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中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 01333)

ANNOUNCEMENT OF UNAUDITED QUARTERLY FINANCIAL RESULTS AND OPERATIONAL STATISTICS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2016

The Board of the Company hereby announces the unaudited major financial results and operational statistics of the Group for the three-month period ended 31 March 2016 together with the unaudited comparative figures for the corresponding period in 2015.

The Board (the “**Board**”) of directors (the “**Directors**”) of China Zhongwang Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited major financial results and operational statistics of the Group for the three-month period ended 31 March 2016 (the “**Period under Review**”), together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	<i>Notes</i>	Three months ended 31 March	
		2016	2015
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Revenue	1	3,456,739	3,593,711
Cost of sales	2	(2,296,495)	(2,539,665)
Gross profit	3	1,160,244	1,054,046
Investment income		72,947	59,786
Other income	4	199,233	28,437
Selling and distribution costs		(29,990)	(26,311)
Administrative and other operating expenses	5	(444,636)	(289,419)
Share of profits less losses of associates		15,641	400
Finance costs	6	(219,033)	(126,925)
Profit before taxation		754,406	700,014
Income tax	7	(150,336)	(119,661)
Profit for the period		604,070	580,353

Note: The condensed consolidated statement of income has been prepared in accordance with the accounting policies which conform to International Financial Reporting Standards.

* For identification purposes only

The Group is a leading industrial aluminium extrusion product and aluminium flat rolled product developer and manufacturer in the world, which is currently principally engaged in the production of high precision, large-section and high value-added industrial aluminium extrusion products widely used in the transportation sector (including railway passenger and cargo carriages, metropolitan rails, automobiles, commercial vehicles, vessels, aviation and aerospace), machinery and equipment and electric power engineering sectors.

1. Revenue

Currently, the Group's income mainly comes from aluminium extrusion and deep processing businesses. Owing to the increasing importance of deep processing business, the revenue of the deep processing business has been presented separately from the original aluminium extrusion business due to management and operational needs. Therefore, the revenue of the corresponding period in 2015 is now restated to reflect the revenue of the deep processing business. As for revenue for the corresponding period in 2015, please refer to the announcement of unaudited quarterly financial results and operational statistics of the Company for the three-month period ended 31 March 2015 prior to the restatement.

During the Period under Review, the Group's total revenue amounted to approximately RMB3,456,739,000 (corresponding period in 2015: approximately RMB3,593,711,000). During the Period under Review, the Group's major revenue generated from sales of aluminium extrusion business and deep processing business which amounted to approximately RMB3,454,654,000. Other revenue, which amounted to approximately RMB2,085,000, primarily comprised metal trade agency commission. During the corresponding period in 2015, revenue from sales of aluminium extrusion business and deep processing business amounted to approximately RMB3,571,895,000 and other revenue primarily from metal trade agency commission and revenue from financial services by Zhongwang Group Finance Limited amounted to approximately RMB21,816,000.

The following sets forth the breakdowns of the Group's revenue, sales volume and average selling price of the aluminium extrusion business and deep processing business by segments for the Period under Review and the corresponding period in 2015:

	Three months ended 31 March								
	2016			2015			Change		
	Revenue	Average sales volume	Average selling price	Revenue	Average sales volume	Average selling price	Revenue	Sales volume	Average selling price
RMB'000	tonnes	RMB/tonne	RMB'000	tonnes	RMB/tonne	%	%	%	
Aluminium extrusion business	3,265,675	177,946	18,352	3,424,271	159,238	21,504	(4.6%)	11.7%	(14.7%)
Industrial aluminium extrusion segment	3,165,757	170,843	18,530	3,294,551	151,071	21,808	(3.9%)	13.1%	(15.0%)
Construction aluminium extrusion segment	99,918	7,103	14,067	129,720	8,167	15,883	(23.0%)	(13.0%)	(11.4%)
Deep processing business	568,634	21,701	26,203	319,043	11,445	27,876	78.2%	89.6%	(6.0%)
Subtotal	3,834,309	199,647	19,205	3,743,314	170,683	21,931	2.4%	17.0%	(12.4%)
Elimination of internal sales	(379,655)	(30,850)	12,306	(171,419)	(11,445)	14,978	121.5%	169.6%	(17.8%)
Total	3,454,654	168,797	20,466	3,571,895	159,238	22,431	(3.3%)	6.0%	(8.8%)

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 high precision aluminium raw materials used by the high value-added aluminium flat rolled product project in Tianjin for trial runs. During the Period under Review, revenue from sales to external customers of the industrial aluminium extrusion segment amounted to approximately RMB2,786,102,000, representing a decrease of 10.8% compared to approximately RMB3,123,132,000 for the corresponding period in 2015, which was primarily attributable to a decrease in average selling price due to decrease in the price of aluminium ingots; revenue from sales to deep processing business amounted to approximately RMB275,224,000, representing an increase of 60.6% over approximately RMB171,419,000 for the corresponding period in 2015; revenue from sales to the high value-added aluminium flat rolled product project in Tianjin amounted to approximately RMB104,431,000, while there was no such sales during the corresponding period in 2015.

The Group's sales volume of industrial aluminium extrusion segment to external customers amounted to 139,993 tonnes, basically in line with 139,626 tonnes for the corresponding period in 2015; sales volume of industrial aluminium extrusion products to deep processing business increased by 78.2% from 11,445 tonnes for the corresponding period in 2015 to 20,391 tonnes, mainly due to the increased demands for raw materials of deep processing business arising from the increased sales volume in deep processing business; sales volume of high precision aluminum raw materials to high value-added aluminium flat rolled product project in Tianjin amounted to 10,459 tonnes, while no such sales in the corresponding period in 2015.

The average selling price of industrial aluminium extrusion products sold to external customers from the Group's industrial aluminium extrusion segment decreased by 11.0% from RMB22,368 per tonne for the corresponding period in 2015 to RMB19,902 per tonne; the average selling price of industrial aluminium extrusion products sold to deep processing business decreased by 9.9% from RMB14,978 per tonne for the corresponding period in 2015 to RMB13,497 per tonne, primarily due to the decline of aluminium ingot prices; the average selling price of high precision aluminum raw materials sold to high value-added aluminium flat rolled product project in Tianjin was RMB9,985 per tonne.

Revenue from the Group's construction aluminium extrusion segment for the Period under Review recorded a decrease compared with that for the corresponding period in 2015, primarily due to the decreased product sales volume from the construction aluminium extrusion segment and the decreased average selling price arising from the decline of aluminium ingot prices for the Period under Review.

Revenue from the Group's deep processing business for the Period under Review increased dramatically compared with that for the corresponding period in 2015, mainly due to the increase in the sales volume of deep-processed products during the Period under Review.

Geographically, the Group's overseas clients mainly came from countries and regions including the United States, Germany and the United Kingdom. For the Period under Review, the Group's revenue from overseas sales amounted to approximately RMB516,995,000 (corresponding period in 2015: approximately RMB456,890,000), accounting for 15.0% (corresponding period in 2015: 12.7%) of the Group's total revenue.

2. Cost of Sales

The Group's cost of sales decreased by 9.6% from approximately RMB2,539,665,000 for the corresponding period in 2015 to approximately RMB2,296,495,000 for the Period under Review. The Group's product unit cost decreased by 14.7% to RMB13,605 per tonne for the Period under Review from RMB15,949 per tonne for the corresponding period in 2015, primarily due to the decline of aluminium ingot prices.

3. Gross Profit and Gross Margin

The Group's gross profit increased by 10.1% from approximately RMB1,054,046,000 for the corresponding period in 2015 to approximately RMB1,160,244,000 for the Period under Review. The Group's overall gross margin increased from 29.3% for the corresponding period in 2015 to 33.6% for the Period under Review. The increase was mainly due to the Group's continuous enhanced optimized product mix, and its emphasis on securing the production and sales of products with higher gross profit and the decline of aluminium ingot prices during the Period under Review.

4. Other Income

Other income increased from approximately RMB28,437,000 for the corresponding period in 2015 to approximately RMB199,233,000 for the Period under Review, primarily due to government grants and the increased exchange gains.

5. Administrative and Other Operating Expenses

Administrative and other operating expenses increased from approximately RMB289,419,000 for the corresponding period in 2015 to approximately RMB444,636,000 for the Period under Review, primarily due to a dramatic increase in non-cash flow expenses recognized by the Group from the options at fair value arising from a total of 450,000,000 share options granted by the Group during the Period under Review as well as the increase in research and development expenditures, land use rights amortization expenses, land use taxes, wages, salaries and benefits, financing fees and so on.

6. Finance Costs

The Group's finance costs increased from approximately RMB126,925,000 for the corresponding period in 2015 to approximately RMB219,033,000 for the Period under Review, mainly due to the significant increase in the scale of the Group's debentures and loans for the Period under Review as compared to that for the corresponding period in 2015.

7. Income Tax

The Group's income tax increased from approximately RMB119,661,000 for the corresponding period in 2015 to approximately RMB150,336,000 for the Period under Review, primarily attributable to the increase in profit before taxation.

The Group's effective tax rates for the corresponding period in 2015 and the Period under Review were 17.1% and 19.9%, respectively.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the Period under Review and the corresponding period in 2015 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. **Investors are advised to exercise caution when dealing in the securities of the Company.**

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

Hong Kong, 28 April 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