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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: 01333)

UPDATE ON THE ASSETS RESTRUCTURING AND THE PROPOSED SPIN-OFF

This announcement is made by China Zhongwang Holdings Limited (the “**Company**”) pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) of Part XIVA of the Securities and Futures Ordinance (Chapter 571, Laws of Hong Kong).

The Company refers to its previous disclosure in relation to the Assets Restructuring and the Proposed Spin-off, including (i) the circular (the “**Circular**”) of the Company dated 22 August 2016; and (ii) the announcement of the Company dated 5 September 2017 in relation to the update on the Assets Restructuring and the Proposed Spin-off, including the extension of the Long Stop Date to 21 September 2018 (the “**Extension**”). Unless otherwise indicated, terms used in this announcement shall have the same meanings as those defined in the Circular.

To reflect the progress of the Assets Restructuring in light of the Extension and pursuant to the applicable PRC regulations, the Company and CRED Holding entered into a supplemental agreement to the Compensation Agreements. CRED Holding has also updated the relevant documents which include, among other things, (i) the key consolidated financial information of Liaoning Zhongwang, and (ii) the updated valuation on the Liaoning Zhongwang Shares and the CRED Xinjiang Shares.

A. SUPPLEMENTAL AGREEMENT TO THE COMPENSATION AGREEMENTS

The Company and CRED Holding entered into the Compensation Agreements on 22 March 2016 and 19 August 2016, respectively, pursuant to which Zhongwang Fabrication undertook to CRED Holding that if the Assets Restructuring was completed between 1 January 2017 and 31 December 2017, the Assessed Net Profit Amount of Liaoning Zhongwang Group should not be less than RMB2.8 billion for 2016, RMB3.5 billion for 2017, RMB4.2 billion for 2018 and RMB4.8 billion for 2019, respectively. If the Assessed Net Profit Amount of Liaoning Zhongwang Group fell below the undertaking, the difference shall be settled pursuant to the formula set out in the Circular.

To reflect the progress of the Assets Restructuring in light of the Extension and pursuant to the applicable PRC regulations, the Company and CRED Holding entered into a supplemental agreement to the Compensation Agreements on 22 June 2018, pursuant to which Zhongwang Fabrication undertook to CRED Holding that the Assessed Net Profit Amount of Liaoning Zhongwang Group should not be less than RMB5.0 billion for 2020.

Save as disclosed above, the other terms and conditions of the Compensation Agreements remain unchanged and continue in full force and effect.

B. KEY CONSOLIDATED FINANCIAL INFORMATION OF LIAONING ZHONGWANG

Below is a summary of the key consolidated financial information in the consolidated financial information of Liaoning Zhongwang prepared in accordance with the PRC GAAP:

	As at 31 December 2017 RMB	As at 31 December 2016 RMB
Total assets	63,290,988,003.60	48,432,514,919.32
Total liabilities	35,309,452,948.51	24,290,174,413.10
Total owners' equity	27,981,535,055.09	24,142,340,506.22
	For the year ended 31 December 2017 RMB	For the year ended 31 December 2016 RMB
Operating revenue	20,437,347,063.10	16,325,659,906.49
Operating costs	14,029,300,580.55	10,586,316,710.21
Operating profit	4,378,949,380.62	3,536,048,722.74
Profit before income tax	4,380,628,241.19	3,688,657,592.53
Net profit	3,664,402,355.54	3,095,281,346.27
Net profit attributable to owners of the parent	3,664,039,126.94	3,095,281,346.27

Shareholders and investors of the Company are reminded that the consolidated financial information disclosed above are prepared in accordance with the PRC GAAP. In addition, such information is limited solely to the operation of Liaoning Zhongwang, which does not provide a full picture of the operation status of the Group.

C. UPDATED VALUATION ON THE LIAONING ZHONGWANG SHARES AND THE CRED XINJIANG SHARES

China United Assets Appraisal Group Co., Ltd. (“**China United**”) issued its updated valuation report on the Liaoning Zhongwang Shares on 22 June 2018. According to such valuation, the final valuation on the Liaoning Zhongwang Shares at the reference date of 30 June 2017 was RMB30,358,662,800. The summary of the valuation report is set out in Appendix I to this announcement.

Beijing Yatai Lianhua Assets Appraisal Co., Ltd. issued its updated valuation report on the CRED Xinjiang Shares dated 22 June 2018. According to such valuation, the final valuation on the CRED Xinjiang Shares at the reference date of 30 June 2017 was RMB265,818,200.

D. 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**”).

(i) Report from the Company’s Auditor

BDO Limited (“**BDO**”), the Company’s auditor, issued a report on the discounted future cash flows in connection with the valuation of Liaoning Zhongwang Shares dated 22 June 2018 (the “**BDO Report**”).

(ii) 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 BDO Report. On the basis of the foregoing, the Board confirmed that the Liaoning Zhongwang Profit Forecast was made after due and careful enquiry and issued a letter (the “**Board Letter**”) accordingly.

The BDO Report and the Board Letter are included in Appendix II and Appendix III, respectively, to this announcement pursuant to Rules 14.60A and 14.62 of the Listing Rules. The Company has submitted the BDO Report and the Board Letter to the Stock Exchange in compliance with Rule 14.62 of the Listing Rules.

(iii) 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	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 (《證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
BDO	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.

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 2017 (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.

Shareholders and potential investors of the Company should note that the Assets Restructuring and the Proposed Spin-off are subject to, among other things, approval of the relevant PRC regulatory authorities including CSRC. Accordingly, the Assets Restructuring and the Proposed Spin-off 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
Lu Changqing
Chairman

Hong Kong, 22 June 2018

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

Executive Directors

Mr. Lu Changqing and Ms. Ma Qingmei

Non-executive Directors

Mr. Chen Yan, Mr. Liu Zhisheng and Mr. Zhang Hui

Independent Non-executive Directors

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

* *For identification purpose only*

**Summary of Asset Valuation Report
on CRED Holding Co., Ltd.'s Proposed Acquisition of Equity Interests of Liaoning
Zhongwang Group Co., Ltd. Held by Liaoning Zhongwang Superior Fabrication
Investment Limited by Means of Substantial Asset Replacement and Share Issuance**

I. Economic Behavior Corresponding to the Valuation

In accordance with the resolutions passed at the 25th meeting of the eighth session of the board of directors and the 12th meeting of the eighth session of the board of supervisors of CRED Holding Co., Ltd., CRED Holding Co., Ltd. proposed to acquire equity interests of Liaoning Zhongwang Group Co., Ltd. held by Liaoning Zhongwang Superior Fabrication Investment Limited by means of substantial asset replacement and share issuance.

II. Valuation Purpose

The purpose of this asset valuation is to demonstrate the market value of all equity interests held by the shareholders of Liaoning Zhongwang Group Co., Ltd. as at the Reference Date, so as to provide value reference for aforesaid economic behavior.

We, as the valuer, issued the valuation report (Zhong Lian Ping Bao Zi [2016] No. 1399) representing the valuation at the reference date of 31 March 2016. As the valuation expired on 30 March 2017, revaluation has been conducted on the subject of valuation for the principal and the regulatory authorities to understand value changes of the subject of valuation, in order to facilitate the development of economic behaviour.

III. Subject and Scope of Valuation

The subject of valuation and the scope of valuation is all the assets and related liabilities of Liaoning Zhongwang Group Co., Ltd. as at the Reference Date. The total book value of assets, liabilities and net assets amount to RMB61,606,810,604.65, RMB35,448,621,372.06 and RMB26,158,189,232.59, respectively, including current assets of RMB30,242,749,629.35, and non-current assets of RMB31,364,060,975.30; current liabilities of RMB24,174,065,619.81 and non-current liabilities of RMB11,274,555,752.25.

The data in relation to assets and liabilities are extracted from the balance sheet audited by BDO China Shu Lun Pan Certified Public Accountants (LLP), and the valuation is based on the audited results of the company.

The subject and scope of the valuation are in line with those involved in economic behavior.

IV. Value Type and Definition

Based on the purpose of this valuation, market value has been adopted as the type of valuation.

V. Reference Date

The reference date of this asset valuation is 30 June 2017 (the “**Reference Date**”).

VI. Valuation Method

I) Selection of valuation methods

In accordance with the assets valuation standards, enterprise value appraisal may be conducted using the following methods — income method, market method and assets-based method. The income method is to quantify and discount the expected profitability of overall assets of an enterprise, emphasizing the overall expected profitability of an enterprise. The assets-based method is to take the investment amount required for rebuilding an enterprise or an independent profitable entity which is identical to the subject of valuation at the reference date as the basis for deciding its overall assets value, that is, the method of calculating an enterprise’s value by total appraisal value of assets which are the various elements that constitute the enterprise and deducting the appraisal value of liabilities. The market method, characterized by valuation data being originated from market and valuation results being compelling, is to appraise the current fair market value of the subject of valuation by comparison with objects of reference in the market.

The purpose of this asset valuation is to demonstrate the market value of all equity interests held by the shareholders of Liaoning Zhongwang Group Co., Ltd. as at the Reference Date, so as to provide value reference for aforesaid economic behavior. Since the assets-based method reflects an enterprise’s value from the view of acquisition and construction of enterprises and serves as the basis for enterprise operation, management and assessment after the economic behavior, the assets-based method can be used for this valuation.

The historical annual operating incomes of the valued company are stable, and the expected incomes and risks in future years can be estimated in a reasonable fashion. Therefore, the income method can be used for this valuation.

Since there are no comparable equity transactions in the active market, and there are no recent comparable transactions, the market method is not used for this valuation.

Therefore, the asset-based method and the income method have been adopted for the valuation. The valuation result achieved by adopting the income method was selected as the final valuation result.

II) Introduction to the assets-based method

The assets-based method is to take the investment amount required for rebuilding an enterprise or an independent profitable entity which is identical to the subject of valuation at the reference date as the basis for deciding its overall assets value, that is, the method of calculating an enterprise's value by adding up the appraisal value of assets which are the various elements that constitute the enterprise and deducting the appraisal value of liabilities.

III) Introduction to the income method

Discounted Cash Flow (“**DCF**”) is a method of appraising an enterprise's value by discounting the expected net cash flow of the enterprise in future, that is, the appraisal value is reached by appraising the expected net cash flow of the enterprise in future and then discounting it into the present value with applicable discount rates. The basic conditions for the application of this method include the following: (i) the enterprise possesses all bases and conditions to maintain its business as a going concern; (ii) there is a positive correlation between operation and income; and (iii) future incomes and risks are predictable and quantitative. The difficulties of using DCF lie in the prediction of future expected cash flow as well as the objectivity and reliability of data collection and processing. The valuation is considered to be objective and more easily accepted by the market if and when the prediction on future expected cash flow can be relatively objective and fair, and the discount rate adopted is relatively reasonable.

VII. Valuation Assumptions

For this valuation, the valuer has 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 potential changes in assets composition, principal businesses and business structure arising from the changes in management, business strategy 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, 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; and
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.

VIII. Valuation Conclusion

I) Valuation conclusion of the assets-based method

The book value of assets is RMB61,606,810,600 and the appraisal value is RMB64,900,551,800. The valuation appreciation is RMB3,293,741,200 and the appreciation rate is 5.35%.

The book value of liabilities is RMB35,448,621,400 and the appraisal value is RMB35,448,621,400, without any increase or decrease.

The book value of net assets is RMB26,158,189,200 and the appraisal value is RMB29,451,930,400. The valuation appreciation is RMB3,293,741,200 and the appreciation rate is 12.59%.

II) Valuation conclusion of the income method

The value of all equity interests held by the shareholders of the company is appraised using DCF. The book value of net assets attributable to the parent company in the consolidated statement of Liaoning Zhongwang Group Co., Ltd. as at the Reference Date of 30 June 2017 is RMB25,574,317,900 and the appraisal value of equity attributable to the owner of the parent company is RMB30,358,662,800, with an appreciation of RMB4,784,344,900 and an appreciation rate of 18.71%.

III) Analysis on the difference between valuation results

The value of all equity interests held by shareholders appraised using the income method is RMB30,358,662,800, which is RMB906,732,400 (or 3.08%) higher than that of RMB29,451,930,400 using the assets-based method. The main reasons for such difference are:

1. The assets-based method takes the replacement cost of assets as the standard of valuation, and reflects the necessary social labour consumed by asset investments (acquisition and construction cost), but such acquisition and construction cost usually changes along with the changes of national economy;

2. The income method takes the expected incomes of assets as the standard of valuation, and reflects the size of the operating capacity (profitability) of assets, but such profitability is usually affected by various conditions, such as the macro economy, governmental control and effective usage of assets.

Therefore, the difference exists between the results of the two valuation methods.

IV) Selection of valuation results

Liaoning Zhongwang Group Co., Ltd. is mainly engaged in the research and development (R&D), manufacture and sales of industrial aluminium extrusion products with industry-leading technologies and R&D strengths, and enjoys certain advantages in staff competence, cost management and marketing development. The asset-based method only reflects the value of the assets to rebuild the valued company, and fails to reflect the value of the valued company in terms of the market, technologies and cost. The income method, however, by comprehensively considering the effect of the productivity and marketing of the products produced by the valued company on its future profitability, can reflect the effect of various assets of the valued company on the value of the company more reasonably.

Based on the aforesaid analysis, we choose the result of the income method as the value reference for the net assets of Liaoning Zhongwang Group Co., Ltd.. Accordingly, the value of all equity interests held by the shareholders of Liaoning Zhongwang Group Co., Ltd. as at the Reference Date is RMB30,358,662,800.

IX. Special Notes

I) Title Defects

The buildings subject to valuation submitted by Yingkou Zhongwang Aluminium Co., Ltd. (營口忠旺鋁業有限公司), a wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd. amounted to 482,030.33 sq.m.. At the date of the valuation report, the building ownership certificates for the above buildings with an aggregate area of 47,935.18 sq.m. have not been obtained yet.

Yingkou Zhongwang Aluminium Co., Ltd. has undertaken its ownership of the above assets. In the event of any disputes over the title of the assets, the valued company shall assume all responsibilities and China United Assets Appraisal Group Co., Ltd., the valuer of the assets, shall bear no legal liabilities. Assuming the area claimed by the enterprise is comparable to the gross floor area on the construction drawings, in the event of any inconsistency between the area shown in the relevant building ownership certificates applied by Yingkou Zhongwang Aluminium Co., Ltd. in the future and the area submitted for valuation, the valuation shall be subject to adjustment on the area shown in the building ownership certificates.

II) Guarantee and Pledge

As at 30 June 2017, the assets of Liaoning Zhongwang Group Co., Ltd. and its subsidiaries with a carrying amount of RMB3,028,354,500 were pledged for financing arrangements. Such assets included fixed assets of RMB2,237,781,800 and assets under construction of RMB790,572,700.

III) Pending litigations, legal disputes and other contingent events

This valuation has no pending litigations, legal disputes and other contingent events.

IV) Significant subsequent events

1. As at 22 June 2018, Liaoning Zhongwang Group Co., Ltd. has retrieved appropriations of current accounts in full with related parties at 30 June 2017.
2. On 14 September 2017, Liaoning Zhongwang Aluminium Company Limited (“**Zhongwang Aluminium**”), a wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd., entered into an equity transfer agreement with Luoyang Yugang Longquan High Precision Aluminium Plates and Strips Co., Ltd. (“**Yugang Longquan**”) in respect of 100% equity interests in Daqing Zhongwang Aluminium Company Limited (“**Daqing Zhongwang**”), pursuant to which Zhongwang Aluminium agreed to transfer Daqing Zhongwang to Yugang Longquan and Yugang Longquan agreed to make a payment of RMB0 to Zhongwang Aluminium as the consideration for the transfer.

The two parties confirmed and agreed that, intra-company amounts, credit rights and debts between Daqing Zhongwang on the one hand and Liaoning Zhongwang Group Co., Ltd. and all companies controlled by Liaoning Zhongwang Group Co., Ltd. on the other hand had been acknowledged by Zhongwang Aluminium and Yugang Longquan. The repayment of such intra-company amounts, credit rights and debts shall take place no later than 3 months after the execution of the transfer agreement or other time separately negotiated and agreed by Zhongwang Aluminium and Yugang Longquan. Yugang Longquan shall assume joint liability for Daqing Zhongwang’s repayment of such intra-company amounts and debts.

As at 22 June 2018, the equity transfer had been completed and these funds and debts mentioned in the previous paragraph have been settled.

This valuation has determined the valuation of Daqing Zhongwang as RMB0, being the consideration for the transfer, and has not taken into account the impact of possible taxation costs of the equity transaction on the valuation.

3. On 14 September 2017, Zhongwang Aluminium, a wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd., entered into an equity transfer agreement with Liaoning Zhongwang Advanced Aluminium Alloy Processing Company Limited (“**Advanced Aluminium**”) in respect of 100% equity interests in Liaoning Zhongwang Aluminium Vehicle Compartment Manufacturing Company Limited (“**Compartment Manufacturing**”), pursuant to which Zhongwang Aluminium agreed to transfer Compartment Manufacturing to Advanced Aluminium and Advanced Aluminium agreed to make a payment of RMB0 to Zhongwang Aluminium as the consideration for the transfer.

The two parties confirmed and agreed that, intra-company amounts, credit rights and debts between Compartment Manufacturing on the one hand and Liaoning Zhongwang Group Co., Ltd. and all companies controlled by Liaoning Zhongwang Group Co., Ltd. on the other hand had been acknowledged by Zhongwang Aluminium and Advanced Aluminium. The repayment of such intra-company amounts, credit rights and debts shall take place no later than 3 months after the execution of the transfer agreement or other timing separately negotiated and agreed by Zhongwang Aluminium and Advanced Aluminium.

As at 22 June 2018, the equity transfer has been completed and the transfer of these funds and debts have been completed.

This assessment has determined the valuation of Compartment Manufacturing as RMB0, being the consideration for the transfer, and has not taken into account the impact of possible taxation costs of the equity transaction on the valuation.

4. On 8 December 2016, Zhongwang Aluminium Deutschland GmbH (“**Zhongwang Germany**”), a wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd., entered into a Share Subscription Agreement and Shareholders’ Agreement with Thomas Wiese, Wiese Familien GmbH, Wiese Beteiligungs GmbH (“**W Bet GmbH**”), Aluminiumwerk Unna Beteiligungs GmbH (“**AWU Bet GmbH**”) and W.B.Metallverarbeitung-Service GmbH&Co.KG (“**W.B.Service KG**”), pursuant to which Zhongwang Germany had an option to make a capital contribution of EUR1,274,000.00 in cash to subscribe for EUR1,274,000.00 as additional registered capital of AWU Bet GmbH, which would account for 98% of the registered capital of AWU Bet GmbH after the increase in share capital, and to make two more capital contributions in cash to the owned capital reserve of AWU Bet GmbH, amounting to EUR40,129,010.76 and EUR13,462,169.24, respectively. Zhongwang Germany had the option to propose to W Bet GmbH the acquisition of the 2% equity interests (representing registered capital of EUR26,000) in AWU Bet GmbH held by W Bet GmbH for a consideration of EUR1,850,000.00 before 31 December 2018.

It was agreed in the Share Subscription Agreement and Shareholders' Agreement that Zhongwang Germany would enter into an Agreement for the Disposal and Transfer of Equity Interests with W.B.Service KG in respect of shares in Aluminiumwerk Unna Aktiengesellschaft ("**Aluminiumwerk Unna AG**") held by W.B.Service KG, pursuant to which Zhongwang Germany would acquire the 1.89% equity interests in Aluminiumwerk Unna AG held by W.B.Service KG for a consideration of EUR1,168,020.00. On 19 January 2017, Zhongwang Germany and W.B.Service KG entered into the said Agreement for the Disposal and Transfer of Equity Interests.

On 20 December 2016, Zhongwang Germany and Aluminiumwerk Unna e.V entered into the Agreement for the Disposal and Transfer of Equity Interests, pursuant to which Zhongwang Germany would acquire the 25.10% equity interests in Aluminiumwerk Unna AG held by Aluminiumwerk Unna e.V for a consideration of EUR15,511,800.00.

Assuming the completion of the all aforesaid events, Zhongwang Germany would have a direct shareholding of 26.99% in Aluminiumwerk Unna AG and an indirect shareholding of 72.73% in Aluminiumwerk Unna AG through AWU Bet GmbH, representing a total shareholding of 99.72% in Aluminiumwerk Unna AG.

On 8 August 2017, the payment of EUR1,274,000.00 to AWU Bet GmbH as new capital contribution was made by Zhongwang Germany. Commercial registration and certification was completed on 16 August 2017. On 8 August 2017, Zhongwang Germany made a payment of EUR1,168,020.00 to W.B.Service KG as the amount for equity acquisition to acquire the 1.89% equity interests in Aluminiumwerk Unna AG held by W.B.Service KG; on 23 August 2017, Zhongwang Germany made a payment of EUR15,511,800.00 to Aluminiumwerk Unna e.V as the amount for equity acquisition to acquire the 25.1% equity interests in Aluminiumwerk Unna AG held by Aluminiumwerk Unna e.V. As at 23 August 2017, Zhongwang Germany had a direct shareholding of 26.99% in Aluminiumwerk Unna AG and an indirect shareholding of 72.73% in Aluminiumwerk Unna AG through Aluminiumwerk Unna Beteiligungs GmbH, representing a total shareholding of 98.27% in Aluminiumwerk Unna AG.

As at 22 June 2018, Zhongwang Germany has yet to exercise its right to acquire the remaining 2% equity interests in AWU Bet GmbH.

5. On 5 June 2017, Hong Kong Zhongwang Investment Limited (“**HK Zhongwang**”), a wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd., entered into a Share Purchase and Subscription Agreement with Guido Alexander Gisbert Krass (“**Krass**”) and Silver Yachts Ltd. (“**SYL**”), pursuant to which HK Zhongwang purchased 200 SYL shares in issue from Krass for a consideration of EUR40,000,000 and further subscribed for 200 SYL shares issued by SYL for a consideration of EUR40,000,000. Following the completion of the share purchase and subscription, HK Zhongwang held a total of 400 shares in SYL, accounting for 66.67% of SYL’s total share capital following the issue of its new shares.

On 16 October 2017, HK Zhongwang made a total payment of EUR80,000,000 as share purchase and subscription amounts. The change of registered shareholder and director of SYL was completed on 16 October 2017, and a share certificate was issued to HK Zhongwang. As at 16 October 2017, the transaction of the purchase and subscription of a total of 400 shares in SYL by HK Zhongwang was completed, and HK Zhongwang held a total of 66.67% equity interests in SYL.

This assessment has not taken into account the impact of the aforesaid transaction of equity interests on the valuation of the assessed party. Save as disclosed above, no other significant subsequent events have been identified by this report.

V) *Other issues to be explained*

1. The legal responsibilities of the valuer and valuation firm are to make professional judgment on the value of assets under the valuation purpose hereof, but not to make any judgment on economic behaviours corresponding to the valuation purpose. The valuation heavily depends on the information provided by the principal and valued company. Therefore, the valuation is conditional on the legality and authenticity of the economic behaviour documents, assets title documents, certificates, accounting proofs and legal documents provided by the principal and valued company.
2. The conclusion of this valuation is based on the assumption that the owner of property rights and the management of the subject of valuation make accurate judgments on the development trend in future and related plans will be duly implemented. If the future actual operation conditions of the company deviate from the operation plans, and the owners of property rights and the management of the valuation object fail to adopt remedies in time to correct such deviation, the conclusion of this valuation will change substantially. Therefore, users of the report are strongly advised to pay close attention in this regard.

3. During the valuation, the valuer observed the appearance of the buildings subject to valuation, and whenever possible, the interior decoration and use status of the buildings, without conducting any structural or material testing. The judgment on the status of equipment, due to limited testing methods and some equipment being in operation, mainly depends on the observation of their appearance by the valuer, the recent testing reports provided by the valued company, and enquiries made to operators.
4. The principal and the valued company shall be responsible for the authenticity and integrity of the data, statements and relevant documents provided by the valued company.
5. The principal and the valued company shall be responsible for the legality and authenticity of the title certificates and relevant documents provided by the valued company.
6. The purpose of engaging in assets valuation business by valuer is to estimate the value of the valued subject and provide professional opinions without bearing any responsibility for the decision-making of relevant parties. The valuation conclusion shall not be regarded as a guarantee for any price of the valued object.
7. During the effective term after the Reference Date, if the quantity and pricing standard of the assets change, it shall be dealt with according to following principles:
 - 1) when the quantity of assets changes, the amount of assets shall be adjusted according to the original valuation method;
 - 2) when the pricing standard of the assets changes, which greatly affects the valuation result of assets, the principal shall timely engage qualified assets valuation firm to redetermine the appraisal value;
 - 3) for any changes of quantity or pricing standard of the assets after the reference Date, the principal shall make due consideration and adjust accordingly when determining the actual price of the assets.

8. As Liaoning Zhongwang Automobile Maintenance and Repairing Service Co., Ltd., the secondary-tier wholly-owned subsidiary of Liaoning Zhongwang Group Co., Ltd., Anhui Zhongwang Aluminium Formwork Manufacturing Co., Ltd. and Anhui Zhongwang Special Vehicle Manufacturing Co., Ltd., the third-tier wholly-owned subsidiaries of Liaoning Zhongwang Group Co., Ltd., as well as Zhuhai Hengqin New Area Boda Equity Investment Fund Partnership (L.P.) were recently established, capital has not been in place and books of accounts have not been established, no financial and operation information was included in the scope of the valuation.
9. In accordance with the Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates, “the tax rates of 17% and 11% applicable to any taxpayer’s VAT taxable sale or import of goods shall be adjusted to 16% and 10%, respectively, with effect from 1 May 2018”. The impact of the adjustment on the profit prediction and the capital contribution has been taken into consideration for the valuation.

X. Limitations on Use of Valuation Report

- I) This valuation report can only be used for the valuation purposes stated herein. In addition, this valuation conclusion reflects the current fair market value of the valued subject under the valuation purpose based on the principle of open market, without taking into account any potential pledge or guaranty, or any influence on the valuation price by any additional price which may be paid by the special transaction party. This report does not take into account the influence on the price of assets by the changes of national macro economy policy, natural force or other force majeure. When the aforesaid conditions and the going concern principle for valuation change, the valuation conclusion usually becomes invalid. The valuation firm does not bear any legal responsibilities for the invalidity of the valuation result due to the change of these conditions.

The precondition of the validity of this valuation report is that this economic behaviour complies with relevant provisions of national laws and statutes, and has been approved by competent authorities.

- II) This valuation report can only be used by users stated herein. The right to use this valuation report belongs to the principal. Without permission from the principal, the valuation firm will not disclose it to others.
- III) Without examination and approval from the valuation firm, no part of this valuation report can be extracted, cited or disclosed to open media, except otherwise required by applicable laws and regulations or agreed by the relevant parties.
- IV) In accordance with relevant PRC regulations, the effective period of the valuation result is one year. Therefore, this valuation report is effective from 30 June 2017 to 29 June 2018. Upon expiration, the assets should be reappraised.

APPENDIX II REPORT FROM BDO LIMITED IN RELATION TO THE PROFIT FORECAST

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



Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

INDEPENDENT ASSURANCE REPORT ON THE DISCOUNTED FUTURE ESTIMATED 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 have examined the calculations of the discounted future estimated cash flows on which the valuation (the “**Valuation**”) dated 22 June 2018 prepared by China United Assets Appraisal Group Co., Ltd. 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 30 June 2017 is based. The Valuation based on the discounted future estimated cash flows is regarded as a profit forecast under Rule 14.61 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Directors' Responsibility

The directors of China Zhongwang Holdings Limited (the “**Directors**”) are solely responsible for the preparation of the discounted future estimated 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 estimated 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 behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” 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

It is our responsibility to form a conclusion, based on our work on the arithmetical accuracy of the calculations of the discounted future estimated cash flows on which the Valuation is based, and to report our conclusion to you solely for the purpose of reporting under Rule 14.62(2) of the Listing Rules. The discounted future estimated cash flows do not involve the adoption of accounting policies.

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 estimated 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 estimated 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.

Conclusion

In our opinion, so far as the calculations are concerned, the discounted future estimated cash flows have been properly compiled 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 estimated 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 estimated 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 Rule 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.

BDO Limited

Certified Public Accountants

Hong Kong, 22 June 2018

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)

22 June 2018

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 calculations of the discounted future estimated cash flows on which the valuation (the “**Valuation**”) dated 22 June 2018 prepared by China United Assets Appraisal Group Co., Ltd. (the “**Independent Valuer**”) in respect of the appraisal of the fair value of the total equity interests in Liaoning Zhongwang Group Co., Ltd. (“**Liaoning Zhongwang**”) as at 30 June 2017 is based. The Valuation based on the discounted future estimated cash flows (the “**Profit Forecast**”) is regarded as 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 22 June 2018 from BDO Limited, 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 in all material respects.

On the basis of the foregoing, we are of the opinion that the Profit Forecast has been made after due and careful enquiries.

Yours faithfully,
By order of the Board
China Zhongwang Holdings Limited
Lu Changqing
Chairman

* For identification purpose only