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 OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

GROUP FINANCIAL HIGHLIGHTS

	2015	2014
	RMB'000	*RMB'000*
Revenue	**16,171,246**	15,971,218
Gross profit	**5,320,023**	4,467,169
EBITDA *(Note 1)*	**4,820,947**	4,059,830
Profit before taxation	**3,523,122**	2,970,328
Profit attributable to equity shareholders	**2,804,981**	2,477,020
Earnings per share *(RMB) (Note 2)*	**0.40**	0.36
Final dividend per share *(RMB)*	**0.05**	0.06
Full year dividend per share *(RMB)*	**0.14**	0.13
Bank balances and cash *(Note 3)*	**13,495,202**	11,230,801
Net assets	**25,990,998**	24,328,592
Total assets	**71,400,726**	53,769,415

Notes:

1. EBITDA = profit before taxation + finance costs + amortisation of prepaid lease payments + depreciation of property, plant and equipment
2. The calculation of earnings per share is based on the profit attributable to equity shareholders of the Company for each of the year ended 31 December 2015 and 2014 and on the weighted average of ordinary shares, convertible preference shares and share options during that year.
3. Bank balances and cash = cash and cash equivalents + short-term deposits + pledged bank deposits

DIVIDEND

The Board recommended to declare a final dividend of HKD0.06 (approximately equivalent to RMB0.05) per share for the financial year ended 31 December 2015. Subject to shareholders' approval at the forthcoming Annual General Meeting to be held on Tuesday, 28 June 2016, the final dividend will be paid on or around Friday, 29 July 2016 to the holders of the Company's ordinary shares and convertible preference shares, whose names appear on the register of members of the Company on Friday, 8 July 2016.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HKD0.11 (approximately equivalent to RMB0.09) per share paid during the Year under Review, the total dividend payout ratio of the Company for the Year under Review would amount to approximately 35.4%.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Zhongwang Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2015 (the "**Year under Review**"), together with the comparative figures for the year ended 31 December 2014 (the "**Year 2014**"), as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015
(Expressed in Renminbi ("RMB"))

	Note	**2015** *RMB'000*	2014 *RMB'000*
Revenue	*3*	**16,171,246**	15,971,218
Cost of sales		**(10,851,223)**	(11,504,049)
Gross profit		**5,320,023**	4,467,169
Investment income		**235,783**	171,923
Other income		**172,852**	238,358
Selling and distribution costs		**(136,305)**	(155,733)
Administrative and other operating expenses		**(1,455,407)**	(1,261,089)
Share of profits less losses of associates		**2,070**	3,687
Finance costs	*4(a)*	**(615,894)**	(493,987)
Profit before taxation	*4*	**3,523,122**	2,970,328
Income tax	*5*	**(718,141)**	(493,308)
Profit for the year attributable to equity shareholders of the Company		**2,804,981**	2,477,020
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of financial statements of overseas subsidiaries		**(60,489)**	24
— Cash flow hedge: net movement in the hedging reserve		**(1,700)**	(1,213)
Total comprehensive income for the year attributable to equity shareholders of the Company		**2,742,792**	2,475,831
Earnings per share			
Basic *(RMB)*	*6*	**0.40**	0.36
Diluted *(RMB)*	*6*	**0.40**	0.36

Consolidated Statement of Financial Position

At 31 December 2015
(Expressed in RMB)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Property, plant and equipment		**31,172,208**	19,124,175
Prepaid lease payments		**5,909,731**	5,115,292
Interest in associates		**2,707,564**	60,494
Deposits for acquisition of property, plant and equipment and prepaid lease	*8*	**6,343,590**	9,263,325
Pledged bank deposits		**480,307**	460,000
Available-for-sale financial assets	*9*	**—**	701,160
Deferred tax assets		**77,322**	40,556
		46,690,722	34,765,002
Current assets			
Inventories		**3,326,401**	3,192,409
Trade and bills receivables	*10*	**1,433,664**	818,100
Other receivables, deposits and prepayments	*11*	**5,455,037**	2,508,968
Available-for-sale financial assets	*9*	**1,351,418**	1,602,382
Prepaid lease payments		**128,589**	111,753
Pledged bank deposits		**2,788,873**	1,181,400
Short-term deposits		**25,919**	126,059
Cash and cash equivalents		**10,200,103**	9,463,342
		24,710,004	19,004,413
Current liabilities			
Trade payables	*12*	**2,405,803**	753,862
Bills payable	*13*	**2,475,856**	1,539,430
Other payables and accrued charges	*14*	**2,908,927**	2,814,329
Current tax liabilities		**183,344**	89,779
Debentures		**2,500,000**	3,000,000
Bank and other loans		**12,432,298**	8,898,417
Derivative financial instruments		**15,403**	13,710
		22,921,631	17,109,527
Net current assets		**1,788,373**	1,894,886
Total assets less current liabilities		**48,479,095**	36,659,888

Consolidated Statement of Financial Position (Continued)

At 31 December 2015
(Expressed in RMB)

	2015	2014
	RMB'000	*RMB'000*
Non-current liabilities		
Bank and other loans	**19,461,146**	10,287,816
Debentures	**2,400,000**	1,700,000
Deferred tax liabilities	**626,951**	343,480
	22,488,097	12,331,296
NET ASSETS	**25,990,998**	24,328,592
CAPITAL AND RESERVES		
Share capital	**605,397**	605,397
Reserves	**25,385,601**	23,723,195
TOTAL EQUITY	**25,990,998**	24,328,592

1 General

The Company is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate holding company is Zhongwang International Group Limited ("**ZIGL**"), a limited company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and No. 299, Wensheng Road, Liaoyang City, Liaoning, China, respectively.

The Group is principally engaged in the manufacturing and sales of aluminium products.

2 New and amended standards adopted

(a) New and amended standards adopted by the Group

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

— *Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions*

— *Annual Improvements to IFRSs 2010–2012 Cycle*

— *Annual Improvements to IFRSs 2011–2013 Cycle*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the amended IFRSs are discussed below:

Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not operate any defined benefit plans.

Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

2 New and amended standards adopted (Continued)

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2015

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
IFRS 15, *Revenue from contracts with customers*	1 January 2017
IFRS 9, *Financial instruments*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

3 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are manufacturing and sales of aluminium products.

Revenue represents the sales value of aluminium products sold to customers, revenue generated from financial services and metal trade agency commission. The amount of each significant category of revenue recognised during the year is as follows:

	2015 *RMB'000*	2014 *RMB'000*
Sales of aluminium products		
— industrial aluminium extrusion products	**13,046,688**	13,142,032
— deep-processed products	**1,951,524**	1,727,539
— construction products	**1,095,190**	1,045,134
Financial services	**45,263**	—
Metal trade agency commission	**32,581**	56,513
	16,171,246	15,971,218

(b) Segment reporting

Information reported to the Group's executive directors, being the chief operating decision maker, for the purpose of resources allocation and assessment of performance focuses on the type of products (i.e. aluminium extrusion products produced for construction use or industrial use, aluminium deep-processed products, and aluminium flat rolled products). Each type of product has different client base and requires different production technology. The Group's operating segments under IFRS 8 are as follows:

— aluminium extrusion products for industrial markets ("**Industrial**");

— aluminium deep-processed products ("**Deep-processed**");

— aluminium extrusion products for construction markets ("**Construction**"); and

— aluminium flat rolled products ("**Flat-rolled**").

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(i) Segment revenues and profit

During the year ended 31 December 2015, the Group changed the structure of its internal organisation in a manner that the financial information of the Deep-processed segment is separately reported to and reviewed by the chief operating decision maker as a result of the growing importance of the Deep-processed segment to the Group. The financial information of the Deep-processed segment was included in the Industrial segment during the year ended 31 December 2014 because the chief operating decision maker did not allocate resources to or assess the performance of this segment separately. As a result of the above change in internal organisation in 2015, the corresponding figures of segment reporting for the year ended 31 December 2014 were restated to reflect the separation of Deep-processed segment from the Industrial segment.

The following is an analysis of the Group's revenue and profit by operating segment.

	Segment revenue	
	2015	2014
	RMB'000	*RMB'000*
Industrial:		
— Revenue from external customers	**13,046,688**	13,142,032
— Inter-segment sales	**1,250,563**	1,016,244
Deep-processed	**1,951,524**	1,727,539
Construction	**1,095,190**	1,045,134
Others	**77,844**	56,513
	17,421,809	16,987,462
Elimination of inter-segment revenue	**(1,250,563)**	(1,016,244)
Total	**16,171,246**	15,971,218

	Segment profit	
	2015	2014
	RMB'000	*RMB'000*
Industrial	**4,562,744**	3,778,302
Deep-processed	**634,971**	549,503
Construction	**50,061**	85,452
Others	**77,222**	56,337
	5,324,998	4,469,594
Elimination of unrealised inter-segment profits	**(4,975)**	(2,425)
Total	**5,320,023**	4,467,169
Investment income and other income	**408,635**	410,281
Selling and distribution costs	**(136,305)**	(155,733)
Administrative and other operating expenses	**(1,455,407)**	(1,261,089)
Share of profits less losses of associates	**2,070**	3,687
Finance costs	**(615,894)**	(493,987)
Profit before taxation	**3,523,122**	2,970,328
Income tax	**(718,141)**	(493,308)
Profit for the year	**2,804,981**	2,477,020

Segment profit represents gross profit earned by each segment. This is the measure reported to the Group's chief operating decision maker for the purpose of resources allocation and performance assessment.

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(ii) Segment assets and liabilities

The following is an analysis of the Group's assets by operating segment, which is also the information presented to the chief operating decision maker:

	2015	2014
	RMB'000	*RMB'000*
Industrial	**16,773,652**	12,256,620
Deep-processed	**1,024,382**	688,921
Construction	**264,412**	246,477
Flat-rolled	**29,443,366**	19,734,800
Unallocated assets		
— Property, plant and equipment	**1,722,060**	1,801,527
— Prepaid lease payments	**57,552**	58,626
— Available-for-sale financial assets	**1,351,418**	2,303,542
— Interest in associates	**2,707,564**	60,494
— Deferred tax assets	**77,322**	40,556
— Inventories	**1,955,975**	2,838,083
— Other receivables, deposits and prepayments	**2,527,821**	2,508,968
— Pledged bank deposits	**3,269,180**	1,641,400
— Short-term deposits	**25,919**	126,059
— Cash and cash equivalents	**10,200,103**	9,463,342
Total assets	**71,400,726**	53,769,415

For the purpose of monitoring segment performances and allocating resources between segments:

All assets are allocated to operating segments other than certain property, plant and equipment, certain prepaid lease payments, available-for-sale financial assets, interest in associates, deferred tax assets, certain raw materials and certain work in progress included in inventories, certain other receivables, deposits and prepayments, pledged bank deposits, short-term deposits, and cash and cash equivalents which are commonly used by all segments or used for corporate operation.

Segment assets mainly comprise of certain property, plant and equipment, prepaid lease payments, inventories, trade and bills receivables, and other receivables, deposits and prepayments that can be identified to a particular operating segment.

No segment liability information is presented since the liabilities of each reportable segment are not reported or provided to the Group's chief operating decision maker regularly.

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(iii) Other segment information

Amounts included in the measure of segment profit or segment assets for the year ended 31 December 2015:

	Industrial *RMB'000*	**Deep-processed** *RMB'000*	**Construction** *RMB'000*	**Flat-rolled** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Additions to property, plant and equipment	**3,020,526**	**32,466**	**—**	**9,487,285**	**107,528**	**12,647,805**
Additions to prepaid lease payments	**480,844**	**200,515**	**—**	**272,910**	**—**	**954,269**
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	**160,172**	**—**	**—**	**4,828,572**	**—**	**4,988,744**
Depreciation of property, plant and equipment	**351,253**	**17,423**	**44,101**	**—**	**140,919**	**553,696**
Amortisation of prepaid lease payments	**87,323**	**1,501**	**—**	**38,337**	**1,074**	**128,235**
Loss on disposal of property, plant and equipment	**10,715**	**—**	**—**	**—**	**223**	**10,938**

Amounts included in the measure of segment profit or segment assets for the year ended 31 December 2014:

	Industrial *RMB'000*	Deep-processed *RMB'000*	Construction *RMB'000*	Flat-rolled *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Additions to property, plant and equipment	2,512,949	49,927	—	9,739,501	33,290	12,335,667
Additions to prepaid lease payments	408,965	—	—	—	—	408,965
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	392,723	—	—	2,870,385	—	3,263,108
Depreciation of property, plant and equipment	271,140	14,604	55,258	—	142,153	483,155
Amortisation of prepaid lease payments	80,227	—	—	31,059	1,074	112,360
Reversal of impairment losses on trade receivables	—	—	9,436	—	—	9,436
Gain on disposal of property, plant and equipment	—	—	—	—	736	736

3 Revenue and segment reporting (Continued)

(b) Segment reporting (Continued)

(iv) Geographical information

The management has categorised the revenue by location of customers as follows:

	2015	2014
	RMB'000	*RMB'000*
People's Republic of China ("**PRC**")	**13,798,214**	13,793,620
United States of America ("**US**")	**1,781,549**	1,864,181
Germany	**151,551**	109,393
United Kingdom ("**UK**")	**92,401**	41,053
Others	**347,531**	162,971
	16,171,246	15,971,218

Nearly all non-current assets of the Group are located in the PRC.

(v) Information about major customer

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

	2015	2014
	RMB'000	*RMB'000*
Customer A*	**1,785,516**	1,848,782
Customer B**	**1,747,343**	Note
Customer C**	**1,642,799**	1,626,298

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* Revenue from Deep-processed and Industrial segment.

** Revenue from Industrial segment.

4 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

		2015	2014
		RMB'000	*RMB'000*
(a)	**Finance costs**		
	Interests on bank loans and other borrowings	**1,291,697**	788,147
	Less: Interest expense capitalised into property, plant and equipment, and deposits for acquisition of property, plant and equipment*	**(711,093)**	(306,657)
		580,604	481,490
	Interest rate swaps: cash flow hedges, reclassified from equity	**35,290**	12,497
	Total finance costs	**615,894**	493,987

* The borrowing costs have been capitalised at an average interest rate of 4.31% per annum (2014: 4.19%).

		2015	2014
(b)	**Staff costs**		
	Staff costs (including directors' emoluments):		
	— Salaries and other benefits	**991,983**	732,512
	— Contributions to defined contribution retirement plan	**61,300**	43,036
	— Equity-settled share-based payment expenses	**2,714**	5,514
		1,055,997	781,062
(c)	**Other items**		
	Amortisation of prepaid lease payments	**128,235**	112,360
	Depreciation of property, plant and equipment	**553,696**	483,155
	Reversal of impairment losses on trade receivables	**—**	(9,436)
	Operating lease charges in respect of office premises	**70,027**	45,884
	Auditors' remuneration		
	— Audit services	**8,000**	4,800
	— Other services	**—**	200
	Research and development costs	**505,463**	507,689
	Cost of inventories recognised as an expense	**10,851,223**	11,504,049

5 Income tax

Taxation in the consolidated statement of comprehensive income represents:

	2015	2014
	RMB'000	*RMB'000*
Current tax — PRC tax		
Provision for the year *(Note)*	**486,313**	357,792
(Over)/under-provision in respect of prior years	**(49)**	9
Withholding tax on intra-group interest income	**16,538**	12,794
	502,802	370,595
Deferred taxation	**215,339**	122,713
Total income tax	**718,141**	493,308

Note:

(i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for the Company and certain subsidiaries of the Group incorporated in countries other than the PRC are subject to income tax rates ranging from 0% to 40% pursuant to the rules and regulations of their respective countries of incorporation.

(ii) On 11 November 2013, Liaoning Zhongwang Group Company Limited ("**Liaoning Zhongwang**") was recognised as a High and New Technology Enterprise by Liaoning provincial government. This entitled Liaoning Zhongwang to pay PRC income tax at a 15% preferential income tax rate for a period of three years from 2013 to 2015.

6 Earnings per share

The calculation of the basic and diluted earnings per share is based on the consolidated profit attributable to the equity shareholders of the Company for each of the years ended 31 December 2015 and 2014 and on the number of shares as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit attributable to equity shareholders of the Company	**2,804,981**	2,477,020

	2015	2014
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**5,449,472**	5,435,176
Weighted average number of convertible preference shares	**1,619,126**	1,494,946
Weighted average number of shares for the purpose of basic earnings per share	**7,068,598**	6,930,122
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	**—**	4,484
Weighted average number of shares for the purpose of diluted earnings per share	**7,068,598**	6,934,606
Earnings per share		
Basic *(RMB)*	**0.40**	0.36
Diluted *(RMB)*	**0.40**	0.36

The computation of diluted earnings per share does not assume the exercise of certain share options because they are antidilutive for each of the years ended 31 December 2015 and 2014.

7 Dividends

(i) Dividends payable to equity shareholders of the Company and holders of convertible preference shares:

	2015	2014
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD0.11 (approximately equivalent to RMB0.09) per ordinary share and convertible preference share (2014: HKD0.08)	**637,043**	448,148
Final dividend proposed after the end of the reporting period of HKD0.06 (approximately equivalent to RMB0.05) per ordinary share and convertible preference share (2014: HKD0.08)	**355,197**	448,715

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company and holders of convertible preference shares attributable to the previous financial year, approved and paid during the year:

	2015	2014
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.08 (approximately equivalent to RMB0.06) per ordinary share and convertible preference share (2014: HKD0.13)	**446,057**	729,723

8 Deposits for acquisition of property, plant and equipment and prepaid lease

	2015	2014
	RMB'000	*RMB'000*
Deposits for acquisition of property, plant and equipment *(Note)*	**6,337,532**	8,932,875
Deposits for acquisition of prepaid lease	**6,058**	330,450
	6,343,590	9,263,325

Note: Included in deposits for acquisition of property, plant and equipment are deposits paid to three suppliers of equipment for production of aluminium flat-rolled products amounting to approximately RMB4,806,971,000 (2014: RMB7,301,248,000).

9 Available-for-sale financial assets

	2015 *RMB'000*	2014 *RMB'000*
Unlisted financial products, at fair value	**1,351,418**	2,303,542
Analysed for reporting purpose:		
Current assets	**1,351,418**	1,602,382
Non-current assets	**—**	701,160
	1,351,418	2,303,542

At 31 December 2015, the financial products held by the Group generate annual target return rate ranged from 4.35% to 6.05% (2014: 3.80% to 6.05%).

At 31 December 2015, all of the Group's available-for-sale financial assets (2014: certain of the Group's available-for-sale financial assets with a carrying amount of approximately RMB1,495,388,000) were used to secure the Group's bank loans.

10 Trade and bills receivables

All of the trade and bills receivables are expected to be recovered within one year.

As of the end of the reporting periods, the ageing analysis of trade and bills receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	2015 *RMB'000*	2014 *RMB'000*
0 to 90 days	**995,764**	653,307
91 to 180 days	**305,509**	69,870
Over 180 days	**132,391**	94,923
	1,433,664	818,100

For the year ended 31 December 2015, the Group allows an average credit period of 90 days (2014: 90 days) for domestic sales and an average credit period of 180 days (2014:180 days) for overseas sales.

11 Other receivables, deposits and prepayments

At 31 December 2015, included in other receivables, deposits and prepayments of the Group are deductible value added tax amounting to approximately RMB2,972,722,000 (2014: RMB1,492,382,000), and consideration receivable arising from disposal of subsidiaries amounting to RMB1,940,000,000, which has been received before the date of this announcement.

All of the other receivables, deposits and prepayments are expected to be recovered or recognised as expenses within one year.

12 Trade payables

All the trade payables are expected to be settled within one year or are repayable on demand. The following is an ageing analysis of trade payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0 to 90 days	**1,672,120**	133,729
91 to 180 days	**675,500**	241,784
181 days to 1 year	**58,183**	378,349
	2,405,803	753,862

13 Bills payable

At 31 December 2015, all the bills payable are repayable within 365 days (2014: 180 days) and are denominated in Renminbi.

At 31 December 2015, bills payable amounting to RMB786,356,000 (2014: RMB592,430,000) was secured by deposits placed in banks with an aggregate carrying value of RMB364,400,000 (2014: RMB192,430,000).

14 Other payables and accrued charges

All of the other payables and accrued charges are expected to be settled or recognised as revenue within one year or are repayable on demand.

Included in other payables and accrued charges of the Group were approximately RMB1,991,686,000 (2014: RMB2,318,904,000) owed to suppliers who have supplied production machineries and contractors who have provided construction services to the Group.

15 Capital commitments

	2015	2014
	RMB'000	*RMB'000*
Capital commitments in respect of the acquisition of property, plant and equipment contracted for	**7,435,505**	15,850,342

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

During the Year under Review, as the core production facilities were operating in full capacity, the Group gradually adjusted its production capacity and optimized the product mix by further increasing investments in technological R&D and production facilities, thereby enhancing its profitability. It has broadly achieved the business objectives for 2015.

During the Year under Review, the Group's total revenue amounted to approximately RMB16,171,246,000, in line with approximately RMB15,971,218,000 for the Year 2014. Profit attributable to equity shareholders of the Company was approximately RMB2,804,981,000 for the Year under Review, representing an increase of 13.2% from approximately RMB2,477,020,000 for the Year 2014. Earnings per share also increased by 13.2% year-on-year to approximately RMB0.4.

Currently, the Group's income mainly comes from aluminium extrusion and deep processing businesses. Owing to the increasing importance of deep processing business, the financial information of the deep processing business has been presented separately from the original aluminium extrusion business starting from the Year under Review, due to management and operational needs. Therefore, the data of the Year 2014 (mainly including revenue, cost of sales and gross profit, etc.) are now restated to reflect the separate financial information of the deep processing business. Please refer to the 2014 Annual Report of the Company for the financial data of the Year 2014 prior to the restatement.

During the Year under Review, sales volume of the Group's aluminium extrusion business was 750,049 tonnes, of which, sales volume to external customers was 662,827 tonnes, representing a decrease of 2.7% from 681,443 tonnes for the Year 2014. The remaining 75,083 tonnes of industrial aluminium extrusion products were sold to the deep processing business, representing an increase of 15.4% from 65,091 tonnes for the Year 2014. The sales revenue from the aluminium extrusion business was approximately RMB15,392,441,000, of which approximately RMB14,141,878,000 were sales revenue to external customers, which was basically in line with approximately RMB14,187,166,000 for the Year 2014. The sales revenue to the deep processing business was approximately RMB1,124,567,000, representing an increase of 10.7% from approximately RMB1,016,244,000 for the Year 2014. During the Year under Review, the Group continued to implement various measures including optimizing its product mix, increasing production efficiency and controlling production cost to strengthen its overall profitability. Coupled with a decrease in aluminium ingot prices, the gross margin of the Group's aluminium extrusion business further increased from 25.4% for the Year 2014 to 30.0% for the Year under Review.

During the Year under Review, the sales volume of the Group's deep processing business increased by 15.5% from 63,359 tonnes for the Year 2014 to 73,177 tonnes, and sales revenue increased by 13.0% from approximately RMB1,727,539,000 for the Year 2014 to approximately RMB1,951,524,000. As a result of the decrease in aluminium ingot prices during the Year under Review, the gross margin of the Group's deep processing business increased from 31.8% for the Year 2014 to 32.5% for the Year under Review.

The Group continued to optimize its product mix and adjust its production capacity during the Year under Review. In order to increase the degree of equipment automation and overall production efficiency, old equipment including some small extrusion presses were replaced or underwent technical upgrade in accordance with actual needs. Meanwhile, the Group continued to introduce necessary ancillary equipment for various production processes, including die-making, smelting and casting, extrusion, welding and machining, so that production equipment is better aligned with the product mix. The Group also dedicated much efforts in assisting its customers to develop high-end products during the Year under Review, and achieved breakthroughs in a number of key technologies, further optimizing its product mix.

The range of the Group's deep-processed products is becoming more diversified, especially for applications in the transportation sector. Aluminium parts and components for new energy vehicles and buses are gradually taking up larger shares of our deep-processed products. The Group possesses comprehensive capabilities from independent design to manufacturing and processing, and has hence received recognition from a number of well-known, domestic automobile and bus manufacturers. During the Year under Review, the Group commenced technological cooperation with several bus manufacturers, including Brilliance Bus (Dalian) Co., Ltd. (華晨客車（大連）有限公司), China FAW New Energy Vehicle Branch (中國一汽新能源汽車分公司), Shenyang Hualong New Energy Vehicle Co., Ltd. (瀋陽華龍新能源汽車有限公司), Shenzhen Wuzhoulong Motors Co., Ltd, (深圳五洲龍汽車有限公司) and Zhuhai Yinlong New Energy Co., Ltd. (珠海銀隆新能源有限公司), to jointly develop aluminium-intensive new energy buses. Furthermore, the Group made significant breakthroughs in the design of aluminium-intensive new energy battery electric vehicles (BEVs), the integrated design of aluminium battery frames, and the development and manufacturing of related new materials. It also jointly designed and developed aluminium-intensive new energy BEVs with companies including CH-Auto Technology Co., Ltd. (北京長城華冠汽車科技股份有限公司) and Chery Automobile Co., Ltd. (奇瑞汽車股份有限公司). All of the above projects progressed smoothly, and the Group has reserved sufficient resources for necessary investment and capacity expansion.

In addition, the Group made impressive progress in its key projects under construction during the Year under Review. The first production line of phase one of the high value-added aluminium flat rolled product project in Tianjin has entered an important stage prior to its commercial operation. Phase one consists of two production lines with designed annual production capacity of 1.8 million tonnes in total. The first production line is designed primarily for the production of medium- to high-thickness aluminium alloy plates with a designed annual production capacity of 600,000 tonnes. During the Year under Review, the plant construction and equipment installation for the first production line had been completed, while core and ancillary facilities are currently in the final stage of optimization and testing following successive trial operations. In the third quarter of the Year under Review, the smelting and casting mill successfully produced aluminium alloy slabs at its first attempt, laying a solid foundation for the smooth production of aluminium flat rolled products. The first aluminium alloy plate and the first coil of aluminium alloy sheet were successfully produced by the hot rolling line and the cold rolling line respectively in the third and fourth quarter of the Year under Review, marking a milestone for the aluminium flat rolled product project. The production line is currently undergoing final testing on products of different alloy combinations, and is conducting trial production on sample orders for clients. Upon operation, the project will fill the gap in commercial production capacity of high-end aluminium plates and sheets in China, meeting growing market demand in the country, enhancing the Group's comprehensive strengths in the aluminium processing sector while creating a new source of revenue.

Another key project of the Group is the high-precision aluminium and special aluminium alloy project located in Yingkou, Liaoning Province. The main objective of the project is to ensure a stable supply of high-quality raw material required for internal production. Phase one of the project, with a designed annual production capacity of 400,000 tonnes, was completed and commenced production during the Year under Review. Approximately 290,000 tonnes of aluminium alloy products, including high-quality aluminium rods, were produced for the Group's internal production during the Year under Review. The production base, equipped with internationally advanced purification systems, complies with international emission standards. In addition, the two ultra-large 225MN extrusion presses and ancillary facilities previously ordered will also be installed in this production base. One of the presses has been delivered for installation and is scheduled to complete by this year, followed by equipment testing, and production is expected to commence in 2017. The other press will be delivered for installation during 2016. These extrusion presses are in close proximity to the raw material supply to minimize melting loss and energy consumption during the re-smelting of aluminium ingots.

The Special Vehicle Plant, a wholly owned subsidiary of the Group, has obtained various licences for the production and sale of a number of aluminium-intensive commercial vehicles during the Year under Review. Two production lines are currently under construction which will manufacture aluminium-intensive semi-trailers and oil tank trucks respectively, with designed annual production capacity of 4,000 semi-trailers and 1,500 oil tank trucks respectively. The sales team is in close contact with potential customers and aims to achieve volume sales within this year.

During the Year under Review, the overall R&D expenditure of the Group amounted to approximately RMB505,463,000, accounting for approximately 3.1% of total revenue. The Group's indirect wholly-owned subsidiary Liaoning Zhongwang, being a high and new technology enterprise, continued to enjoy the preferential rate of 15% for Corporate Income Tax. The Group completed the reporting on the construction of five platforms, including a national engineering laboratory. Equipped with advanced facilities, the R&D team filled the gap in the domestic industry with R&D achievements that propelled light-weight developments in different industrial sectors by promoting the high-end application of aluminium alloy products in the transportation, electric power engineering and machinery and equipment sectors. During the Year under Review, the Group developed over 100 new products, covering a number of applications such as new energy vehicles, aviation and vessels. The Group also attained 13 technology and new product awards at national, provincial and municipal levels, including the national outstanding patent awards and new product awards. The Group filed 93 patent applications and undertook a number of technology projects at national, provincial and municipal levels, including national industry revitalization and key new product projects. In addition, the Group took the lead in the drafting of a national standard and participated in the drafting of 16 national and industry standards. The outstanding R&D capability has enabled the Group to continuously launch diversified high-end products and optimize product mix, enhancing its integrated competitive strengths.

II. Future Development

The advantages of aluminium products in industrial application are now being further explored. The increasingly mature production technology and close to 100% recyclability unmatched by other metals have increased its use in many industrial sectors. Due to its light weight, aluminium offers some of the best solutions for the transportation sector under the light-weight development trend. Its corrosion-resistance makes it a perfect choice for containers of different shapes; and with excellent electrical conductivity, it is an ideal material for electric power engineering. As the Chinese government proactively promotes energy conservation, emission reduction and sustainable development, aluminium is gradually replacing other traditional metals and emerging into a new era of environmental protection through material upgrade.

The light-weight development of the transportation sector is a particularly strong driving force for the application of aluminium. As there have been increasingly stringent standards for fuel consumption and carbon dioxide emission of automobiles across countries in recent years, auto makers are accelerating the pace of replacing steel with aluminium to cope with the light-weight development trend and have been increasing the use of aluminium in such auto parts and components as engines, transmission and crash management systems, offering enormous opportunities for aluminium alloy casting, forging and extrusion product manufacturers. Nonetheless, the most impressive growth comes from aluminium auto body sheets ("**ABS**") as in doors and hoods. According to Beijing Antaike Information Development Co., Ltd., the global consumption of aluminium ABS was expected to be 1.05 million tonnes in 2015 and is projected to reach 2.60 million tonnes in 2020, representing a compound annual growth rate of approximately 20%. Currently, aluminium manufacturers around the world are increasing their investments in the expansion or construction of relevant production capacity, especially for aluminium ABS, to meet the surging market demand.

Aviation and aerospace is another important sector for the application of aluminium. In the past, orders for civil aviation materials were mainly placed by airplane manufacturers in developed countries such as Boeing and Airbus. As China's first domestically produced C919 large passenger aircraft rolled off the final assembly line in the Year under Review, the civil aircraft manufacturing industry in China entered a new era of rapid development, opening up new business opportunities to high-end aluminium manufacturers in China. For ARJ21-700 and C919, the regional aircraft model and the large passenger aircraft model with Chinese own independent intellectual property rights, aluminium parts accounted for as much as 68%–75% of the total weight. Although such demand cannot be entirely fulfilled by domestic aluminium manufacturers as they have yet to obtain the necessary quality certifications, with government support, especially under the National Upstream/Downstream Cooperation Mechanism for Aluminium Aviation Products ("**Cooperation Mechanism**") led by the Ministry of Industry and Information Technology ("**MIIT**"), domestic supply of such aluminium aviation products is entirely achievable in time. The Group, being one of the few designated aluminium manufacturers under the Cooperation Mechanism, will fully leverage its established advantages in aluminium extrusion, build upon the strengths of the complete and advanced production equipment of its flat rolling project, step up its R&D and production capacity development to strive for an early realization of the objective of securing domestic supply of aluminium aviation products in China.

In addition, the development potential of aluminium products in everyday life and many other industries is immense. As urbanisation in China continues to increase each year, the Chinese Government has increased infrastructure developments and centralised procurements in cities, driving the rapid growth of such industries as logistics and construction. In the logistics sector, aluminium-intensive trucks offer higher loading capacity, consume less fuel and have lower carbon emission compared to conventional trucks. Not only do they conform better to environmental standards but are also more efficient. They are gaining popularity in the China market and have received increased support from the Chinese Government. During the Year under Review, MIIT issued a "Notice on Demonstrative Application for Consolidating Industrial Base 2014" which provides sample application of aluminium in the transportation sector to aluminium usage in the automotive industry, especially in trucks. In the future, aluminium-intensive special vehicles, including vans, insulated/refrigerated trucks, trailer trucks, concrete mixer trucks and sanitation trucks, will be more and more common in the logistics and transportation industry as well as on construction sites and city streets. In the construction sector, the Government advocates green building standards and certification for large-scale public construction projects and Government buildings. It also advocates energy conservation by encouraging the construction of distributed solar power and wind power stations. Aluminium alloy construction formworks have emerged for its longer lifespan at lower unit cost, and hence have become increasingly popular in recent years. Its recyclability helps reduce wood consumption, making it an ideal green material for extensive future application in the construction of high-end buildings.

The above-mentioned market trends and policies have created a favourable environment for the Group as well as other processed aluminium product manufacturers in China. As the industry leader, the Group will seize these growth opportunities to achieve sustainable growth and to realise its mission of becoming one of the world's most competitive developers and manufacturers of high-end aluminium fabricated products. As such, the management has formulated the following development strategies:

1. Achieve commercial production of the first production line of the aluminium flat rolled product project in Tianjin, adding impetus to the Group's long-term steady development in the long term: the first production line of phase one of the Group's high value-added aluminium flat rolled product project in Tianjin is currently in final testing and trial production prior to commercial operation, during which the Group will make every effort to ensure that it is in optimal state when production commences. In the meantime, the Group will accelerate the pace of R&D and product certification process to get fully prepared for the gradual production of high-end products upon operation.

2. Continue to implement production capacity optimization and expansion plan to increase the proportion of high value-added products: the Group modifies and upgrades its existing equipment and procures new equipment according to the actual needs of different production plants in a timely manner to meet growing production requirements. Two mega-sized 225MN aluminium extrusion presses will be installed one after the other at the Yingkou plant, the first of which now being installed will commence production in 2017 after testing, while the installation of the second one will start within this year. The Group will strive to complete the installation and testing work as scheduled. These facilities will strengthen the Group's edge in the production of high precision, large cross-section

industrial aluminium extrusion products. In addition, the Group will expedite its plan to introduce reverse extrusion presses. The first of the indirect extrusion presses ordered by the Group is scheduled to arrive at the plant for installation within this year. Meanwhile, construction of the first two production lines for aluminium-intensive special vehicles has completed, with final stage testing underway to ensure smooth operation. These initiatives will further diversify the Group's product range in the high-end segment.

3. Steadily expand the production capacity of the deep processing business, diversify deep-processed product offerings and increase the proportion of the deep processing business in the Group's business portfolio: the Group is optimistic about the immense potential of the deep processing market and intends to steadily expand its production capacity to cope with downstream market developments and fully capitalize on its customer resources as well as its R&D edge. Unrelenting efforts will be made to diversify the range of deep-processed products, improve its business operation models and resolutely develop downstream application markets, with the goal of increasing the proportion of contribution made by high value-added deep-processed products to the Group's total sales and profit.

4. Strengthen fundamental research and promote technological innovation to enhance its comprehensive strengths: the Group will continue to increase investments in terms of financial and human resources in its proprietary R&D team. Through diversified and multilateral cooperation with industry peers, institutions of higher learning and research institutes, the Group aims to enhance its fundamental research in aluminium and aluminium alloys, robustly promote innovation in technology and production knowhow and accelerate the industrialisation of products and services, so as to improve the Group's comprehensive competitive strengths.

5. Actively pursue the business spin-off to open a new funding platform, thereby unlocking the reasonable value of the Group: on 22 March 2016, Liaoning Zhongwang Superior Fabrication Investment Limited ("**Zhongwang Fabrication**"), an indirect wholly-owned subsidiary of the Company, entered into an assets transfer agreement on the sale of the total equity interests in Liaoning Zhongwang with CRED Holding Co., Ltd. ("**CRED Holding**"), a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange. If the agreement is approved by the relevant PRC regulatory authorities, including the Ministry of Commerce and China Securities Regulatory Commission ("**CSRC**"), and by the Stock Exchange and the shareholders of the Company, and is effectively completed, the Group will be able to present, in a more comprehensive manner, its corporate strength and augment its corporate value with a clearer and more rational business structure supported by funding platforms in both Hong Kong and Shanghai.

The above development strategies will fully capitalize the internal synergy of the Group's three core businesses, namely industrial aluminium extrusion, deep processing and aluminium flat rolling, and build a solid foundation for the Group to seize opportunities from major industrial upgrade in China with a more competitive product mix and a more comprehensive business model. In the future, following the commissioning and finetuning of the operations of projects under construction, the continuous improvement of R&D technologies as well as the optimization of capacity and product mix, the Group's revenue and profit base will expand further, providing satisfactory returns to shareholders.

III. Financial Review

During the Year under Review, the Group's revenue amounted to approximately RMB16,171,246,000, which was basically in line with that of the Year 2014. Profit attributable to equity shareholders of the Company amounted to approximately RMB2,804,981,000, representing an increase of 13.2% over the Year 2014.

A comparison of the financial results for the Year under Review and the Year 2014 is set out as follows.

Revenue

During the Year under Review, the Group's total revenue amounted to approximately RMB16,171,246,000, which was basically in line with that of the Year 2014 (approximately RMB15,971,218,000). During the Year under Review, our major revenue was generated from sales in the aluminium extrusion business and deep processing business, which amounted to approximately RMB16,093,402,000. Other revenue primarily comprised metal trade agency commission and revenue generated from financial services carried out by Zhongwang Group Finance Limited, amounting to approximately RMB77,844,000. In 2014, sales in the aluminium extrusion business and deep processing business amounted to approximately RMB15,914,705,000. Other revenue primarily comprising metal trade agency commission amounted to approximately RMB56,513,000.

The following sets forth the breakdown by segments of the Group's revenue, sales volume and average selling price of the aluminium extrusion business and deep processing business for the Year under Review and the Year 2014.

	For the year ended 31 December								
	2015			2014			Change		
	Revenue	**Sales volume**	**Average selling price**	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	RMB'000	***tonnes***	***RMB/tonne***	*RMB'000*	*tonnes*	*RMB/tonne*	%	%	%
Aluminium extrusion business	**15,392,441**	**750,049**	**20,522**	15,203,410	746,534	20,365	1.2%	0.5%	0.8%
Industrial aluminium extrusion segment	**14,297,251**	**678,124**	**21,084**	14,158,276	682,753	20,737	1.0%	(0.7%)	1.7%
Construction aluminium extrusion segment	**1,095,190**	**71,925**	**15,227**	1,045,134	63,781	16,386	4.8%	12.8%	(7.1%)
Deep processing business	**1,951,524**	**73,177**	**26,669**	1,727,539	63,359	27,266	13.0%	15.5%	(2.2%)
Subtotal	**17,343,965**	**823,226**	**21,068**	16,930,949	809,893	20,905	2.4%	1.6%	0.8%
Elimination of internal sales	**(1,250,563)**	**(87,222)**	**14,338**	(1,016,244)	(65,091)	15,613	23.1%	34.0%	(8.2%)
Total	**16,093,402**	**736,004**	**21,866**	15,914,705	744,802	21,368	1.1%	(1.2%)	2.3%

Revenue from the Group's aluminium extrusion business amounted to approximately RMB15,392,441,000 for the Year under Review, basically in line with that of the Year 2014. The Group's total product sales volume in the aluminium extrusion business was 750,049 tonnes for the Year under Review, basically in line with that of the Year 2014. The average selling price of the Group's aluminium extrusion products was RMB20,522 per tonne for the Year under Review, basically remaining stable as compared to that of the Year 2014.

Revenue from the Group's industrial aluminium extrusion segment amounted to approximately RMB14,297,251,000 for the Year under Review, basically in line with that of the Year 2014. Revenue from the Group's industrial aluminium extrusion segment consisted of two parts, namely revenue from sales to external customers and revenue from inter-segment sales. Inter-segment sales mainly represent sales of raw materials required by deep-processed products to deep processing business and raw materials used by the high value-added aluminium flat rolled product project in Tianjin for trial runs. During the Year under Review, revenue from sales to external customers of the industrial aluminium extrusion segment amounted to approximately RMB13,046,688,000, basically in line with that of the Year 2014 (approximately RMB13,142,032,000); revenue from sales to deep processing business amounted to approximately RMB1,124,567,000, representing an increase of 10.7% over approximately RMB1,016,244,000 for the Year 2014; revenue from sales to the high value-added aluminium flat rolled product project in Tianjin amounted to approximately RMB125,996,000, while there was no such sales during the Year 2014.

The Group's sales volume in industrial aluminium extrusion segment was 678,124 tonnes for the Year under Review, basically in line with that of the Year 2014. Among which, the volume of sales to external customers decreased by 4.3% from 617,662 tonnes for the Year 2014 to 590,902 tonnes for the Year under Review, mainly due to the fact that the major extrusion production lines of the Group were all running at full capacity during the Year under Review, thus forcing the Group to focus its business operation on securing the production and sales of products with higher gross profit, resulting in a slight drop in output of the industrial aluminium extrusion segment. The volume of sales of industrial aluminium extrusion products to deep processing business amounted to 75,083 tonnes, representing an increase of 15.4% over 65,091 tonnes for the Year 2014, which was mainly due to an increase in demand for raw materials resulting from an increase in sales volume of the deep processing business; the sales volume of raw materials to the high value-added aluminium flat rolled product project in Tianjin amounted to 12,139 tonnes, while there was no such sales during the Year 2014.

The average selling price of the Group's industrial aluminium extrusion products was RMB21,084 per tonne for the Year under Review, basically in line with that of the Year 2014. Among which, the average selling price of industrial aluminium extrusion products sold to external customers was RMB22,079 per tonne, representing an increase of 3.8% over RMB21,277 per tonne for the Year 2014, mainly because of an increase in the share of high-end industrial aluminium extrusion products with higher selling prices in aluminium extrusion products sold during the Year under Review. The average selling price of industrial aluminium extrusion products sold to deep processing business was RMB14,978 per tonne, representing a decrease of 4.1% over RMB15,613 per tonne for the Year 2014, which was mainly due to a decrease in the price of aluminium ingots. The Group determines the price of raw materials sold to deep processing business by the industrial aluminium extrusion segment on a "cost-plus" basis, which was in line with the pricing method of sales to external customers. The average selling price of high purity aluminium raw materials sold to the high value-added aluminium flat rolled product project in Tianjin was RMB10,379 per tonne. The Group determines the price of high purity aluminium raw materials sold to the high value-added aluminium flat rolled product project in Tianjin by the industrial aluminium extrusion segment on the basis of market prices.

Revenue from the Group's construction aluminium extrusion segment for the Year under Review amounted to approximately RMB1,095,190,000, representing an increase of 4.8% over that of the Year 2014, which was mainly attributable to an increase in the sales volume of construction aluminium extrusion products for the Year under Review. The Group's sales volume in the construction aluminium extrusion segment increased from 63,781 tonnes for the Year 2014 by 12.8% to 71,925 tonnes for the Year under Review. The average selling price of construction aluminium extrusion products was RMB15,227 per tonne, representing a decrease of 7.1% over RMB16,386 per tonne for the Year 2014, which was mainly due to a decrease in the price of aluminium ingots.

Revenue from the Group's deep processing business for the Year under Review amounted to approximately RMB1,951,524,000, representing an increase of 13.0% over that of the Year 2014, which was mainly attributable to an increase in the sales volume of deep-processed products for the Year under Review. The Group's sales volume of deep-processed products was 73,177 tonnes for the Year under Review, representing an increase of 15.5% over that of the Year 2014. The average selling price of deep-processed products was RMB26,669 per tonne, representing a decrease of 2.2% over that of the Year 2014, which was mainly due to a decrease in the price of aluminium ingots.

Geographically, the Group's overseas clients mainly came from countries and regions such as the US, Germany and the UK. For the Year under Review, our revenue from overseas sales amounted to approximately RMB2,373,032,000 (Year 2014: approximately RMB2,177,598,000), representing 14.7% (Year 2014: 13.6%) of the Group's total revenue.

The following sets forth the breakdowns of our revenue by geographical regions for the Year under Review and the Year 2014:

	For the year ended 31 December			
	2015		2014	
	RMB'000	*%*	*RMB'000*	*%*
PRC	**13,798,214**	**85.3%**	13,793,620	86.4%
US	**1,781,549**	**11.1%**	1,864,181	11.7%
Germany	**151,551**	**0.9%**	109,393	0.7%
UK	**92,401**	**0.6%**	41,053	0.3%
Others	**347,531**	**2.1%**	162,971	0.9%
Total	**16,171,246**	**100.0%**	15,971,218	100.0%

For the Year under Review, the Group's domestic revenue amounted to approximately RMB13,798,214,000, which was basically in line with that of the Year 2014. The Group's overseas revenue increased by 9.0% over the Year 2014 to approximately RMB2,373,032,000 for the Year under Review, of which approximately RMB1,781,549,000 was revenue from exports to the US, a decrease of 4.4% over the Year 2014, which was primarily due to a decrease in the volume of exports to the US. The Group's vigorous efforts in exploring overseas markets other than the US led to a significant increase of 88.7% in revenue from sales to other countries and regions including Germany and the UK from approximately RMB313,417,000 for the Year 2014 to approximately RMB591,483,000 for the Year under Review.

Cost of Sales

The Group's cost of sales was approximately RMB10,851,223,000 for the Year under Review, representing a decrease of 5.7% from approximately RMB11,504,049,000 for the Year 2014.

Among which, the cost of sales of our aluminium extrusion business decreased from approximately RMB11,339,656,000 for the Year 2014 by 4.9% to approximately RMB10,779,636,000 for the Year under Review, which was primarily due to a decrease in unit cost of aluminium extrusion products during the Year under Review. The Group's unit cost of aluminium extrusion products decreased by 5.4% to RMB14,372 per tonne for the Year under Review from RMB15,190 per tonne for the Year 2014, primarily due to a decline in the price of aluminium ingots during the Year under Review.

The cost of sales of our deep processing business increased from approximately RMB1,178,036,000 for the Year 2014 by 11.8% to approximately RMB1,316,553,000 for the Year under Review, which was primarily due to a growth in sales volume of deep-processed products during the Year under Review. The Group's unit cost of deep-processed products decreased by 3.2% to RMB17,991 per tonne for the Year under Review from RMB18,593 per tonne for the Year 2014, primarily due to a decline in the price of aluminium ingots during the Year under Review. The main raw materials used in the production of deep-processed products were provided by the industrial aluminium extrusion segment under the Group's aluminium extrusion business. During the Year under Review, approximately RMB1,096,016,000 (Year 2014: approximately RMB989,206,000) of the cost of deep-processed products came from the cost of the Group's industrial aluminium extrusion segment.

Gross Profit and Gross Margin

The Group's gross profit increased by 19.1% from approximately RMB4,467,169,000 for the Year 2014 to approximately RMB5,320,023,000 for the Year under Review, while gross margin increased from 28.0% for the Year 2014 to 32.9% for the Year under Review. The increase was mainly because the Group optimized the product structure and placed emphasis on securing the production and sales of products with higher gross profit, and due to a drop in the price of aluminium ingots for the Year under Review. The following sets forth the segment analysis of gross profit, share in gross profit and gross margin of our aluminium extrusion business and deep processing business for the Year under Review and the Year 2014:

	For the year ended 31 December					
	2015			2014		
	Gross profit *RMB'000*	*%*	**Gross margin** *%*	Gross profit *RMB'000*	*%*	Gross margin *%*
Aluminium extrusion business	**4,612,805**	**88.0%**	**30.0%**	3,863,754	87.6%	25.4%
Industrial aluminium extrusion segment	**4,562,744**	**87.0%**	**31.9%**	3,778,302	85.7%	26.7%
Construction aluminium extrusion segment	**50,061**	**1.0%**	**4.6%**	85,452	1.9%	8.2%
Deep processing business	**634,971**	**12.1%**	**32.5%**	549,503	12.5%	31.8%
Subtotal	**5,247,776**	**100.1%**	**30.3%**	4,413,257	100.1%	26.1%
Elimination of internal sales gross profit	**(4,975)**	**(0.1%)**	**0.4%**	(2,425)	(0.1%)	0.2%
Total	**5,242,801**	**100.0%**	**32.6%**	4,410,832	100.0%	27.7%

The Group's gross profit from the aluminium extrusion business increased by 19.4% over the Year 2014 to approximately RMB4,612,805,000 for the Year under Review. The Group's gross margin for the products of aluminium extrusion business increased from 25.4% for the Year 2014 to 30.0% for the Year under Review.

The Group's gross profit from the industrial aluminium extrusion segment increased by 20.8% over the Year 2014 to approximately RMB4,562,744,000 for the Year under Review. The Group's gross margin for the industrial aluminium extrusion segment increased from 26.7% for the Year 2014 to 31.9% for the Year under Review. Among which, gross profit of the industrial aluminium extrusion segment from sales to external customers rose 20.9% from approximately RMB3,698,506,000 for the Year 2014 to approximately RMB4,470,396,000 for the Year under Review. Gross margin of the industrial aluminium extrusion segment from sales to external customers increased from 28.1% for the Year 2014 to 34.3% for the Year under Review, mainly because the Group improved production efficiency,optimized the product portfolio and placed emphasis on securing the production and sales of industrial aluminium extrusion products with higher gross profit during the Year under Review.

The Group's gross profit from the construction aluminium extrusion segment decreased by 41.4% over the Year 2014 to approximately RMB50,061,000 for the Year under Review, mainly because of a decrease in gross margin for the construction aluminium extrusion segment, which decreased from 8.2% for the Year 2014 to 4.6% for the Year under Review, which was primarily attributable to a decrease in average selling price due to market competition.

The Group's gross profit from the deep processing business increased by 15.6% over the Year 2014 to approximately RMB634,971,000 for the Year under Review, which was primarily due to an increase in sales volume of deep-processed products for the Year under Review. The Group's gross margin for the products of deep processing business increased from 31.8% for the Year 2014 to 32.5% for the Year under Review, which was primarily due to a decline in the price of aluminium ingots for the Year under Review.

Investment Income

Investment income mainly consists of interest income from bank deposits and interest income from available-for-sale financial assets. Investment income increased by 37.1% from approximately RMB171,923,000 for the Year 2014 to approximately RMB235,783,000 for the Year under Review, which was primarily attributable to the following factors:

(i) Interest income from bank deposits increased from approximately RMB120,474,000 for the Year 2014 to approximately RMB181,368,000 for the Year under Review, which was mainly due to a relatively large increase in pledged bank deposits for the Year under Review; and

(ii) Interest income from available-for-sale financial assets increased to approximately RMB54,415,000 for the Year under Review from approximately RMB51,449,000 for the Year 2014. Interest income from available-for-sale financial assets is mainly from financial products invested by the Group.

Other Income

Other income decreased by 27.5% to approximately RMB172,852,000 for the Year under Review from approximately RMB238,358,000 for the Year 2014. This was principally due to the facts that:

(i) the Group recorded exchange loss of approximately RMB126,228,000 for the Year under Review, while it recorded exchange gain of approximately RMB21,279,000 for the Year 2014, principally due to a significant increase in exchange loss resulting from the Group's foreign currency loans as a result of the depreciation of Renminbi for the Year under Review;

(ii) there was an increase in government subsidies from approximately RMB179,251,000 for the Year 2014 to approximately RMB205,374,000 for the Year under Review. The aggregate amount of government subsidies for business development and technological research received by us in each period is determined and distributed by relevant PRC authorities at their sole discretion;

(iii) net income from the sales of machinery and equipment increased from approximately RMB20,569,000 for the Year 2014 to approximately RMB27,311,000 for the Year under Review;

(iv) gain on bargain purchase amounted to approximately RMB46,688,000, which were generated from the Group's acquisition of two subsidiaries for the Year under Review; and

(v) net gain from other items, such as gain from disposal of scrap materials, consumables and moulds increased from approximately RMB17,259,000 for the Year 2014 to approximately RMB19,707,000 for the Year under Review.

Selling and Distribution Costs

The Group's selling and distribution costs primarily consist of advertising expenses, transportation costs and salaries of sales staff. These costs decreased by 12.5% from approximately RMB155,733,000 for the Year 2014 to approximately RMB136,305,000 for the Year under Review, which was primarily attributable to the following factors:

(i) a decrease in advertising expenses to approximately RMB50,820,000 for the Year under Review from approximately RMB88,886,000 for the Year 2014;

(ii) an increase in transportation and export costs to approximately RMB53,417,000 for the Year under Review from approximately RMB36,228,000 for the Year 2014, primarily due to increases in transportation and export costs as a result of the increased efforts on tapping overseas markets, such as Germany and the UK, for the Year under Review;

(iii) salaries of sales staff amounted to approximately RMB23,052,000 for the Year under Review, in line with approximately RMB23,577,000 for the Year 2014; and

(iv) an increase in other selling expenses to approximately RMB9,016,000 in the Year under Review from approximately RMB7,042,000 for the Year 2014.

Administrative and Other Operating Expenses

The Group's administrative and other operating expenses mainly comprise research and development expenditures, amortization of land use rights, land use taxes, wages, salaries and benefit expenses, financing fees, rentals, intermediary fees and depreciation charges of office equipment. The administrative and other operating expenses increased by 15.4% to approximately RMB1,455,407,000 for the Year under Review from approximately RMB1,261,089,000 for the Year 2014. The change was primarily attributable to the facts that:

(i) the Group's research and development expenditures under administrative and other operating expenses amounted to approximately RMB505,463,000 for the Year under Review, on par with approximately RMB507,689,000 for the Year 2014. The research and development expenditures of the Group were mainly used for the research and development of aluminium extrusion structural parts with large and complex cross-sections and the related complete sets of technologies for transportation equipment in sectors such as aviation and aerospace, railway vehicles, commercial vehicles, passenger cars and special vehicles;

(ii) the Group's amortization expenses of land use rights and land use taxes arising from land use rights in Liaoning Province, Heilongjiang Province and Tianjin Municipality in China increased from approximately RMB350,393,000 for the Year 2014 to approximately RMB353,239,000 for the Year under Review;

(iii) the Group's wages, salaries and benefits under administrative and other operating expenses increased to approximately RMB178,666,000 for the Year under Review from approximately RMB145,462,000 for the Year 2014, primarily due to the increase in the number of employees as a result of the expansion of business scope and scale;

(iv) the Group's financing fees under administrative and other operating expenses increased to approximately RMB137,634,000 for the Year under Review from approximately RMB67,290,000 for the Year 2014, primarily due to an increase in borrowings by the Group for the Year under Review; and

(v) other administrative and operating related expenses, comprising mainly rentals, intermediary fees and depreciation charges of office equipment, increased to approximately RMB280,405,000 for the Year under Review from approximately RMB190,255,000 for the Year 2014.

Share of Profits Less Losses of Associates

The Group's share of profits less losses of associates for the Year under Review was approximately RMB2,070,000 (Year 2014: approximately RMB3,687,000), which was the share of profit or loss of the Group's associate recognized using the equity method.

Finance Costs

The Group's finance costs increased by 24.7% from approximately RMB493,987,000 for the Year 2014 to approximately RMB615,894,000 for the Year under Review, mainly due to the increase in the scale of the Group's debentures and loans for the Year under Review as compared to that for the Year 2014.

During the Year under Review, the interest expenses directly capitalized into deposits for acquisitions of property, plant and equipment of the Group amounted to approximately RMB711,093,000 (Year 2014: approximately RMB306,657,000) at an annualized capitalization rate of 4.31% (Year 2014: 4.19%).

During the Year 2014 and the Year under Review, the Group's loans carried average interest rates of 4.44% and 4.23% per annum, respectively. During the Year under Review, the debentures carried interest rates ranging from 4.60% to 7.50% per annum (Year 2014: ranging from 4.47% to 7.50% per annum).

Profit before Taxation

The Group's profit before taxation increased by 18.6% from approximately RMB2,970,328,000 for the Year 2014 to approximately RMB3,523,122,000 for the Year under Review, which was primarily attributable to the factors described above in this section.

Income Tax Expense

The Group's income tax expense increased by 45.6% to approximately RMB718,141,000 for the Year under Review from approximately RMB493,308,000 for the Year 2014 mainly because of the increase in profit before taxation.

The Group's effective tax rates for the Year 2014 and the Year under Review were 16.6% and 20.4%, respectively.

Profit Attributable To Equity Shareholders

The Company's profit attributable to equity shareholders increased by 13.2% to approximately RMB2,804,981,000 for the Year under Review from approximately RMB2,477,020,000 for the Year 2014. The Group's net profit margin increased to 17.3% for the Year under Review from 15.5% for the Year 2014, which was primarily attributable to the factors described above in this section.

Cash Flows

Cash flows of the Group for the Year under Review and the Year 2014 were as follows:

	For the year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Net cash generated from operating activities	**6,771,515**	1,787,956
Net cash used in investing activities	**(15,318,114)**	(11,021,151)
Net cash generated from financing activities	**9,283,360**	9,379,482

Net Current Assets

At 31 December 2015 and 31 December 2014, the Group had net current assets of approximately RMB1,788,373,000 and RMB1,894,886,000, respectively.

Liquidity

At 31 December 2015 and 31 December 2014, the Group had cash and cash equivalents of approximately RMB10,200,103,000 and RMB9,463,342,000, respectively, balances of short-term deposits of approximately RMB25,919,000 and RMB126,059,000, respectively, and balances of pledged bank deposits under the current assets were approximately RMB2,788,873,000 and RMB1,181,400,000, respectively.

Borrowings

At 31 December 2015, the Group's debentures and loans amounted to approximately RMB36,793,444,000 in aggregate, an increase of approximately RMB12,907,211,000 from approximately RMB23,886,233,000 in aggregate at 31 December 2014.

At 31 December 2015, the Group's debentures and loans shown under current liabilities amounted to approximately RMB14,932,298,000 (31 December 2014: approximately RMB11,898,417,000) and debentures and loans shown under non-current liabilities amounted to approximately RMB21,861,146,000 (31 December 2014: approximately RMB11,987,816,000).

At 31 December 2015 and 31 December 2014, the Group's gearing ratio was approximately 63.6% and 54.8%, respectively. The ratio is calculated by dividing total liabilities by total assets of the Group.

Pledged Assets

At 31 December 2015, assets with a total carrying amount of approximately RMB8,627,529,000 of the Group were pledged, including pledged bank deposits, available-for-sale financial assets, property, plant and equipment and prepaid lease payments for financing arrangements (31 December 2014: approximately RMB6,384,204,000).

The Group has entered into several arrangements with certain financial leasing institutions according to which the Group sold certain equipment to these institutions and then leased back with scheduled lease payments. The Group has an option to buy back these equipment at token prices at the end of each lease term, i.e. the bargain purchase option.

In the context of IAS 17, the leaseback of these equipment results in a finance lease due to the bargain purchase option. However, considering the fact that (1) the consideration of the bargain purchase option is set at a token price, and (2) it is almost certain that the Group would exercise such options since these equipment are closely related to the business operations of the Group and their remaining estimated useful lives would be ranging from ten to fourteen years at the end of each lease term, the predetermined bargain purchase option will in effect cause the financial institutions (the legal owners of the equipment) to resell the equipment back to the Group at the end of each lease term. On this basis, even though there is no legal obligation for the Group to repurchase, the repurchases are almost certain with the presence of the bargain purchase options.

Accordingly, this indicates that these arrangements do not, in substance, involve a lease under IAS 17. Instead, the sales and leaseback transactions are closely interrelated and shall be accounted for as one transaction when the overall economic effect cannot be understood without reference to the series of transactions as a whole. The substance of these arrangements is cash borrowings, secured by the underlying assets and repayable in installments over the lease term, with the carrying amount of the underlying pledged assets of approximately RMB2,472,295,000 (31 December 2014: approximately RMB3,909,866,000).

Contingent Liabilities

At 31 December 2015 and 31 December 2014, the Group had no material contingent liabilities.

Employees

At 31 December 2015, the Group had 12,861 full-time employees responsible for, inter alia, production, research and development, sales and management, representing an increase of 31.3% from 9,793 employees at 31 December 2014. During the Year under Review, relevant employee costs (including Directors' emoluments) were approximately RMB1,055,997,000 (including share option charges of approximately RMB2,714,000), an increase of 35.2% as compared with approximately RMB781,062,000 (including share option charges of approximately RMB5,514,000) in the Year 2014. The Group's employee costs (excluding share option charges) increased mainly due to the increase in number of employees as a result of the Group's business expansion both in scope and size.

Research and Development

During the Year under Review, the Group continued to maintain its level of investment in research and development and the research and development expenditures included in administrative and other operating expenses were approximately RMB505,463,000, in line with the amount of approximately RMB507,689,000 for the Year 2014. The share of the Group's research and development expenditures in sales revenue for the Year under Review was approximately 3.1%, substantially the same as that for the Year 2014.

Continuous investment in the research and development has helped the Group build up a high-level R&D and technical team. At 31 December 2015, the Group had 982 research and development and quality control personnel, accounting for 7.6% of the Group's total number of employees. We not only have strong research and development capabilities in new materials and new technologies, operate the largest die design and manufacturing centre in Asia, but also have specially set up a first-rate product and process design team to offer integrated solutions from product design to production services that cater to our customers' increasing demands for light-weight development. In addition, the Group carried out cooperation with various leading industrial and academic research institutions which greatly improved its own level of scientific research and effectively contributed to the expansion of the downstream applications for aluminium products.

Capital Commitments

At 31 December 2015, the Group's capital expenditures in respect of the provision of property, plant and equipment contracted but not provided for in the Consolidated Financial Statements amounted to approximately RMB7.44 billion, which was primarily used for the infrastructure construction and equipment purchase of the Group's growth projects including its high-end aluminium flat rolled product project. The Group intends to apply funds generated from operating activities, commercial bank loans and other available means to finance the expenditure.

Disposal of Equity Interests in Zhongwang Finance Company

In order to expand the financing sources of Zhongwang Group Finance Limited ("**Zhongwang Finance Company**"), an indirectly wholly-owned subsidiary of the Company, Liaoning Zhongwang, an indirectly wholly-owned subsidiary of the Company, transferred part of its equity interest in Zhongwang Finance Company to introduce shareholders with financial background, and further promote the future development of Zhongwang Finance Company. Liaoning Zhongwang entered into equity transfer agreements with Beijing Zhongwang Xinda Investment Company Limited ("**Beijing Zhongwang Xinda**") and Beijing Zhongwang Huarong Investment Company Limited ("**Beijing Zhongwang Huarong**") on 31 December 2015, respectively, pursuant to which Liaoning Zhongwang would transfer its 32% and 33% of its equity interests in Zhongwang Finance Company to Beijing Zhongwang Xinda and Beijing Zhongwang Huarong at the considerations of RMB960,000,000 and RMB990,000,000, respectively. After completion of the equity transfers, Zhongwang Finance Company would cease to be an indirectly wholly-owned subsidiary of the Company and would be held as to 35% by Liaoning Zhongwang, 32% by Beijing Zhongwang Xinda and 33% by Beijing Zhongwang Huarong. The considerations were determined on the basis of the net assets of Zhongwang

Finance Company at 30 November 2015 and shall be settled in cash. After completion of the equity transfers above, Zhongwang Finance Company has become an affiliated company to the Group. For details, please refer to the announcement the Company released on 31 December 2015 in relation to the disposal of equity interests by Liaoning Zhongwang in Zhongwang Finance Company.

Events after the Period

On the Proposed Asset Restructuring and Proposed Spin-off

On 22 March 2016, Zhongwang Fabrication, an indirectly wholly-owned subsidiary of the Company, entered into an assets transfer agreement with CRED Holding, a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange, pursuant to which Zhongwang Fabrication has agreed to sell and CRED Holding has agreed to purchase the total equity interests in Liaoning Zhongwang at an estimated consideration of RMB28.2 billion and CRED Holding has agreed to sell and Zhongwang Fabrication has agreed to purchase the total equity interests in Xinjiang CRED Holding Company Limited, a wholly-owned subsidiary of CRED Holding, at an estimated consideration of RMB200 million. Both considerations will be offset against each other and the balance will be satisfied by the issuance of approximately 3,932.5843 million consideration shares by CRED Holding to Zhongwang Fabrication. To raise funds for the further development of Liaoning Zhongwang upon completion of the transaction, CRED Holding also plans to allot and issue by way of non-public offer no more than 702.2472 million placing shares to not less than six but no more than ten qualified designated investors in the PRC at an issue price of RMB7.12 per placing share to raise no more than RMB5 billion subject to the approval of the general meeting of CRED Holding and CSRC. Upon completion of the transaction, Liaoning Zhongwang Group will become a wholly owned subsidiary of CRED Holding Group in accordance with the relevant PRC laws and CRED Holding will become an indirectly non-wholly owned subsidiary of the Company. The asset restructuring pursuant to the assets transfer agreement constitutes a spin-off pursuant to the applicable requirements under Practice Note 15 of the Rules Governing the Listing of Securities on The Stock Exchange ("**Practice Note 15**"). The Company will submit a spin-off proposal to the Stock Exchange pursuant to Practice Note 15 in relation to the proposed spin-off. The transactions contemplated under the assets transfer agreement and the proposed spin-off are subject to, among other things, approvals of the relevant PRC regulatory authorities, including Ministry of Commerce and CSRC, and approvals of the Stock Exchange and an extraordinary general meeting of the Company. For details about the transactions, please refer to the announcement of the Company dated 22 March 2016.

Grant of Share Options

On 6 January 2016, the Company announced that it granted a total of 450,000,000 share options (the "**Share Options**") to 7 directors and 152 staff of the Company (the "**Grantees**"), subject to acceptance of the Grantees, to subscribe for a total of 450,000,000 ordinary shares of HKD0.1 each of the Company under the share option scheme of the Company adopted on 17 April 2008. Please see the Company's announcement dated 6 January 2016 for details.

Financial Risks

The Group is exposed to a number of financial risks, such as foreign currency risk, interest rate risk and aluminium ingot price fluctuation risk in the ordinary course of its business.

Foreign Currency Risk

Most of the Group's businesses are settled in Renminbi. However, the Group's sales to overseas customers and foreign currency denominated loans are settled in foreign currencies. During the Year under Review, approximately 85.3% of the revenue of the Group was settled in Renminbi and approximately 14.7% was settled in foreign currencies, while approximately 70.2% of the borrowings of the Group were denominated in Renminbi and approximately 29.8% were denominated in foreign currencies at 31 December 2015.

Exchange rate fluctuations will affect sales revenue of contracts denominated in foreign currencies and borrowings denominated in foreign currencies, which in turn may have adverse effects on the Group. The Group's financial and capital policies seek to control the foreign currency fluctuation risk and interest rate fluctuation risk of individual transaction. The Group did not hedge against currency risk by using any financial instruments. However, the management of the Group has been monitoring the exchange rate risk, and will consider hedging the Group's major foreign currency risk when required.

Interest Rate Risk

As the Group does not have significant interest-bearing assets, most of the revenue and operating cash flows are not affected by interest rate changes in the market. Interest rate fluctuation risk borne by the Group is primarily derived from debentures and loans. The Group has to face the cash-flow interest rate risk on floating-rate loans and fair value interest rate risk on fixed-rate loans. At 31 December 2015, the Group's fixed-rate loans were approximately RMB7,904,263,000 (31 December 2014: approximately RMB6,028,451,000).

During the Year under Review, the Group issued unsecured debentures of RMB2,000,000,000 and RMB1,200,000,000 with maturity of 270 days and three years and repayable on 9 April 2016 and 27 May 2018, respectively, and with effective interest rate of 4.60% and 5.40% per annum, respectively.

During 2014, the Group issued unsecured debentures of RMB100,000,000 and RMB1,100,000,000 with maturity of three years and six years and repayable on 10 January 2017 and 22 October 2020, respectively, and with effective interest rate of 7.50% and 5.48% per annum, respectively.

During 2013, the Group issued an unsecured debenture of RMB500,000,000 with maturity of three years and repayable on 8 October 2016, with effective interest rate of 6.90% per annum.

During 2014, two interest rate swap contracts, denominated in Hong Kong dollars with a total notional amount of approximately HKD1,486,248,000, had been entered into between the Group and bank counterparties. Such contracts were designated as arbitrage tools for cash flows to hedge the interest rate risk of bank borrowings at floating-rate, which may be suffered during the period of those borrowings outstanding.

The swaps will mature in 2016 matching the maturity of the related loans and have fixed swap rates of 1.94% and 3.40% respectively. The net fair value of swaps entered into by the Group at 31 December 2015 was approximately RMB15,403,000 (31 December 2014: approximately RMB13,710,000). These amounts are recognized as derivative financial instruments.

Price Fluctuation Risk of Aluminium Ingot

The Group's principal raw materials in the aluminium extrusion product business include aluminium ingots, aluminium rods, magnesium ingots, silicone ingots, etc., which accounted for 86.9% and 84.3% of the Group's cost of sales of aluminium extrusion products for the Period under Review and in 2014, respectively. Generally, the Group's pricing of aluminium extrusion products is on a "cost-plus" basis, pursuant to which the selling price for the products are determined on the prevailing price of aluminium ingots plus a processing fee charged by the Group. The Group's pricing policy is to pass through the price fluctuation risk to its customers. However, the Group may not be able to pass through the entire cost of price increases to customers or completely offset the effect of increases in raw material prices, thus the profitability of the Group may be slightly affected. The Group has not entered into any aluminium ingot forward contracts to hedge against aluminium ingot price fluctuation risk.

CORPORATE GOVERNANCE PRACTICE

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**Governance Code**") since its listing on the Stock Exchange in 2009. The Company periodically reviews its corporate governance practices to ensure its continuous compliance with the Governance Code.

In respect of the Year under Review, save as disclosed below, the Company has complied with all the code provisions set out in the Governance Code.

Code provision A.2.1 of the Governance Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same person, and the division of responsibilities between the chairman and the chief executive should be clearly established and set out in writing. During the Year under Review, the Company deviated from this provision because Mr. Liu Zhongtian performed both the roles of chairman of the Board and the president (i.e. the chief executive) of the Company. Mr. Liu is the founder of the Group and has extensive experience in the enterprise operation and management in general. Given the stage of development of the Group, the Board believed that vesting the two roles in the same person provided the Company with strong and consistent leadership and facilitated the implementation and execution of the Group's business strategies which was in the best interests of the Company. As disclosed in the Company's announcement dated 22 March 2016, Mr. Liu has resigned as the president of the Company on the same date for the purpose of improving and optimizing the corporate governance of the Company as required by its internal management in light of the implementation of the proposed spin-off of Liaoning Zhongwang. The Board will continue to review the structure and composition of the Board from time to time in light of prevailing circumstances.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry by the Company, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year under Review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the Year under Review, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF FINANCIAL STATEMENTS

The audit committee of the Board has discussed with the Company's management and reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2015.

DIVIDEND

The Board recommended to declare a final dividend of HKD0.06 (approximately equivalent to RMB0.05) per share for the financial year ended 31 December 2015, totaling approximately RMB355,197,000 (based on the total number of issued ordinary shares and convertible preference shares as at the date of this announcement). Subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") to be held on Tuesday, 28 June 2016, the final dividend will be paid on or around Friday, 29 July 2016 to the holders of the Company's ordinary shares and convertible preference shares, whose names appear on the register of members of the Company on Friday, 8 July 2016.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HKD0.11 (approximately equivalent to RMB0.09) per share paid during the Year under Review, the total dividend payout ratio of the Company for the Year under Review would amount to approximately 35.4%.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders who are entitled to attend the Annual General Meeting, the register of members of the Company will be closed from Wednesday, 22 June 2016 to Tuesday, 28 June 2016, both days inclusive, during which period no transfer of shares would be registered.

Subject to approval of the shareholders of the Company on the final dividend distribution for the year ended 31 December 2015, for the purposes of determining the shareholders of the Company who are entitled to the final dividend, the register of members of the Company will be closed from Tuesday, 5 July 2016 to Friday, 8 July 2016 (both dates inclusive) again, during which period no transfer of shares in the Company will be effected.

In order to be entitled to attending the Annual General Meeting and/or the final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 21 June 2016 and/or Monday, 4 July 2016, respectively.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Tuesday, 28 June 2016.

A notice convening the Annual General Meeting will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules and the Company's Articles of Association in due course.

PUBLICATION OF FINAL RESULTS

This announcement will be published on the website of the Stock Exchange and the Company's website (www.zhongwang.com). The annual report for the year ended 31 December 2015 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

On behalf of the Directors, I wish to express my sincere gratitude to our shareholders, customers and business partners for their continued support, and all our employees for their dedication and hard work.

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

Hong Kong, 24 March 2016

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

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

* *For identification purpose only*