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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 2012

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 2012 together with the unaudited comparative figures for the corresponding period of last year.

The Board (the “**Board**”) of directors (the “**Directors**”) of China Zhongwang Holdings Limited (the “**Company**”) hereby announces the unaudited major financial results and operational statistics of the Company and its subsidiaries (the “**Group**”) for the three-month period ended 31 March 2012, together with the unaudited comparative figures for the corresponding period in 2011 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Notes	Three months ended 31 March	
		2012 RMB'000 (Unaudited)	2011 RMB'000 (Unaudited)
Revenue	1	3,243,024	1,490,883
Cost of sales	2	(2,405,252)	(1,132,278)
Gross profit	3	837,772	358,605
Investment income		23,604	21,438
Other income, other gains and losses		4,686	(2,136)
Selling and distribution costs	4	(19,106)	(26,808)
Administrative and other operating expenses	5	(75,261)	(35,308)
Finance costs	6	(106,516)	(92,068)
Share of profit of an associate		845	—
Profit before taxation		666,024	223,723
Income tax expense	7	(174,651)	(58,872)
Profit for the period		491,373	164,851

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 principally engaged in the production of high precision, large-section and high value added industrial aluminium extrusion products which are widely used in the transportation sector (including railway passenger and cargo carriages, metropolitan rails, automobiles, heavy trucks, vessels, aviation and aerospace), machinery and equipment and electric power engineering sectors. The Group's unique core competitiveness in the industry lies in our comprehensive strength of our four-in-one model, i.e. the integration of smelting and casting, die design, advanced equipment and research and development capability all under one roof.

The Group will continue to focus on light-weight development in the transportation, machinery and equipment and electric power engineering sectors that aims at reducing energy consumption and facilitating low carbon emission. It will actively seek to sharpen its edge in the industrial aluminium extrusion sector, extend its reach to the high-end aluminium flat rolled product segment and develop aluminium deep-processing technologies, in order to become the world's top comprehensive manufacturer and developer of premium aluminium processed products.

1. Revenue

	Three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Revenue:		
Industrial aluminium extrusion products	2,911,529	1,404,875
Construction aluminium extrusion products	102,737	74,382
Deep-processed products	228,758	11,626
	<hr/>	<hr/>
Total revenue	<u>3,243,024</u>	<u>1,490,883</u>

The Group's revenue sharply increased by 117.5% to approximately RMB3,243,024,000 for the three-month period ended 31 March 2012 from approximately RMB1,490,883,000 for the same period in 2011. Since our shift of focus back to the China market in 2011, positive results have been achieved by our intensive efforts to develop domestic customers. In the meantime, we reported a certain measure of recovery in our export sales as a result of our vigorous development of deep-processed products. For the three-month period ended 31 March 2012, the significant growth in revenue was attributable to the substantial increase in domestic sales, increase in deep-processed product sales and higher average price of industrial aluminium extrusion products.

Total sales volume of the Group increased to 131,485 tonnes for the three-month period ended 31 March 2012 from 64,267 tonnes for the same period in 2011. The average selling price of our products increased by 6.3% for the three-month period ended 31 March 2012 as compared to that for the same period of last year.

Our revenue from industrial aluminium extrusion products significantly increased by 107.2% to approximately RMB2,911,529,000 for the three-month period ended 31 March 2012 from approximately RMB1,404,875,000 for the same period in 2011. The growth was mainly due to increases in both average price and sales volume of industrial aluminium extrusion products. Sales volume of our industrial aluminium extrusion products increased to 120,517 tonnes for the three-month period ended 31 March 2012 from 60,024 tonnes for the same period in 2011. The increase was primarily because the Group's focus on developing the domestic market had led to an increase in domestic sales volume of industrial aluminium extrusion products.

Revenue from construction aluminium extrusion products increased by 38.1% to RMB102,737,000 for the three-month period ended 31 March 2012 from approximately RMB74,382,000 for the same period in 2011. The growth was attributable to an increase in sales volume. Sales volume of our construction aluminium extrusion products increased to 5,473 tonnes for the three-month period ended 31 March 2012 from 3,883 tonnes for the same period in 2011.

Revenue from deep-processed products substantially increased to approximately RMB228,758,000 for the three-month period ended 31 March 2012 from approximately RMB11,626,000 for the same period in 2011. Our sales volume of deep-processed products increased to 5,495 tonnes for the three-month period ended 31 March 2012 from 360 tonnes for the same period in 2011. To address changes in the external market environment on the basis of its research and judgment on the future development trends of the aluminium processing industry, the Group in 2011 fully leveraged its existing technology and market and customer resources in the upstream and downstream of the industry chain to develop high-margin deep-processed industrial aluminium extrusion products, in connection with which a new deep-processing center had been built and will commence operation in the second half of 2012 to further increase the Group's production capacity for deep-processed products so that it will form an important profit growth point for the Group.

Based on the shipping or delivery documents of each sales transaction, the management has categorized revenue by the location of our customers as follows:

	Three months ended 31 March	
	2012	2011
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
People's Republic of China	2,949,941	1,423,162
United States of America ("US")	292,861	13,390
Australia	—	53,786
Others	222	545
	<hr/>	<hr/>
Total	<u>3,243,024</u>	<u>1,490,883</u>

Geographically, the Group's overseas clients mainly came from countries and regions such as the US and Australia. For the three-month period ended 31 March 2012, our revenue from overseas sales amounted to approximately RMB293,083,000 (same period in 2011: RMB67,721,000), representing 9.0% (same period in 2011: 4.5%) of the Group's total revenue.

For the three-month period ended 31 March 2012, our revenue generated from domestic sales increased substantially to approximately RMB2,949,941,000 from approximately RMB1,423,162,000 for the same period in 2011, which was primarily attributable to the Group's active expansion of its share in the Chinese domestic market. Our main customers included large state-owned enterprises from sectors such as transportation, electric power engineering and machinery and equipment.

Currently, the Group's deep-processed products are mostly sold to the US. As a result, there was a substantial increase of export sales to the US for the three-month period ended 31 March 2012 as compared to same period in 2011. We did not have any export sales to Australia for three-month period ended 31 March 2012, primarily because the Group's focus on developing the domestic market had led it to apply those large machinery previously used for the production of large-section aluminium extrusion products to be sold overseas to the production of products intended for domestic sales.

2. Cost of Sales

Cost of sales increased by 112.4% to approximately RMB2,405,252,000 for the three-month period ended 31 March 2012 from approximately RMB1,132,278,000 for the same period in 2011. The increase was mainly due to higher product sales volume during the current period.

3. Gross Profit and Gross Profit Margin

	Three months ended 31 March	
	2012	2011
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Overall gross profit margin (%)	<u>25.8</u>	<u>24.1</u>

The Group typically sets prices for its products on a "cost-plus" basis. Processing charges are added as components of final prices, taking into account the complexity of product design, level of precision of the product, size of the contract, our trading history and relationship with the customer, and the overall market condition and demand.

Our gross profit increased by 133.6% to approximately RMB837,772,000 for the three-month period ended 31 March 2012 from approximately RMB358,605,000 for the same period in 2011. Our overall gross profit margin increased to 25.8% for the three-month period ended 31 March 2012 from 24.1% for the same period in 2011, which was primarily attributable to an increase in export sales, which commanded higher gross profit margins, as a percentage of our overall profit. On the other hand, gross profit margins of domestic sales of industrial aluminium extrusion products for the three-month period ended 31 March 2012 were largely in line with those for the same period of last year.

4. Selling and distribution costs

Selling and distribution costs primarily consist of advertising and promotional expenses, wages and salaries of sales staff, and transportation costs, etc. These costs decreased by 28.7% to approximately RMB19,106,000 for the three-month period ended 31 March 2012 from approximately RMB26,808,000 for the same period in 2011. The decrease was primarily attributable to a decline in advertising and promotional expenses by 36.8% from approximately RMB18,018,000 for the three-month period ended 31 March 2011 to approximately RMB11,384,000 for the three-month period ended 31 March 2012.

5. Administrative and other operating expenses

Administrative and other operating expenses, mainly comprising land use taxes, amortization in land use right, share option charges, wages, salaries and benefits, intermediary service charges, and other charges in relation to administrative and operating activities, increased by 113.2% to approximately RMB75,261,000 for the three-month period ended 31 March 2012 from approximately RMB35,308,000 for the same period in 2011. The increase was primarily attributable to the facts that (i) during the three-month period ended 31 March 2012, the land use taxes arisen from the Group's acquisitions of the land use rights in Panjin City and Daqing City amounted to approximately RMB24,858,000, while there was no such expense for the same period in 2011; (ii) the land use right amortization expenses resulted from the acquisition of land use rights amounted to approximately RMB8,073,000 for the three-month period ended 31 March 2012, while there was no such expense for the same period in 2011; and (iii) the Group's non-cash charges arising from share options calculated at fair value increased to approximately RMB9,062,000 for the three-month period ended 31 March 2012 from approximately RMB7,092,000 for the same period in 2011, primarily as a result of the granting of 45,700,000 new options on 22 March 2011 by the Company.

6. Finance costs

Our finance costs increased by 15.7% to approximately RMB106,516,000 for the three-month period ended 31 March 2012 from approximately RMB92,068,000 for the same period in 2011, which was mainly due to an increase in average loan interest rate during the three-month period ended 31 March 2012 as compared to the same period in 2011. For the three-month periods ended 31 March 2011 and 2012, the Group's bank loans carried an average interest rate of 5.34% and 6.22% per annum, respectively.

7. Income tax expense

Our income tax expense increased by 196.7% to approximately RMB174,651,000 for the three-month period ended 31 March 2012 from approximately RMB58,872,000 for the same period in 2011, which was primarily attributable to an increase in profit before taxation. Our effective tax rates for the three-month periods ended 31 March 2011 and 2012 were 26.3% and 26.2%, respectively.

8. High value-added aluminium flat rolled products

Aluminium flat rolled products include aluminium plates, sheets and foils, which are extensively applied in the aviation and aerospace, vessel, railway transportation, automobile, machinery and equipment and packaging sectors. Following a long period of research, planning and preparation, the Group's project for high value-added aluminium flat rolled products is now in the stage of implementation. Subsequent to the announcement in October 2011 that it would invest a total of approximately RMB24.0 billion in stages in the next three years to purchase advanced production equipment for aluminium flat rolled products from Germany and the US, the Group acquired the land use right for industrial purposes in Wuqing district, Tianjin through auction at a total consideration of RMB1,398,200,000 on 9 March 2012 for the construction of a production base for aluminium flat rolled products. Meanwhile, the Group is recruiting industry technical experts from overseas as planned to enhance the building of a technical talent team. The production base for the first phase of the project with an annual capacity of 1.8 million tonnes of aluminium flat rolled products is expected to commence production in the second half of 2014, while the total planned annual capacity of 3 million tonnes will be achieved by the end of 2018. Given our Group's technological edge, staff expertise, customer resources and financial strength in the aluminium processing industry, we have full confidence in the future development of such business.

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 2012 and the corresponding period in 2011 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, 27 April 2012

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