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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

UNAUDITED QUARTERLY FINANCIAL RESULTS AND OPERATIONAL STATISTICS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2010

The board of directors (the “**Board**”) of China Zhongwang Holdings Limited (the “**Company**”) is pleased to present the unaudited major financial results and operational statistics of the Company and its subsidiaries (the “**Group**”) for the three months ended 31 March 2010, together with the unaudited comparative figures for the corresponding period in 2009.

The Board of the Company is pleased to announce the unaudited major financial results and operational statistics of the Group for the three-month period ended 31 March 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

	Notes	Three months from 1 January to 31 March	
		2010 RMB'000 (Unaudited)	2009 RMB'000 (Unaudited)
Revenue	1	3,820,229	2,788,928
Cost of sales		<u>(1,920,188)</u>	<u>(1,612,388)</u>
Gross profit	2	1,900,041	1,176,540
Interest income		11,704	8,189
Other income, other gains and losses	3	18,462	4,206
Selling and distribution costs		<u>(30,310)</u>	<u>(23,732)</u>
Administrative and other operating expenses	4	<u>(44,693)</u>	<u>(16,711)</u>
Finance costs	5	<u>(112,021)</u>	<u>(88,387)</u>
Profit before taxation		1,743,183	1,060,105
Taxation	6	<u>(431,539)</u>	<u>(265,881)</u>
Profit for the period and total comprehensive income for the period attributable to owners of the Company		<u><u>1,311,644</u></u>	<u><u>794,224</u></u>

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

* For identification purpose only

The Group produces high precision and large-section of high additional value industrial aluminum extrusion products primarily used as parts and components for end products for transportation (including rail trucks, passenger carriages, metropolitan rails (subways and light rails), automobiles and vessels), machinery and electrical works. The Group's customized industrial aluminum extrusion products are manufactured in accordance with our customers' specifications and quality standards.

As a result of the Group's strategy to strive in research and development, production and sale of the industrial aluminum extrusion products, of which the demand has been increasing and the gross profit margin is higher than the construction aluminum product market, the sales of the Group's industrial aluminum extrusion products increased significantly in the first quarter of 2010.

1. Revenue

	Three months from		Change
	1 January to 31 March		
	2010	2009	%
	RMB million	RMB million	
Revenue			
Industrial aluminum extrusion products	3,749	1,974	89.9
Construction aluminum extrusion products	71	815	(91.2)
Total revenue	<u>3,820</u>	<u>2,789</u>	37.0

Revenue increased by 37.0% to RMB3,820,229,000 for the three-month period ended 31 March 2010 from RMB2,788,928,000 for the corresponding period in 2009. The increase in revenue was mainly attributable to the increases in the sales volume and average selling price of industrial aluminum extrusion product. The Company's sales volume increased significantly due to increasing demand for industrial aluminum extrusion products from transportation, machinery and electrical works sectors of the local and international markets. On the other hand, the Company introduced more industrial aluminum extrusion products with higher added value and further improved the quality and technology of its products in 2010 to meet the quality requirements of its local and overseas customers. The Company determines the prices of its products on a cost-plus basis by adding a processing fee on top of the prevailing market price of aluminum ingot. For the three-month period ended 31 March 2010, the average processing fee increased by 41.5%, the average price increased by 39.1% whereas the average cost of aluminum ingot increased by 35.6% compared to that of the corresponding period in 2009.

In 2010, the Company will continue to focus on the development of industrial aluminum extrusion product market. It is the Company's strategy to increase its market share of industrial aluminum extrusion products which command higher margin and have higher market potential. Under such strategy, the sales revenue of the Company's industrial aluminum extrusion products increased significantly in the first quarter of 2010 and accounted for 98.1% of the total revenue of the Company for the three-month period ended 31 March 2010, while the sales revenue of the Company's construction aluminum extrusion products further decreased, which

only accounted for 1.9% of the total revenue of the Company for the same period. Revenue generated from the Group's industrial aluminum extrusion products increased by 89.9% to RMB3,748,690,000 for the three-month period ended 31 March 2010 from RMB1,973,835,000 for the corresponding period in 2009. Revenue generated from the Group's construction aluminum extrusion products decreased by 91.2% to RMB71,539,000 for the three-month period ended 31 March 2010 from RMB815,093,000 for the corresponding period in 2009.

Cost of sales increased by 19.1% to RMB1,920,188,000 for the three-month period ended 31 March 2010 from RMB1,612,388,000 for the corresponding period in 2009. The Group focused on industrial aluminum extrusion products. Due to the increased sales volume of such products, cost of sales for our industrial aluminum extrusion products increased significantly by 98.1% to RMB1,852,800,000 for the three-month period ended 31 March 2010 from RMB935,173,000 for the corresponding period in 2009, while cost of sales for our construction aluminum extrusion products decreased by 90.0% to RMB67,388,000 for the three-month period ended 31 March 2010 from RMB677,215,000 for the corresponding period in 2009. Such decrease was mainly due to the decrease in sales volume of construction aluminum extrusion products in conformity to the Group's development strategy for the period as compared to the same period in 2009.

The Group's total sales volume decreased to 105,400 tons for the three-month period ended 31 March 2010 from 107,008 tons for the corresponding period in 2009. The sales volume of the Group's industrial aluminum extrusion products increased to 101,624 tons for the three-month period ended 31 March 2010 from 65,353 tons for the corresponding period in 2009. The sales volume of the Group's construction aluminum extrusion products decreased to 3,776 tons for the three-month period ended 31 March 2010 from 41,655 tons for the corresponding period in 2009.

Overseas orders have been increasing owing to the Group's increased investments in the development of industrial aluminum extrusion products, and coupled with our efforts in the expansion of industrial aluminum extrusion products with higher added value for international market and expanding our customer base in recent years, especially the commencement of operation of the 125MN oil-driven dual action aluminum extrusion press and the relevant large-scale ancillary equipment in early 2009. The percentage of export sales revenue of the Group increased to 71.4% for the three-month period ended 31 March 2010 from 14.0% for the corresponding period in 2009. The Group's revenue generated from export sales may be adversely affected by amendments to policies, laws and regulations of the countries or regions where our products are distributed. Based on the market demand for industrial aluminum extrusion products, the Group will further develop the Asian and domestic markets and increase the ratio of products with high-added value, so as to minimize the adverse effect of such potential policies.

2. Gross profit

	Three months from 1 January to 31 March	
	2010	2009
	%	%
Gross profit margin		
Industrial aluminum extrusion products	50.6	52.6
Construction aluminum extrusion products	5.8	16.9
Overall gross profit margin	49.7	42.2

The Group's overall gross profit margin increased to 49.7% for the three-month period ended 31 March 2010 from 42.2% for the corresponding period in 2009. The gross profit margin of the Group's industrial aluminum extrusion products decreased to 50.6% for the three-month period ended 31 March 2010 from 52.6% for the corresponding period in 2009. Generally, the Group determines the prices for its products on a cost-plus basis by adding a processing fee on top of the prevailing market price of aluminum ingot, the processing fee is taking into account the complexity of product design, level of precision of the product, size of the contract, trading history and our relationship with the customer, and the overall market condition and demand. During the three-month period ended 31 March 2010, both the price of aluminum ingots and the Group's processing charge increased. However, since the increase in the price of aluminum ingots was higher than that of our processing fee of industrial aluminum extrusion products, the gross profit margin of industrial aluminum extrusion products slightly decreased. The gross profit margin of the Group's construction aluminum extrusion products decreased to 5.8% for the three-month period ended 31 March 2010 from 16.9% for the corresponding period in 2009, primarily due to the Group's reduction in the production and sales of construction aluminum extrusion products as well as the decrease in average price as compared with the corresponding period in 2009.

3. Other income, other gains and losses

Other income, other gains and losses increased significantly to RMB18,462,000 for the three-month period ended 31 March 2010 from RMB4,206,000 for the corresponding period in 2009, mainly due to the increases in government subsidies. The subsidy for research and development of the Group was granted by the relevant government department of China at its sole discretion. For the three-month period ended 31 March 2010, the Group was granted approximately RMB15,470,000 of "Incentive for Export Sales for 2009" by the Finance Bureau of Liaoyang City.

4. Administrative and other operating expenses

Administrative and other operating expenses, mainly comprise of wages, salaries and benefits, depreciation charges of office equipment, option costs and other expenses, increased to RMB44,693,000 for the three-month period ended 31 March 2010 from RMB16,711,000 for the corresponding period in 2009. The increase was primarily due to the non-cash outflow of

RMB10,961,000 arising from the pre-IPO share options measured at fair value (the three-month period ended 31 March 2009: nil) recognized for the three-month period ended 31 March 2010. The Group did not recognize such share option charges during the corresponding period in 2009 because the management was not certain as to whether the listing of shares would be successful. In addition, due to the Group's expansion of operation scale, the operating expenses of the Group, including agent fee and office expenses, also increased.

5. Finance costs

Finance costs increased by 26.7% to RMB112,021,000 for the three-month period ended 31 March 2010 from RMB88,387,000 for the corresponding period in 2009, mainly due to the increases in loans for our working capital for general operational purpose during the period.

6. Taxation

Income tax expenses of the Group increased significantly by 62.3% to RMB431,539,000 for the three-month period ended 31 March 2010 from RMB265,881,000 for the corresponding period in 2009, mainly due to an increase in profit before taxation. Our effective tax rates for the three-month periods ended 31 March 2010 and 31 March 2009 were 24.8% and 25.1%, respectively.

7. Acquisition

As disclosed in the announcement of the Group dated 9 February 2010, on 9 February 2010, Liaoning Zhongwang Group Co. Ltd ("**Liaoning Zhongwang**"), a wholly-owned subsidiary of the Company, entered into the Framework Agreement with Xining Municipal Investment Management Limited, Qinghai Northwest Aluminum Alloy Material (Group) Limited and Xining Development of Economic Technology Zone Group Co. (collectively, the "**Sellers**"), pursuant to which Liaoning Zhongwang proposed to acquire 100% equity interests in Qinghai Guoxin Aluminum Industry Incorporated Company (the "**Target Company**") from the Sellers ("**Proposed Acquisition**") with a total investment of approximately RMB1.2 billion. Unless the context requires otherwise, capitalised terms used in this Note 7 shall have the same meaning as defined in the announcement dated 9 February 2010.

Pursuant to the Framework Agreement, the Company and its professional advisers commenced a due diligence review of the financial, legal and business affairs of the Target Company following the execution of the Framework Agreement. In order to avoid any material adverse legal risk on the part of the Company, Liaoning Zhongwang entered into a supplemental agreement dated on 29 April 2010 (the "**Supplemental Agreement**") with the Sellers and the Target Company whereby the due diligence period was agreed to be extended by three months from the date of signing the Supplemental Agreement. Subject to the results of the due diligence review being satisfactory to the Company, the parties intended to finish the negotiation over the proposed acquisition terms and sign the formal acquisition agreement within these three months.

8. Loan transaction

As disclosed in the Company's announcement of annual results dated 20 April 2010, Liaoning Zhongwang entered into supplemental agreements with two local commercial banks (the "**Local Banks**"), the local government and Liaoyang Hongwei Construction Investment Co., Ltd. ("**Hongwei**"), pursuant to which previous loan arrangements between Liaoning Zhongwang and the Local Banks (the "**Loan Arrangements**") were further clarified. It was set out in writing in the supplemental agreements that Hongwei is the actual debtor who has the obligation to repay the loans plus interests from the date of executing the Loan Arrangements, while Liaoning Zhongwang does not bear any obligation of repayment or warranties. Hongwei is a state-owned corporation with limited liability which is wholly-owned by the local government. Unless the context requires otherwise, capitalised terms used in this Note 8 shall have the same meaning as defined in the announcement of annual results dated 20 April 2010.

For the three-month period ended 31 March 2010, further RMB200 million was borrowed from the Local Banks and the aggregate amount of loan under the Loan Arrangements was RMB2.5 billion. As at the date of this announcement, Hongwei has fully repaid the loan with principal amount of RMB2.5 billion and relevant interests to the Local Banks.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the three-month period ended 31 March 2010 and the corresponding period in 2009 are based on the Group's internal records. 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, 29 April 2010

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

Executive Directors

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

Independent Non-executive Directors

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