hold a video press conference with members of the media on 17 September 2009. The Representatives confirmed the accuracy of transactions and their business relationship with the Group as disclosed in the Company’s Prospectus.

On 2 November 2009, the Company issued a further announcement stating that, in order to provide further independent assurance to the shareholders of the Company, the Board had entrusted its audit committee (the “**Audit Committee**”) to engage one of the big four international accounting firms to conduct an independent review of the sales transactions with the major 10 customers of the Group during the period from 1 January 2008 to 30 June 2009, the annual corporate income tax filing documentation and the corporate income tax payment records for the financial year ended 31 December 2008 (the “**Relevant Scope of Review**”). The Audit Committee was instructed to oversee the independent review process.

On 31 December 2009, the Company issued a further announcement stating that the independent professional service firm had produced a draft of the report which had been submitted to the Audit Committee and the Audit Committee was in the process of reviewing the draft of the report and envisaged making a further announcement on the basis of the final version of the report in early January 2010.

On 5 January 2010, the Company issued the 5 January Announcement stating that Ernst & Young (China) Advisory Limited (“**Ernst & Young**”) was engaged as the independent professional service firm to carry out the Relevant Scope of Review. Ernst & Young submitted an independent review report (the “**Report**”) to the Audit Committee. The Audit Committee reviewed the Report and the Audit Committee was of the opinion and confirmed that: (i) there were no deficiencies in the Group’s sales transactions with the major 10 customers during the period from 1 January 2008 to 30 June 2009 in any material respect; and (ii) there were no deficiencies in annual corporate income tax filing documentation and the corporate income tax payment records for the financial year ended 31 December 2008 in any material respect. The 5 January Announcement was issued by the Board to disclose such conclusion of the Audit Committee.

The Report

Ernst & Young was engaged to provide to the Audit Committee the Report with its findings based on the Relevant Scope of Review. The Audit Committee considered the Report in reaching its independent conclusion which was set out in the 5 January Announcement. The conclusion that was referred to in the 5 January Announcement was therefore reached solely by the Audit Committee with the benefit of having consulted with the management of the Company as well as the Company’s PRC legal adviser – Commerce & Finance Law Offices (“**Commerce & Finance**”) and the Report provided by Ernst & Young. The 5 January Announcement was issued by the Board to disclose the conclusion of the Audit Committee. The consent from Ernst & Young for the references to its name and its Report in the 5 January Announcement was not obtained.

Ernst & Young has given its consent to references to its name and its Report in the form and context in which they appear in this announcement.

As stated above, pursuant to the Relevant Scope of Review, Ernst & Young performed the relevant verification procedures in the course of its independent review and subsequently submitted its Report to the Audit Committee for its reference. In the Report, Ernst & Young stated that it had encountered some external limitations in its verification procedures which require certain information of independent third parties. In addition, Ernst & Young had suggested to the Audit Committee certain steps to address some of the limitations. For the purpose of assessing the implications of these limitations and therefore whether it was necessary to carry out these additional steps, the Audit Committee considered the available existence of supporting documents and evidences as outlined in the Report and consulted with Commerce & Finance on the relevant legal issues (insofar as those limitations which give rise to issues of a legal nature). Having considered the advice from Commerce & Finance (together with explanations provided by the management of the Company on certain factual matters), the Audit Committee concluded that such limitations would not affect their conclusion in relation to the independent review under PRC laws and regulations.

The Audit Committee reviewed the Report and considered that based on the samples selected during the independent review, there were sufficient documents and evidences which existed and supported the validity of sales transactions with the major 10 customers of the Group during the period from 1 January 2008 to 30 June 2009 including relevant contracts, sales orders, sales invoices, stock out notes, customs declarations (in respect of export sales), bank deposits records and bank statements related to bank subsequent receipts of the sales transactions.

The Audit Committee also considered that there were sufficient documents and evidences which existed and supported the validity of the annual corporate income tax filing documentation and the corporate income tax payment records for the financial year ended 31 December 2008 including corporate income tax submission documents and corporate income tax payment demand notes for the financial year ended 31 December 2008 and based on those documents:

1. The profit before tax adopted in the computation of corporate income tax as stated in the corporate income tax submission documents was consistent with the relevant accounting records;
2. The tax payment amounts as stated in the corporate income tax submission documents was consistent with the amounts as stated in the corporate income tax payment demand notes; and
3. The corporate income tax paid according to the corporate income tax payment demand notes was consistent with the amounts as shown in the bank statements.

The advice from Commerce & Finance (together with explanations provided by the management of the Company on certain factual matters), as well as the relevant evidences available to the Company, was taken into account by the Audit Committee before reaching its conclusion as stated in the 5 January Announcement.

The Audit Committee’s Conclusions

The Audit Committee considered that Ernst & Young has conducted sufficient verification procedures in its independent review. Based on the facts and matters referred above, the Audit Committee has concluded that the limitations as mentioned by Ernst & Young in the Report would not affect the Audit Committee’s conclusion as expressed in the 5 January Announcement. The Audit Committee has further concluded that the performance of further steps as suggested by Ernst & Young would not impact on the Audit Committee’s conclusion in any material respect.

In respect of the Relevant Scope of Review, the Audit Committee would like to reiterate its conclusion that: (i) there were no deficiencies in the Group’s sales transactions with the major 10 customers of the Group during the period from 1 January 2008 to 30 June 2009 in any material respect; and (ii) there were no deficiencies in annual corporate income tax filing documentation and the corporate income tax payment records for the financial year ended 31 December 2008 in any material respect.

Confirmation from Deloitte

In the course of preparation for the listing on the Stock Exchange, and as stated in the Prospectus, Deloitte Touche Tohmatsu, Certified Public Accountants (“**Deloitte**”) was the reporting accountants of the Company and issued the accountants’ report (“**Accountants’ Report**”) on the financial information of the Group for the three years ended 31 December 2008. After the Company’s listing on 8 May 2009, Deloitte has been the Company’s auditors and issued the audit report (“**Audit Report**”) on the financial information of the Group for the six months ended 30 June 2009. Deloitte has not issued any audit or review report for any period subsequent to 30 June 2009.

The review period covered by the Report overlaps with certain period of the Accountants’ Report and Audit Report (hereinafter collectively referred to as the “**Audit Reports**”) issued by Deloitte, namely from 1 January 2008 to 30 June 2009. The Audit Committee has arranged Deloitte to obtain a copy of the Report. Based on the information provided to Deloitte and with respect to the guidance as set out in Hong Kong Standard of Auditing 560 “Subsequent Events” issued by the Hong Kong Institute of Certified Public Accountants, Deloitte has confirmed that they have not become aware of any revision that is required to be made to the financial information to which the Audit Reports relate and Deloitte does not have any reason at this time to take steps to prevent future reliance on those Audit Reports.

Confirmation from Moores Rowland

In the course of preparation for the listing on the Stock Exchange, and as stated in the Prospectus, the Company appointed Moores Rowland (Beijing) Certified Public Accountants (“**Moores Rowland**”) to evaluate its internal control and continued to engage Moores Rowland, as its internal control adviser, to review and test the effectiveness of the Company’s material internal control measures on a quarterly basis for at least 12 months after the Company’s listing on 8 May 2009. As stated in the 5 January Announcement, Moores Rowland had reviewed the Company’s material internal control measures for the third quarter of 2009 (1 July 2009 to 30 September 2009) and has not identified any material operating ineffectiveness of those controls.

The review period covered by the Report overlaps with certain period of the internal control reports issued by Moores Rowland, namely from 1 January 2008 to 30 June 2009. The Audit Committee has arranged Moores Rowland to obtain a copy of the Report. Having reviewed the Report, Moores Rowland considers that they have not become aware of any matter which is required to revise the conclusions in their internal control reports as at the date of this announcement.

The Board also re-affirms the accuracy of transactions and other information disclosed in the Prospectus.

The Board would like to stress that the Company aims at conducting its affairs in an open and transparent manner in a consistent way for the benefit of the public and that it commissioned the independent review on a voluntary basis to increase corporate transparency.

Resumption of Trading

At the request of the Company, trading in the shares of the Company has been suspended in the Stock Exchange with effect from 9:30 a.m. on 7 January 2010 pending the release of this announcement. The Company has applied to the Stock Exchange for the resumption of trading in its shares with effect from 9:30 a.m. on 9 February 2010.

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

Hong Kong, 8 February 2010

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

Executive Directors

Mr. Liu Zhongtian, Mr. Lu Changqing, Mr. Chen Yan, Ms. Zhong Hong and Mr. Gou Xihui

Non-executive Director

Mr. Ma Xiaowei

Independent non-executive Directors

Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy

* *For identification purpose only*