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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 2015

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 2015 together with the unaudited comparative figures for the same period in 2014.

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 2015 (the “**Period under Review**”), together with the unaudited comparative figures for the same period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME

		Three months ended 31 March	
		2015	2014
		RMB'000	RMB'000
	<i>Notes</i>	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	1	3,593,711	3,571,296
Cost of sales	2	<u>(2,539,665)</u>	<u>(2,614,823)</u>
Gross profit	3	1,054,046	956,473
Investment income	4	59,786	29,310
Other income/(expenses) and other gains/(losses), net		28,437	11,680
Selling and distribution costs		(26,311)	(25,938)
Administrative and other operating expenses	5	(289,419)	(252,148)
Share of profit of an associate		400	812
Finance costs		<u>(126,925)</u>	<u>(119,455)</u>
Profit before taxation		700,014	600,734
Income tax	6	<u>(119,661)</u>	<u>(100,065)</u>
Profit for the period		<u><u>580,353</u></u>	<u><u>500,669</u></u>

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 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.

The Group continues to focus on the development of high precision, large-section and high value-added industrial aluminium extrusion products, making an all-round effort to tap the enormous market potentials of China's aluminium processing industry in line with our market outreach strategy focused primarily on China and to a lesser extent on the overseas. In the meantime, the Group have extended its business scope to cover high value-added deep-processed products with promising market potentials. The Group has not only developed a range of deep-processed products for overseas market, for example, industrial aluminium pallets, but has also developed those high value-added deep-processed products with strong market potentials, such as aluminium-intensive semi-trailers, oil tank trucks, fire trucks and high-speed train carriages suitable for alpine cold regions. Meanwhile, the Group has actively developed the high value-added aluminium flat rolling business which is synergistic with the industrial aluminium extrusion business. The high value-added aluminium flat rolled product project in Tianjin is progressing steadily as scheduled. The plant construction for the first production line of Phase I has been completed. Equipment installation and testing are currently underway, to be followed by the commissioning of the production line. By then, the high value-added aluminium flat rolling business will become our third core business complementary to and synergistic with its existing industrial aluminium extrusion and deep processing businesses. These three core businesses will underpin the Group's model of sustainable growth and continuously sharpen our major competitive edges in the aluminium processing sector.

1. Revenue

During the Period under Review, the Group's total revenue amounted to approximately RMB3,593,711,000, which is basically the same as that of approximately RMB3,571,296,000 for the same period in 2014. During the Period under Review, our major revenue of approximately RMB3,571,895,000 was generated from sales of the aluminium extrusion business while other revenue of approximately RMB21,816,000 comprised primarily metal trade agency fees and income from the financial service business of Zhongwang Group Finance Limited established by the Group at the end of 2014. The sales of the aluminium extrusion business during the same period in 2014 was approximately RMB3,565,453,000 while other revenue which mainly included metal trade agency fees was approximately RMB5,843,000.

The following sets forth the breakdowns of our Group's revenue by aluminium extrusion business segments and products for the Period under Review and the same period of 2014:

	Three months ended 31 March	
	2015	2014
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Aluminium extrusion business		
Industrial segment	3,442,175	3,462,995
Industrial aluminium extrusion products	3,116,175	3,058,270
Deep-processed products	326,000	404,725
Construction segment	129,720	102,458
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Total	<u>3,571,895</u>	<u>3,565,453</u>

The 18 large extrusion presses of 75MN or above that the Group has acquired since 2011 had all been successively installed and commissioned before the end of 2013 and were fully operational in 2014, raising the total number of the Group's large extrusion presses of 75 MN or above to 21. In addition, the two ultra-large 225MN extrusion presses ordered by the Group in 2012 will arrive respectively as planned for installation this year and are expected to commence production next year. Currently, the major extrusion production lines of the Group are all working at full capacity. The operation of the extrusion business of the Group in 2015 will focus on the continuous optimisation of product structure in order to guarantee the production and sales of products with higher gross profit.

Revenue from the Group's aluminium extrusion business amounted to approximately RMB3,571,895,000 for the Period under Review, basically the same as that for the same period of 2014. Total product sales volume of the Group's aluminium extrusion business was 159,238 tonnes (same period in 2014: 165,535 tonnes) for the Period under Review. The average selling price of the Group's aluminium extrusion products increased by 4.1% to RMB22,431 per tonne for the Period under Review from RMB21,539 per tonne for the same period of 2014, mainly because of the increase in the share of high-end aluminium extrusion products with higher selling prices in the aluminium extrusion products sold during the Period under Review.

Revenue from the Group's industrial segment for the Period under Review amounted to approximately RMB3,442,175,000, basically the same as that for the same period of 2014. Total sales volume of the Group's industrial segment for the Period under Review was 151,071 tonnes (same period in 2014: 159,250 tonnes). Among which, revenue from the Group's industrial aluminium extrusion products amounted to approximately RMB3,116,175,000 for the Period under Review, representing an increase of 1.9% for the same period in 2014. Sales volume of the Group's industrial aluminium extrusion products for the Period under Review was 139,478 tonnes (same period in 2014: 144,277 tonnes). The average selling price of the Group's industrial aluminium extrusion products rose by 5.4% to RMB22,342 per tonne for

the Period under Review from RMB21,197 per tonne for the same period of 2014, mainly because of the increase in the share of high-end industrial extrusion products with higher selling prices among industrial extrusion products sold during the Period under Review.

Revenue from deep-processed products of the Group for the Period under Review decreased by 19.5% to approximately RMB326,000,000 as compared to that for the same period in 2014, mainly because of the decrease in the sales volume of deep-processed products for the Period under Review. Sales volume of the Group's deep-processed products for the Period under Review was 11,593 tonnes (same period in 2014: 14,973 tonnes). The average selling price of the Group's deep-processed products rose by 4.0% to RMB28,120 per tonne for the Period under Review from 27,030 per tonne for the same period of 2014, mainly because of the increase in the share of high-end deep-processed products with higher selling prices among deep-processed products sold during the Period under Review.

Revenue from the Group's construction segment increased by 26.6% over the same period of 2014 to approximately RMB129,720,000 for the Period under Review, mainly because of the increase in the sales volume of the construction segment. Sales volume of the Group's construction segment for the Period under Review was 8,167 tonnes (same period in 2014: 6,285 tonnes). The average selling price of the products from the Group's construction segment decreased by 2.6% to RMB15,883 per tonne for the Period under Review from RMB16,302 per tonne for the same period of 2014 primarily because of a decline in the price of aluminium ingots during the Period under Review.

Geographically, the Group's overseas clients mainly come from countries and regions such as the US and Germany. For the Period under Review, our revenue from overseas sales amounted to approximately RMB456,890,000 (same period in 2014: approximately RMB501,338,000), accounting for 12.7% (same period in 2014: 14.0%) of the Group's total revenue.

2. Cost of Sales

Our cost of sales was approximately RMB2,539,665,000 for the Period under Review (same period in 2014: approximately RMB2,614,823,000). The Group's unit cost of aluminium extrusion business was RMB15,949 per tonne for the Period under Review, basically the same as that of RMB15,796 per tonne for the same period of 2014.

3. Gross Profit and Gross Margin

The Group's gross profit increased by 10.2% to approximately RMB1,054,046,000 for the Period under Review from RMB956,473,000 for the same period of 2014. Our overall gross profit margin increased to 29.3% for the Period under Review from 26.8% for the same period of 2014, mainly because of the continuous optimisation of product structure to guarantee the production and sales of products with higher gross profit during the Period under Review.

4. Investment income

Investment income mainly consists of interest income from bank deposits and interest income from available-for-sale financial assets. Investment income increased to approximately RMB59,786,000 for the Period under Review from approximately RMB29,310,000 for the same period of 2014, which was primarily attributable to the following factors:

- (i) bank deposits interest income decreased to approximately RMB22,481,000 for the Period under Review from approximately RMB29,112,000 for the same period of 2014; and
- (ii) interest income from available-for-sale financial assets increased to approximately RMB37,305,000 for the Period under Review from approximately RMB198,000 for the same period of 2014. Interest income from available-for-sale financial assets is mainly from financial products invested by the Group. In addition to placing surplus funds as fixed-term deposits with banks, the Group also invests in certain low-risk and principal-protected financial products of some financial institutions to help preserve the Group's liquidity and increase interest income.

5. Administrative and Other Operating Expenses

Our administrative and other operating expenses mainly comprise research and development expenditures, land use taxes, amortization of land use rights, wages, salaries and benefits, bank fees, rentals, intermediary fees and depreciation charges of office equipment.

The administrative and other operating expenses increased to approximately RMB289,419,000 for the Period under Review from approximately RMB252,148,000 for the same period of 2014, which was primarily attributable to the facts that:

- (i) the Group's research and development expenditures under administrative and other operating expenses decreased to approximately RMB81,578,000 for the Period under Review from approximately RMB106,577,000 for the same period of 2014. The research and development expenditures were mainly spent on the development of and research on large and complex cross-section aluminium extrusion structural parts and sets of technologies for transportation equipment in such sectors as aviation and aerospace, railway vehicles, commercial vehicles, passenger cars and special vehicles;
- (ii) the Group's acquisitions of land use rights in Liaoning and Heilongjiang provinces and Tianjin in China led to an increase of amortization of land use rights and land use taxes to approximately RMB88,368,000 for the Period under Review from approximately RMB85,407,000 for the same period of 2014;
- (iii) the Group's wages, salaries and benefit under administrative and other operating expenses increased to approximately RMB60,305,000 for the Period under Review from approximately RMB28,561,000 for the same period of 2014, mainly because of the increase in the number of employees as a result of the expansion of production capacity, development of deep processing business and the aluminium flat rolled product project as well as the rise in the average wages; and

(iv) other administrative and operating related expenses, comprising bank fees, rentals, intermediary fees and depreciation charges of office equipment, increased to approximately RMB59,168,000 for the Period under Review from approximately RMB31,603,000 for the same period in 2014.

6. Income Tax Expense

The Group's income tax expense increased to approximately RMB119,661,000 for the Period under Review from approximately RMB100,065,000 for the same period in 2014, mainly because of the increase in the profit before taxation.

The Group's effective tax rates for the same period in 2014 and the Period under Review were 16.7% and 17.1%, 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 same period in 2014 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, 22 April 2015

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