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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 FRAMEWORK AGREEMENT FOR ACQUISITION

The Board is pleased to announce that on 9 February 2010, Liaoning Zhongwang, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Sellers pursuant to which Liaoning Zhongwang proposed to acquire 100% equity interests in the Target Company from the Sellers with a total investment of approximately RMB1.2 billion. The Framework Agreement is legally binding on the Parties thereto.

If the Proposed Acquisition proceeds, the transaction is expected to constitute a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company.

INTRODUCTION

The Board is pleased to announce that, on 9 February 2010, Liaoning Zhongwang, a wholly-owned subsidiary of the Company, entered into the Framework Agreement with the Sellers pursuant to which Liaoning Zhongwang proposed to acquire 100% equity interests in the Target Company from the Sellers.

PRINCIPAL TERMS OF THE FRAMEWORK AGREEMENT

Date

9 February 2010

Sellers

- (1) Xining Investment, which holds 53.93% of the equity interests in the Target Company
- (2) Qinghai Northwest, which holds 34.12% of the equity interests in the Target Company

(3) Xining ETZ, which holds 11.95% of the equity interests in the Target Company

Purchaser

Liaoning Zhongwang, a wholly-owned subsidiary of the Company

The Directors confirm that to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Sellers and their ultimate beneficial owners are third parties independent of the Company and its connected persons (as defined in the Listing Rules).

Total Investment

Pursuant to the Framework Agreement, the total investment of the Proposed Acquisition is expected to be approximately RMB1.2 billion, which shall consist of:

- (1) approximately RMB100 million to be paid by way of cash to the Sellers in proportion to their equity interests in the Target Company;
- (2) total debt liabilities of approximately RMB880 million of the Target Company to be assumed by the Purchaser after the completion of the share transfer registration in accordance with relevant PRC laws and regulations; and
- (3) no more than RMB250 million in cash to be injected by the Purchaser into the Target Company as working capital after the completion of the share transfer registration in accordance with relevant PRC laws and regulations.

The total investment of the Proposed Acquisition was arrived at after arm's length negotiations among the Parties, and takes into account the market environment, operating conditions, and profitability of the Target Company. If the Proposed Acquisition proceeds, the amount of the total investment may change subject to the results of due diligence review as stated below.

Due Diligence Review

Pursuant to the Framework Agreement, the Group and its professional advisers will commence a due diligence review of the financial, legal and business affairs of the Target Company as soon as practicable following the execution of the Framework Agreement. Pursuant to the Framework Agreement, the Target Company and the Sellers agreed to provide full assistance to the Group and its professional advisers in connection with such review. The due diligence review is expected to be completed within three months of its commencement and such period may be extended with the consent of the Target Company.

Other Matters Before the Proposed Acquisition Proceeds

Pursuant to the Framework Agreement, the Parties agreed to enter into definitive transaction documents in accordance with the major terms of the Framework Agreement, including a share purchase agreement and a shareholders resolution of the Target Company and to negotiate and finalise further details of the Proposed Acquisition, subject to the results of the due diligence

review being satisfactory to Liaoning Zhongwang. Pursuant to the Framework Agreement, Liaoning Zhongwang is entitled to terminate the Proposed Acquisition, at its sole discretion, or propose alternative terms and conditions for the Proposed Acquisition, subject to the results of the due diligence review being satisfactory to Liaoning Zhongwang.

INFORMATION ON THE TARGET COMPANY

The Target Company is based in Qinghai Province, the PRC and is one of the largest professional manufacturers of high-precision hard aluminum alloys in the PRC. Its key products include high-precision hard aluminum alloy materials, such as special-shaped pipes, porous dissimilar material and special purpose aluminum alloy, which can be broadly used in aviation, aerospace, transportation, new energy and petroleum industries.

Based on the unaudited financial information and other materials provided by the Target Company, as at 31 December 2009, the Target Company had total assets of approximately RMB1.3 billion, current assets of approximately RMB155 million, fixed assets of approximately RMB1.1 billion, net assets of approximately RMB448 million and a total of debt liabilities of approximately RMB880 million. The Target Company has 10 large aluminum extrusion machines, including, among others, a double action 100MN direct extrusion press, a double action 55MN indirect extrusion press, a single action 36MN direct extrusion press and a double action 28MN indirect extrusion press.

REASONS FOR AND BENEFITS OF THE PROPOSED ACQUISITION

The Group has actively consolidated its leading position in the global industrial aluminum extrusion product industry and has become a global leader in the manufacture of industrial aluminum extrusion products. The Group will focus in the development of high end industrial aluminum products. The Target Company has existing production facilities which will enlarge the Group's scale of production if the Proposed Acquisition proceeds. As such, the Group believes that the Proposed Acquisition will facilitate the sustainable growth and competitiveness of the Group's business. As at 31 December 2009, the production capacity of the Group was approximately 600,000 tonnes, as compared to approximately 535,000 tonnes as at 31 December of 2008. In order to expand the production capacity rapidly and meet the increasing demand of the industrial aluminum market, the Group has been actively identifying opportunities to acquire leading industrial aluminum extrusion product manufacturers with potential to enhance the competitiveness of the Group by increasing the Group's current limited production capacity.

As disclosed in the Company's prospectus dated 24 April 2009, in order to expand the production of industrial aluminum extrusion products and strengthen the marketing efforts, the Company intends to expand its production capacity to approximately 800,000 tonnes by 2011 by installing additional production lines. If the Proposed Acquisition proceeds, the Target Company is expected to contribute an additional production capacity of approximately 120,000 tonnes to the Group. As such, the Group can expect to expand its production capacity with one year in advance to 800,000 tonnes by the end of 2010 and further consolidate its global leadership position in the industrial aluminum extrusion product market.

The Directors consider that the terms of the Proposed Acquisition are fair and reasonable and if the Proposed Acquisition proceeds, it is in the interests of the Company and its shareholders as a whole.

The Proposed Acquisition, if it proceeds, is expected to constitute a discloseable transaction for the Company. The Directors (including independent non-executive Directors) are of the view that the Framework Agreement was entered into: (i) in the ordinary and usual course of business of the Company; (ii) on normal commercial terms; and (iii) on terms that are fair and reasonable and the Framework Agreement is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

If the Proposed Acquisition proceeds, as the applicable percentage ratios in relation to the Proposed Acquisition are expected to represent 5% or more but less than 25% of calculations as set out in Rule 14.07 of the Listing Rules, the Proposed Acquisition is expected to constitute a discloseable transaction for the Company pursuant to Rule 14.06(2) of the Listing Rules and is therefore subject to the reporting and announcement requirements. If the Proposed Acquisition proceeds following completion of the due diligence review and the finalisation of definitive transaction documents, a further announcement, including details of the definitive transaction documents, further information on the Target Company and any other information required by Chapter 14 of the Listing Rules, will be made by the Company in accordance with the Listing Rules.

The Board wishes to emphasise that the Proposed Acquisition may or may not proceed. Shareholders and investors of the Company are urged to exercise caution when dealing in the securities of the Company.

Definitions

“Board”	: the board of the Company
“Company”	: China Zhongwang Holdings Limited
“Directors”	: the directors of the Company
“Framework Agreement”	: the framework agreement entered into on 9 February 2010 for the Proposed Acquisition
“Group”	: the Company and its subsidiaries
“Liaoning Zhongwang”	: Liaoning Zhongwang Group Co., Ltd.* (遼寧忠旺集團有限公司), a company incorporated in the PRC and a wholly-owned subsidiary of the Company
“Listing Rules”	: the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parties”	: Liaoning Zhongwang, the Target Company and the Sellers
“PRC”	: the People’s Republic of China

“Proposed Acquisition”	: the sale of 100% equity interests of the Target Company by the Sellers
“Purchaser”	: Liaoning Zhongwang
“Qinghai Northwest”	: Qinghai Northwest Aluminum Alloy Material (Group) Limited* (青海西北鋁合金材料(集團)有限公司), a company incorporated in the PRC
“RMB”	: Renminbi, the lawful currency of the PRC
“Sellers”	: Xining Investment, Qinghai Northwest and Xining ETZ
“Target Company”	: Qinghai Guoxin Aluminum Industry Incorporated Company* (青海國鑫鋁業股份有限公司), a joint stock company incorporated in the PRC
“Xining ETZ”	: Xining Development of Economic Technology Zone Group Co.* (西寧經濟技術開發區發展集團公司), a company incorporated in the PRC
“Xining Investment”	: Xining Municipal Investment Management Limited* (西寧城市投資管理有限公司), a company incorporated in the PRC

* denotes English translation of the name of a Chinese company, or vice versa, and is provided for identification purposes only

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

Hong Kong, 9 February 2010

As at the date of this announcement, the Board 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