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 2014

GROUP FINANCIAL HIGHLIGHTS

	2014	2013
	RMB'000	*RMB'000*
Revenue	**15,971,218**	14,306,751
Gross profit	**4,467,169**	3,841,051
Profit before taxation	**2,970,328**	2,555,166
Profit attributable to equity shareholders	**2,477,020**	2,126,625
Earnings per share *(RMB) (note 1)*	**0.36**	0.39
Final dividend per share *(RMB)*	**0.06**	0.10
Full year dividend per share *(RMB)*	**0.13**	0.10
Bank balances and cash *(note 2)*	**11,230,801**	10,885,509
Net assets	**24,328,592**	19,638,892
Total assets	**53,769,415**	40,353,143

Notes:

1. 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 2014 and 2013 and on the weighted average number of ordinary shares, convertible preference shares and share options during that year.
2. Bank balances and cash = Cash and cash equivalents + Short-term deposits + Pledged bank deposits.

DIVIDEND

The Board recommended to declare a final dividend of HK$0.08 (approximately equivalent to RMB0.06) per share for the financial year ended 31 December 2014. Subject to shareholders' approval at the forthcoming annual general meeting of the Company to be held on Friday, 15 May 2015, the final dividend will be paid on Thursday, 18 June 2015 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 Tuesday, 26 May 2015.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HK$0.08 (approximately equivalent to RMB0.06) 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 36.2%.

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 2014 (the "**Year under Review**"), together with the comparative figures for the year ended 31 December 2013 (the "**Year 2013**"), as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2014

	Note	**2014** *RMB'000*	2013 *RMB'000*
Revenue	*3*	**15,971,218**	14,306,751
Cost of sales		**(11,504,049)**	(10,465,700)
Gross profit		**4,467,169**	3,841,051
Investment income		**171,923**	132,178
Other income/(expenses) and other gains	*4*	**238,358**	328,864
Selling and distribution costs		**(155,733)**	(147,033)
Administrative and other operating expenses		**(1,261,089)**	(1,040,200)
Share of profit of an associate		**3,687**	3,796
Finance costs	*5(a)*	**(493,987)**	(563,490)
Profit before taxation	*5*	**2,970,328**	2,555,166
Income tax	*6*	**(493,308)**	(428,541)
Profit for the year attributable to equity shareholders of the Company		**2,477,020**	2,126,625
Other comprehensive income			
Items that may be reclassified subsequently to the consolidated income statement:			
— Exchange differences arising on translation to presentation currency		**24**	(6,651)
— Cash flow hedge: net movement in the hedging reserve		**(1,213)**	—
Total comprehensive income for the year attributable to equity shareholders of the Company		**2,475,831**	2,119,974
Earnings per share			
Basic *(RMB)*	*7*	**0.36**	0.39
Diluted *(RMB)*	*7*	**0.36**	0.39

Consolidated Statement of Financial Position

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Property, plant and equipment		**19,124,175**	7,272,504
Prepaid lease payments		**5,115,292**	4,827,695
Interest in an associate		**60,494**	56,807
Deposits for acquisition of property, plant and equipment and prepaid lease	9	**9,263,325**	12,441,056
Pledged bank deposits		**460,000**	1,532,000
Available-for-sale financial assets	10	**701,160**	—
Deferred tax assets		**40,556**	31,220
		34,765,002	26,161,282
Current assets			
Inventories		**3,192,409**	3,736,578
Trade and bills receivables	11	**818,100**	660,844
Other receivables, deposits and prepayments	12	**2,508,968**	273,906
Available-for-sale financial assets	10	**1,602,382**	—
Current tax assets		**—**	64,279
Prepaid lease payments		**111,753**	102,745
Pledged bank deposits		**1,181,400**	36,454
Short-term deposits		**126,059**	—
Cash and cash equivalents		**9,463,342**	9,317,055
		19,004,413	14,191,861
Current liabilities			
Trade payables	13	**753,862**	1,482,195
Bills payable	14	**1,539,430**	2,291,520
Other payables and accrued charges	15	**2,814,329**	828,962
Current tax liabilities		**89,779**	—
Debentures		**3,000,000**	3,200,000
Bank and other loans		**8,898,417**	4,308,500
Derivative financial instruments		**13,710**	—
		17,109,527	12,111,177
Net current assets		**1,894,886**	2,080,684
Total assets less current liabilities		**36,659,888**	28,241,966

Consolidated Statement of Financial Position (Continued)

At 31 December 2014

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Bank and other loans		**10,287,816**	4,891,643
Debentures		**1,700,000**	3,500,000
Deferred tax liabilities		**343,480**	211,431
		12,331,296	8,603,074
NET ASSETS		**24,328,592**	19,638,892
CAPITAL AND RESERVES			
Share capital		**605,397**	474,675
Reserves		**23,723,195**	19,164,217
TOTAL EQUITY		**24,328,592**	19,638,892

Notes to the Consolidated Financial Statements

For the year ended 31 December 2014

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 a number of amendments to IFRSs and one new interpretation that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's consolidated financial statements:

— Amendments to IAS 32, *Offsetting financial assets and financial liabilities*

— Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*

— Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*

— IFRIC 21, *Levies*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(b) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2014

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 2014 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.

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 2014 (Continued)

In addition, the requirements of Part 9, "Accounts and Audit", of the new Hong Kong Companies Ordinance (Cap. 622) come into operation from the Company's first financial year commencing after 3 March 2014 (i.e. the Company's financial year which began on 1 January 2015) in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of the expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9. So far it has concluded that the impact is unlikely to be significant and will primarily only affect the presentation and disclosure of information in 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 and other income. The amount of each significant category of revenue recognised during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Sales of aluminium products		
— for industry use	**14,869,571**	13,377,531
— for construction use	**1,045,134**	917,750
Others	**56,513**	11,470
	15,971,218	14,306,751

(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 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 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 results

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

	Segment revenue		**Segment results**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Industrial	**14,869,571**	13,377,531	**4,325,380**	3,736,023
Construction	**1,045,134**	917,750	**85,452**	93,680
Others	**56,513**	11,470	**56,337**	11,348
Total	**15,971,218**	14,306,751	**4,467,169**	3,841,051
Investment income and other income/ (expenses) and other gains			**410,281**	461,042
Selling and distribution costs			**(155,733)**	(147,033)
Administrative and other operating expenses			**(1,261,089)**	(1,040,200)
Share of profit of an associate			**3,687**	3,796
Finance costs			**(493,987)**	(563,490)
Profit before taxation			**2,970,328**	2,555,166
Income tax			**(493,308)**	(428,541)
Profit for the year			**2,477,020**	2,126,625

All of the segment revenue reported above is from external customers.

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

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:

	2014	2013
	RMB'000	*RMB'000*
Industrial	**12,945,541**	9,979,131
Construction	**246,477**	320,645
Flat-rolled	**19,734,800**	13,350,456
Unallocated assets		
— Property, plant and equipment	**1,801,527**	1,894,806
— Prepaid lease payments	**58,626**	59,700
— Available-for-sale financial assets	**2,303,542**	—
— Interest in an associate	**60,494**	56,807
— Deferred tax assets	**40,556**	31,220
— Inventories	**2,838,083**	3,436,684
— Other receivables, deposits and prepayments	**2,508,968**	273,906
— Current tax asset	**—**	64,279
— Pledged bank deposits	**1,641,400**	1,568,454
— Short-term deposits	**126,059**	—
— Cash and cash equivalents	**9,463,342**	9,317,055
Total assets	**53,769,415**	40,353,143

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 an associate, deferred tax assets, raw materials and certain work in progress included in inventories, other receivables, deposits and prepayments, current tax asset, 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 receivables and bills receivables that can be identified to a particular operating segment.

The raw materials and part of work in progress are commonly used by all segments. The related trade payables and bills payable are not identified to a particular operating segment. Other payables and accrued charges, current tax liabilities, deferred tax liabilities, debentures, bank and other loans, and derivative financial instruments cannot be allocated either. As a result, no segment liability is presented.

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 2014:

	Industrial *RMB'000*	**Construction** *RMB'000*	**Flat-rolled** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Additions to property, plant and equipment	**2,562,876**	**—**	**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	**285,744**	**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**
Gains on disposal of property, plant and equipment	**—**	**—**	**—**	**736**	**736**

Amounts included in the measure of segment profit or segment assets for the year ended 31 December 2013:

	Industrial *RMB'000*	Construction *RMB'000*	Flat-rolled *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Additions to property, plant and equipment	731,955	—	412,810	291,091	1,435,856
Additions to prepaid lease payments	585,551	—	103,750	—	689,301
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	565,449	—	4,061,364	—	4,626,813
Depreciation of property, plant and equipment	212,767	55,258	—	128,317	396,342
Amortisation of prepaid lease payments	73,761	—	30,023	1,074	104,858
Reversal of impairment losses on trade receivables	77	973	—	—	1,050
Impairment losses on trade receivables	—	325	—	—	325
Gains on disposal of property, plant and equipment	—	—	—	327	327

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:

	2014	2013
	RMB'000	*RMB'000*
People's Republic of China ("**PRC**")	**13,793,620**	12,590,155
United States of America ("**US**")	**1,864,181**	1,688,487
Germany	**109,393**	3,913
Others	**204,024**	24,196
	15,971,218	14,306,751

Included in the sales above, approximately RMB1,848,782,000 (2013: RMB1,664,336,000) which are categorised under sales to the US for the year ended 31 December 2014 are sold to a customer in the PRC who shipped the goods to the ultimate customers in the country.

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

(v) Information about major customer

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

	2014	2013
	RMB'000	*RMB'000*
Customer A*	**1,848,782**	1,664,336
Customer B*	**1,626,298**	1,481,413

* Revenue from Industrial segment.

4 Other income/(expenses) and other gains

	2014	2013
	RMB'000	*RMB'000*
Other income		
Government subsidies *(Note)*	**179,251**	246,460
Sales of equipment	**173,911**	420,590
Rental income	**160**	150
	353,322	667,200
Other expenses		
Cost of sales of equipment	**(153,342)**	(357,358)
Other gains		
Gains on sales of scrap materials, consumables and moulds	**16,363**	11,589
Gains on disposal of property, plant and equipment	**736**	327
Exchange gains	**21,279**	7,106
	38,378	19,022
	238,358	328,864

Note: The amounts mainly represent subsidies received from the Finance Bureau and other government departments of Liaoyang City, Daqing City and Panjin City as incentive payments for the Group's achievements and contribution to the local community and to subsidise the Group's expenditure in technological research and market development.

5 Profit before taxation

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

	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs		
Interests on borrowings wholly repayable within five years:		
— Bank and other loans	**531,688**	430,274
— Debentures	**245,073**	334,844
Interests on other borrowings	**11,386**	—
Less: Interest expense capitalised into deposits for acquisition of property, plant and equipment*	**(306,657)**	(201,628)
	481,490	563,490
Interest rate swaps: cash flow hedges, reclassified from equity	**12,497**	—
Total finance costs	**493,987**	563,490

* The borrowing costs have been capitalised at an average interest rate of 4.19% per annum (2013: 4.55%).

5 Profit before taxation (Continued)

	2014	2013
	RMB'000	*RMB'000*
(b) Staff costs		
Staff costs (including directors' remunerations):		
— Salaries and other benefits	**732,512**	493,909
— Contributions to defined contribution retirement plan	**43,036**	29,759
— Equity-settled share-based payment expenses	**5,514**	10,935
	781,062	534,603
(c) Other items		
Amortisation of prepaid lease payments	**112,360**	104,858
Depreciation of property, plant and equipment	**483,155**	396,342
Impairment losses on trade receivables	**—**	325
Reversal of impairment losses on trade receivables	**(9,436)**	(1,050)
Operating lease charges in respect of office premises	**45,884**	25,284
Auditors' remuneration		
— Audit services	**4,800**	4,800
— Other services	**200**	—
Research and development costs	**507,689**	427,723
Cost of inventories	**11,504,049**	10,465,700

6 Income tax

Taxation in the consolidated statement of comprehensive income represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax — PRC tax		
Provision for the year *(Note)*	**357,792**	321,238
Under-provision in respect of prior years	**9**	—
Withholding tax on intra-group interest income	**12,794**	8,089
	370,595	329,327
Deferred taxation	**122,713**	99,214
Total income tax	**493,308**	428,541

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.

7 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 2014 and 2013 and on the number of shares as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit attributable to equity shareholders of the Company	**2,477,020**	2,126,625

	2014	2013
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares	**5,435,176**	5,406,306
Weighted average number of convertible preference shares	**1,494,946**	—
Weighted average number of shares for the purpose of basic earnings per share	**6,930,122**	5,406,306
Effect of dilutive potential ordinary shares:		
— Share options issued by the Company	**4,484**	9,088
Weighted average number of shares for the purpose of diluted earnings per share	**6,934,606**	5,415,394
Earnings per share		
Basic *(RMB)*	**0.36**	0.39
Diluted *(RMB)*	**0.36**	0.39

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 2014 and 2013.

8 Dividends

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

	2014	2013
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD0.08 (approximately equivalent to RMB0.06) per ordinary share and convertible preference share (2013: nil)	**448,148**	—
Final dividend proposed after the end of the reporting period of HKD0.08 (approximately equivalent to RMB0.06) per ordinary share and convertible preference share (2013: HKD0.13)	**448,715**	723,715

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.

8 Dividends (Continued)

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

	2014	2013
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.13 (approximately equivalent to RMB0.10) per ordinary share and convertible preference share (2013: nil)	**729,723**	—

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

	2014	2013
	RMB'000	*RMB'000*
Deposits for acquisition of property, plant and equipment *(Note)*	**8,932,875**	12,194,701
Deposits for acquisition of prepaid lease	**330,450**	246,355
	9,263,325	12,441,056

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 RMB7,301,248,000 (2013: RMB10,993,638,000).

10 Available-for-sale financial assets

	2014	2013
	RMB'000	*RMB'000*
Financial products, at fair value *(Note)*	**2,303,542**	—
Analysed for reporting purpose:		
Current assets	**1,602,382**	—
Non-current assets	**701,160**	—
	2,303,542	—

Note: At 31 December 2014, the financial products held by the Group generate annual target return rate ranged from 3.80% to 6.05% (2013: nil).

At 31 December 2014, certain of the Group's available-for-sale financial assets with a carrying amount of approximately RMB1,495,388,000 (2013: nil) were used to secure the Group's bank loans.

11 Trade and bills receivables

	2014	2013
	RMB'000	*RMB'000*
Trade and bills receivables	**818,100**	670,280
Less: Impairment losses	**—**	(9,436)
	818,100	660,844

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

11 Trade and bills receivables (Continued)

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:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**653,307**	536,742
91 to 180 days	**69,870**	25,663
Over 180 days	**94,923**	98,439
	818,100	660,844

For the year ended 31 December 2014, the Group allows an average credit period of 90 days (2013: 90 days) for domestic sales and an average credit period of 180 days (2013:180 days) for overseas sales.

12 Other receivables, deposits and prepayments

At 31 December 2014, included in other receivables, deposits and prepayments of the Group are deductible value added tax amounting to approximately RMB1,492,382,000 (2013: RMB82,782,000).

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

13 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:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**133,729**	1,481,293
91 to 180 days	**241,784**	759
181 days to 1 year	**378,349**	143
	753,862	1,482,195

14 Bills payable

At 31 December 2014, all the bills payable are repayable within 180 days (2013:180 days) and are denominated in Renminbi.

At 31 December 2014, bills payable amounting to RMB592,430,000 (2013: RMB1,529,050,000) was secured by deposits placed in banks with an aggregate carrying value of RMB192,430,000 (2013: RMB35,160,000).

15 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 RMB2,318,904,000 (2013: RMB356,708,000) owed to certain suppliers who have supplied production machineries and certain contractors who have provided construction services to the Group.

16 Capital commitments

	2014	2013
	RMB'000	*RMB'000*
Capital commitments in respect of the acquisition of property, plant and equipment contracted for	**15,850,342**	17,147,566

MANAGEMENT DISCUSSION AND ANALYSIS

I. Business Review

Against the background of a fragile recovery in the global economy and the slowing growth of China's economy under the "New Normal" mode, the Group, during the Year under Review, adhered to the main strategies of "focusing primarily on China and to a lesser extent on the overseas", improved product structure through technology innovation and scored encouraging achievements in product upgrading, research and innovation, and market development. Overall performance of the Group made steady progress and the business objectives of 2014 have been basically achieved.

During the Year under Review, our total revenue increased by 11.6% from approximately RMB14,306,751,000 for the Year 2013 to approximately RMB15,971,218,000. Profit attributable to equity shareholders of the Company was approximately RMB2,477,020,000 for the Year under Review, representing an increase of 16.5% from approximately RMB2,126,625,000 for the Year 2013. The total product sales volume from our aluminium extrusion business amounted to 744,802 tonnes for the Year under Review, representing an increase of 14.0% from 653,077 tonnes for the Year 2013. During the Year under Review, the Group continued to strengthen its overall profitability by optimizing product structure, upgrading production efficiency and controlling production cost, which enabled the Group's overall gross margin of aluminium extrusion business to slightly increase from 26.8% for the Year 2013 to 27.7% for the Year under Review.

The industrial aluminium extrusion business is one of the Group's core businesses, which is presently the most important source of income of the Group. During the Year under Review, the Group's industrial aluminium extrusion products realized sales of 617,662 tonnes, generating revenue of approximately RMB13,142,032,000. During the Year under Review, the Group's gross margin of industrial aluminium extrusion products was 28.1%. As the aluminium processing enterprise that currently houses the biggest number of large aluminium extrusion presses in the world, the Group owns 21 fully operational large extrusion presses of 75MN or above (including 4 extrusion presses of 125MN) and has ordered two ultra-large extrusion presses of 225MN, which are scheduled to be delivered one after another at our factory for installation in 2015. Large extrusion presses enable products with large and complex sections to be formed in one take, avoiding wastes and losses from the welding process, reducing unit costs, and making many new application designs possible. Such a number of advanced large extrusion presses has given the Group unparalleled capacity and efficiency advantages over its peers in the fabrication of high precision, complex large-section industrial aluminium extrusion products, further enhancing the Group's comprehensive competitiveness in high-end aluminium extrusion products.

Compared with industrial aluminium extrusion products, deep-processed products command higher added value because of higher technology content and are a high-priority business segment under the Group's product portfolio optimization strategy. During the Year under Review, sales of deep-processed products reached 63,359 tonnes, generating revenue of approximately RMB1,727,539,000 at a gross margin of 36.3%. Currently, the main product of the Group's deep processing business is aluminium industrial pallets sold mainly to overseas markets. Other products include large parts and components of rail carriages and structural body parts of electric buses supplied to the domestic market. During the Year under Review, the Group made necessary expansions in both the plants and equipment of the deep processing business and 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' demands for light-weight development. During the Year under Review, the Group's product and process design team provided light-weight solutions to a number of customers. Some of the prototypes had been delivered to customers for testing and inspection. Those products are expected to turn into customer orders and start commercial production in 2015.

The high value-added aluminium flat rolled product project currently under construction is another important undertaking of the Group aimed at completing its industry layout and enhancing its comprehensive competitiveness. The commissioning of the project will help China overcome its lack of capacity for commercial production of high-end aluminium plates and sheets and meet China's growing needs for such products, which not only generates new source of revenue for the Group, but also solidifies the Group's overall strength in aluminium processing. Thanks to the management's careful planning and effective execution, phase I of the project has begun to take shape. Phase I is located in Wuqing District, Tianjin and consists of two production lines, the first one of which completed plant construction during the Year under Review. Equipment installation and testing is now underway and trial operation will follow immediately. The first production line is designed primarily for the production of medium- to high-thickness aluminium alloy plates, which can be applied in such sectors as transportation (aviation and aerospace, shipbuilding, commercial vehicles and railway) and chemical vessels. During the Year under Review, several batches of core technical staff had returned to China after receiving training in Germany and other countries and global recruitment of international industry experts had also basically completed, providing human talent guarantee for the Group's high value-added aluminium flat rolled product project. Meanwhile, an experienced and highly specialized aluminium plate and sheet sales team has been set up and has been vigorously engaged in the development of downstream markets, making an all-out effort to approach existing and potential customers in building up customer resources for the official operation of the first production line.

Attention to and investment in research and development are important safeguards of the Group to achieve the above results. During the Year under Review, the Group's expenditures on research and development amounted to approximately RMB507,689,000. The Group was granted over twenty patents and eight science and technology awards. Seven science and technology projects of the Group were approved at national, provincial and municipal levels. Excellent research and development capabilities not only enable early entries by the Group in new markets, but also facilitate the Group's launching of a wide range of high-end products and its constant optimization of the product structure. During the Year under Review, as a High and New Technology Enterprise, Liaoning Zhongwang continued to enjoy the preferential rate of 15% for corporate income tax.

II. Industry Analysis

Macroeconomic Review

During the Year under Review, a number of countries around the world remained dragged down by the lingering effects of the financial crisis, facing the threat of huge debts and high unemployment. The global economy was still in the process of a slow and fragile recovery. Structural shortcomings of the Euro zone caused stress to economic activities and offset the favourable impact on the economy of the Anglo-American economic upturn, falling fuel prices and other positive factors. Due to weak external demand, falling domestic demand, real estate cyclical adjustment and other factors, the growth of the Chinese economy slowed down. According to the preliminary accounting of the National Bureau of Statistics (the "**NBS**"), China's annual GDP was approximately RMB63,646.3 billion, representing an increase of 7.4% over 2013 based on comparable price. The added value of industrial enterprises above designated size in China during the Year under Review increased by 8.3% over the previous year based on comparable price, showing that industrial enterprises remained on the track of healthy development.

During the Year under Review, the Chinese government put forward the concept of "New Normal" as a keyword for its new concept of governance. China's economic growth under the "New Normal" will have the following characteristics: economic growth will turn from high speed to medium- to high-speed, economic structure will be constantly optimized and growth driver will be innovation instead of production factors and investment. The "New Normal" is sending out a clear message, i.e., Chinese economy development will follow the path of making progress while maintaining stability. This "New Normal" has also established a favourable environment for solid and sustainable growth of technology-oriented industries such as high-end aluminium products.

Industry Review of Aluminium Extrusion in China

Because of its light weight, good electric conduction and heat transfer, corrosion resistance, recyclability, and low level of energy consumption in recycling, aluminium is an ideal environmental friendly industrial material. As China's urbanization rate continues its growth and the structure of its national economy and the quality of its citizens' life enjoy further improvement, the trend of "substituting steel and copper with aluminium" is taking place in such sectors as machinery and equipment, electrical engineering and transportation. Aluminium is increasingly becoming a major force behind the nation's goal of achieving sustainable development. According to the data of the NBS, the annual aluminium output of China in 2014 reached approximately 48.46 million tonnes, representing an increase of 22.3% year-on-year. The growth rate is much higher than that of the overall economy, proving that the Chinese aluminium industry is still a fast-growing sunrise industry.

Aluminium extrusion accounts for the largest share of China's aluminium processing market. According to the estimates by Beijing Antaike Information Development Co., Ltd., the annual consumption of aluminium extrusion products in China rose 9.2% from 13.96 million tonnes in 2013 to 15.25 million tonnes in 2014, among which, the consumption of industrial aluminium extrusion products increased by about 10.9% from 4.69 million tonnes in 2013 to 5.20 million tonnes in 2014, representing 34.1% of the aluminium extrusion market. In terms of core equipment, die manufacturing, basic technologies and production processes, and quality inspection, Chinese aluminium extrusion enterprises currently have on the whole reached above the world's average level. However, due to a late start, there is still a gap between the world's leading enterprises and the Chinese ones in terms of smelting and casting, product research and development, high-end high-precision extrusion and deep processing. Moreover, an excessive number of enterprises, low concentration of production capacity and serious product homogeneity all come together to present challenges to the development of the industry.

However the huge size and great potentials of the China market provide an opportunity for Chinese aluminium processing industry, including the aluminium extrusion industry, to meet the challenges, narrow the gap and achieve leapfrog development. In recent years, the government has introduced a number of policies, reflecting the government's gradual move toward specific implementation plans from policies aimed at promoting aluminium applications. This is more evident in the transportation sector. In the beginning of the Year under Review, the Ministry of Industry and Information Technology (the "**MIIT**") introduced the revised national standards of *Maximum Fuel Consumption of Passenger Vehicles*, which explicitly stipulates that the average fuel consumption of domestic passenger vehicles shall be reduced to 6.9 liters and 5.0 liters per hundred kilometers by 2015 and 2020 respectively. Experience in North America and other regions has proven that the light-weight development of vehicles as a result of more application of aluminium parts is the best solution to achieving lower fuel consumption. In macro environment, China's urbanization rate has exceeded 50 percent and keeps rising. Commercial and special utility vehicles play an important role in the promotion of urbanization. *Promotion Program of New Energy Vehicles in Public Transport and Other Public Services in Beijing, Tianjin and Hebei Province* jointly issued by seven ministries, including the MIIT, the National Development and Reform Commission (the "**NDRC**") and the National Energy Administration (the "**NEA**"), aims at the introduction of

20,222 new energy vehicles, including more than 7,000 new-energy buses and 2,700 new-energy taxis, to achieve the carbon emission reduction target of 185,000 tonnes by the end of 2015. During the Year under Review, the Ministry of Transport formulated regulations on recommending models of freight vehicles for drop and pull transport that are more in line with environmental requirements. In addition, fixed investment in national railway exceeded RMB800 billion in 2014, the second highest in history. "One Belt, One Road" plan is now being deliberated and reviewed and is expected to be formally released. All these factors above have driven the development of aluminium products in commercial vehicles, passenger cars, buses, rail transportation and other fields. These related products tend to have sophisticated structure, are difficult to manufacture and have higher requirements on engineers and technology. Quite a few aluminium processing enterprises have made early plans for the transformation and have made critical breakthroughs ahead of others. During the Year under Review, the aluminium-intensive commercial vehicles and special vehicles developed by some aluminium processing enterprises had gradually achieved sales on a small scale, which will help to fully demonstrate to downstream customers the unique advantages of aluminium-intensive vehicles as compared with traditional vehicles in raising economic benefit and achieving energy conservation and emission reduction. This will cause a snowballing effect on the growth of demand for aluminium-intensive vehicles in the Chinese market, which in turn will facilitate the rapid growth of China's aluminium processing industry.

Price Trends of Aluminium Ingots

Aluminium ingots are the Group's major production raw materials and form a major component in its cost of sales.

During the Year under Review, the global economy continued to be sluggish. But the relatively better recovery of the British and US economies, the accelerated light-weight development of light vehicle in North America in particular, had been driving the improvement of demand for aluminium. Aided further by capacity reduction by overseas primary aluminium manufacturers, aluminium ingot prices at the London Metal Exchange (the "**LME**") got stabilized and started to rise throughout the year. The monthly average price rose from about US$1,700 per tonne at the beginning of the year to about US$1,900 per tonne by the end of 2014, reaching US$2,029 per tonne in August. The annual average price was US$1,866 per tonne, a slight increase over the average price of US$1,846 per tonne in 2013. With the implementation of quantitative-easing policy in the Euro zone, demand in this area for aluminium products is expected to grow slightly. As the US economy continues its recovery and especially as some aluminium-intensive light vehicles officially start their commercial production and sales in 2015 in North America, global aluminium demand might be pushed up. One cannot thus rule out the possibility that the LME ingot price might once again rise above US$2,000 per tonne in 2015.

During the Year under Review, China's domestic aluminium ingot prices declined after some gentle fluctuations. The annual average price was RMB13,604 per tonne, a decrease of 6.6% over the average annual price of RMB14,561 per tonne in 2013. Domestic ingot prices continued the decline in early 2014, a trend that started in 2013, with the average prices dropped from approximately RMB14,000 per tonne in January to the lowest monthly average of about RMB12,800 per tonne in April. As China's economy began to recover a bit in the second quarter, domestic aluminium ingot prices rose slightly in mid-year, supported in part by the successive stimulus policies that the government introduced for more aluminium applications. Domestic monthly average ingot price reached the height of about RMB14,500 per tonne in September in tandem with global aluminium price movement. However, under the dual pressure of the overall slowdown of China's economic growth as well as the severe overcapacity of primary aluminium, the price of aluminium ingot in China closed at the low point of about RMB13,500 per tonne and is expected to remain low in 2015.

III. Future Development

The advantages of aluminium in industrial application have inspired ongoing exploration. With the increasing maturity of manufacturing technologies, aluminium alloy products, which feature unrivalled 100% percent recyclability, are being applied in various industrial sectors. Light-weight aluminium offers the best solution for light-weight transportation. Corrosion-resistant aluminium is used to produce containers in different shapes, while aluminium with excellent electrical conduction performance has proved to be an ideal material for electric power engineering. As the Chinese authority vigorously promote energy conservation, emission reduction and sustainable development, aluminium is gradually replacing traditional metals, ushering in a new era of environmental protection through material upgrading.

According to the data of the NBS, urbanisation rate in China reached 54.77% in 2014, and is forecast to follow an upward path in the coming years. Driven by greater investment in infrastructure and centralised purchasing by governmental authorities, logistics, construction and other related industries have been experiencing rapid development. Compared with conventional models, aluminium-intensive cargo vehicles come with enhanced load capacity, lower fuel consumption and fewer carbon emissions. Such models are not only cleaner by environmental protection standards, but also more economically productive. As a result, they are becoming more popular in the China market. The Chinese government has also increased relevant guidance and support. During the Year under Review, the MIIT issued the *Notice on Demonstrative Application for Consolidating Industrial Base 2014*, which includes demonstrated application of the use of aluminium in the transportation sector and promotes the application of aluminium in the automotive industry, especially heavy-duty vehicles. In the future, aluminium-intensive special vehicles, such as vans, insulated/refrigerated trucks, trailer vans, concrete mixer trucks, sanitation trucks, will be more and more common in the logistics and transport industry as well as on construction sites and city streets. According to statistics, in 2013, the output of China's special vehicles reached 2.05 million, of which less than 1,000 were aluminium-intensive. In view of the above, there is vast room for future substitution and growth[1]. In respect of passenger vehicles, with the implementation of the latest

1 Source: Internal research report of the Company prepared in April 2014 — "Analysis of China's Special Utility Vehicle Market 2014"; interviews with industry experts, etc.

national standard of *Maximum Fuel Consumption by Passenger Vehicles*, the manufacturing of passenger vehicles will follow the trend of light-weight development. According to the data and forecast by Ducker Worldwide, the average aluminium content per light vehicle in North America had increased to 350 pounds (around 159 kilogrammes) in 2012 from 306 pounds (around 139 kilogrammes) in 2005, and is expected to further increase to over 394 pounds (around 179 kilogrammes) and 547 pounds (around 248 kilogrammes) in 2015 and 2025, respectively. A clear gap exists between China and the developed countries in terms of the aluminium content per light vehicle, as China is expected to raise its level of aluminium content per light vehicle to around 156 kilogrammes at most in 2025. This gap has provided market opportunities for aluminium processing companies and will benefit those early birds in the industry.

At the end of 2014, the NDRC, the Ministry of Finance, the MIIT and several other departments and institutions jointly issued the *Implementation Plan for Upgrading of Critical Materials*, which clearly set the goal of promoting large-scale and stable production and application by 2016 of approximately 20 critical new materials including high-performance aluminium alloy drill pipes, casing tubes and high-quality aluminium auto sheets. The number of critical new materials highlighted for priority support will be expanded to more than 50 by 2020, covering a multitude of sectors closely associated with high-end aluminium products such as aerospace and aviation, advanced rail transport, marine engineering, and new-energy vehicles etc. Electrical engineering market is also showing positive trends, and will maintain its growth momentum with the support of favourable policies. During the Year under Review, the NEA issued the *Notice on Further Implementation of Policies on Distributed PV Power Generation*, which clearly stated government's support for investment in distributed PV power generation projects, with a view to achieving the targeted level of newly installed capacity. These favorable policies and growth in market demand will provide tremendous driving force to the development of the country's high-end aluminium processing industry across transportation, machinery and equipment and electric power engineering sectors. As a leader in the industry, China Zhongwang should take full advantage of the various opportunities arising from materials upgrading and new materials industrialization. In view of the above, the management of our Group has established the following development strategies:

1. Continue to actively implement the high value-added aluminium flat rolled product project, with a view to providing new impetus for the Group's long term growth: the implementation of the Group's high value-added aluminium flat rolled product project has entered a crucial stage. Trial operation will begin immediately once equipment installation and testing of the first production line is completed. The Group intends to mobilise all resources available to ensure the successful operation of the first production line. Meanwhile, the Group will endeavour to ensure that construction process of the plants and ancillary facilities for the second production line will proceed as scheduled with attainable quality. Production of the Group's high value-added aluminium flat rolled product project is set to be an important driving force for the Group's future development;

2. Steadily expand the production capacity of deep processing business, diversify the categories of deep-processed products and raise the proportion of deep processing business: the Group is optimistic about the vast development potential of the deep-processing market. The Group intends to steadily expand the production capacity in response to downstream market developments, and fully capitalize on its customer resources as well as its research and development edge. Continuous efforts will be made to diversify the categories of deep-processed products, improve its business operation models and vigorously develop downstream application markets. Through these efforts, the Group aims to raise the proportion of contribution made by high value-added deep-processed products to the Group's total sales and profit;

3. Continue to implement the production capacity optimisation and expansion plan for industrial aluminium extrusion products so as to consolidate our leading position in industrial aluminium extrusion: the Group will commence the installation of two mega-sized 225MN extrusion presses it has ordered upon their respective deliveries in 2015 and strive to complete the installation and trial operation as scheduled, with a view to furthering the Group's unparalleled strength in the production of high precision, large cross-section industrial aluminium extrusion products. The implementation of the Group's plan to introduce indirect extrusion presses shall be expedited in order to make up for our lack of indirect extrusion capacity as early as possible. Investment in aluminium alloy smelting and casting facilities and equipment shall increase for further improvement in our smelting and casting production level and capacity, so as to satisfy the capacity needs for aluminium processing after the Group's expansion; and

4. Enhance our basic research and promote technology innovation so as to improve our comprehensive strengths: the Group will unremittingly increase financial and human resources investment in our own research and development team. Through diversified and multi-party cooperation with industry players, institutions of higher learning and research institutes, we aim to enhance our basic research of aluminium and aluminium alloys, vigorously promote innovation in technology and processes and accelerate the industrialisation of products and services, so as to improve the Group's comprehensive competitive strengths.

The Group believes that the steadfast implementation of these development strategies will enable the synergistic development of its three resource-sharing and complementary core businesses, namely industrial aluminium extrusion, deep processing and aluminium flat rolling, thus further enriching the portfolio of the Group's products and services, diversifying its profit sources, facilitating sustainable development and providing higher and longer-term returns for shareholders.

IV. Financial Review

During the Year under Review, the Group's revenue amounted to approximately RMB15,971,218,000, representing an increase of 11.6% over the Year 2013. Profit attributable to equity shareholders of the Company amounted to approximately RMB2,477,020,000, representing an increase of 16.5% over the Year 2013. Earnings per share was RMB0.36 for the Year under Review (Year 2013: RMB0.39).

A comparison of the financial results for the Year under Review and the Year 2013 is set out as follows.

Revenue

During the Year under Review, the Group's total revenue amounted to approximately RMB15,971,218,000 (Year 2013: approximately RMB14,306,751,000), representing a growth of 11.6%. Our major revenue was generated from sales in the aluminium extrusion business which amounted to approximately RMB15,914,705,000 (Year 2013: approximately RMB14,295,281,000), representing 99.6% of the total revenue of the Group. Other revenue comprised primarily metal trade agency fees, amounting to approximately RMB56,513,000 (Year 2013: approximately RMB11,470,000).

The following sets forth the breakdown of the Group's revenue, sales volume and average selling price by aluminium extrusion business segments and products for the Year under Review and the Year 2013.

	For the year ended 31 December											
	2014					2013					Change	
	Revenue	%	Sales volume	%	Average selling price	Revenue	%	Sales volume	%	Average selling price	Revenue	Sales volume
	RMB'000	*%*	*tonnes*	*%*	*RMB/tonne*	*RMB'000*	*%*	*tonnes*	*%*	*RMB/tonne*	*%*	*%*
Aluminium extrusion business												
Industrial segment	**14,869,571**	**93.4%**	**681,021**	**91.4%**	**21,834**	13,377,531	93.6%	600,681	92.0%	22,271	11.2%	13.4%
Industrial aluminium extrusion products	**13,142,032**	**82.5%**	**617,662**	**82.9%**	**21,277**	11,908,952	83.3%	547,380	83.8%	21,756	10.4%	12.8%
Deep-processed products	**1,727,539**	**10.9%**	**63,359**	**8.5%**	**27,266**	1,468,579	10.3%	53,301	8.2%	27,553	17.6%	18.9%
Construction segment	**1,045,134**	**6.6%**	**63,781**	**8.6%**	**16,386**	917,750	6.4%	52,396	8.0%	17,516	13.9%	21.7%
Total	**15,914,705**	**100.0%**	**744,802**	**100.0%**	**21,368**	14,295,281	100.0%	653,077	100.0%	21,889	11.3%	14.0%

Revenue from the Group's aluminium extrusion business amounted to approximately RMB15,914,705,000 for the Year under Review, representing an increase of 11.3% over the Year 2013. The Group's total product sales volume in the aluminium extrusion business was 744,802 tonnes for the Year under Review, representing a growth of 14.0% over the Year 2013. The average selling price of the Group's aluminium extrusion products was RMB21,368 per tonne for the Year under Review, representing a decrease of 2.4% over the Year 2013. The decrease was primarily due to lower aluminium ingot prices during the Year under Review. The Group typically prices its aluminium extrusion products on a "cost-plus" basis, pursuant to which the selling price for our products is determined on the prevailing price of aluminium ingots plus a processing fee charged by the Group. The average aluminium ingot price (tax-inclusive) in China for the Year under Review was RMB13,604 per tonne, representing a decrease of 6.6% over the average aluminium ingot price (tax-inclusive) of RMB14,561 per tonne over the Year 2013[2].

Revenue from the Group's industrial segment increased by 11.2% over the Year 2013 to approximately RMB14,869,571,000 for the Year under Review. Total sales volume of the Group's industrial segment increased by 13.4% over the Year 2013 to 681,021 tonnes for the Year under Review.

Revenue from the Group's industrial aluminium extrusion products amounted to approximately RMB13,142,032,000 for the Year under Review, representing an increase of 10.4% over the Year 2013, mainly because our enhanced efforts in market development and the commissioning of newly-added large extrusion presses led to a 12.8% increase of the Group's sales volume of industrial aluminium extrusion products from 547,380 tonnes in the Year 2013 to 617,662 tonnes for the Year under Review. The average selling price of the Group's industrial aluminium extrusion products dropped by 2.2% over the Year 2013 to RMB21,277 per tonne for the Year under Review mainly because of lower aluminium ingot prices during the Year under Review.

Deep-processed products are an important driver of profit growth that the Group has been vigorously developing. Sales volume of our deep-processed products was 63,359 tonnes for the Year under Review, an increase of 18.9% over the Year 2013, principally because the Group stepped up its efforts to develop the domestic market for deep-processed products while continuing its active development of the overseas markets. The Group's revenue from deep-processed products increased by 17.6% over the Year 2013 to approximately RMB1,727,539,000 for the Year under Review. The average selling price of the Group's deep-processed products was RMB27,266 per tonne for the Year under Review, which was basically in line with that of the Year 2013.

Revenue from the Group's construction segment increased by 13.9% over the Year 2013 to approximately RMB1,045,134,000 for the Year under Review, which was mainly attributable to an increase in sales volume of our construction segment. The sales volume of the Group's construction segment increased by 21.7% over the Year 2013 to 63,781 tonnes for the Year under Review, mainly because the Group, while ensuring the satisfaction of the demands of the industrial segment, increased the production volume of the construction segment and hence the sales volume as a result of greater demands during the Year under Review. The average selling price of the Group's construction segment decreased by 6.5% over the Year 2013 to RMB16,386 per tonne for the Year under Review primarily because of the competition in the market and a decline in the price of aluminium ingots during the Year under Review.

2 The calculation of the average aluminium ingot prices (tax-inclusive) in China for the Year under Review and the Year 2013 was based on the relevant information from the website of the Shanghai Futures Exchange.

Geographically, the Group's overseas clients mainly came from countries and regions such as the US and Germany. For the Year under Review, our revenue from overseas sales amounted to approximately RMB2,177,598,000 (Year 2013: approximately RMB1,716,596,000), representing 13.6% (Year 2013: 12.0%) 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 2013:

	For the years ended 31 December			
	2014		2013	
	RMB'000	%	*RMB'000*	%
PRC	**13,793,620**	**86.37%**	12,590,155	88.00%
US	**1,864,181**	**11.67%**	1,688,487	11.80%
Germany	**109,393**	**0.68%**	3,913	0.03%
Others	**204,024**	**1.28%**	24,196	0.17%
Total	**15,971,218**	**100.00%**	14,306,751	100.00%

For the Year under Review, the Group's domestic revenue amounted to approximately RMB13,793,620,000, an increase of 9.6% over the Year 2013. The Group's overseas revenue grew by 26.9% over the Year 2013 to approximately RMB2,177,598,000 for the Year under Review, of which approximately RMB1,864,181,000 was revenue from exports to the US, an increase of 10.4% over the Year 2013. Currently, the Group's product sales to the US comprise mostly deep-processed products. The significant growth in exports to the US for the Year under Review was attributable to the Group's vigorous efforts in expanding its production scale for deep-processed products to tap the US market in response to increasing demand for these products in the US. Meanwhile, the Group proactively developed overseas market other than the US during the Year under Review, which led to the substantial growth of sales volume for Germany and other countries and regions.

Cost of Sales

Our cost of sales was approximately RMB11,504,049,000 for the Year under Review (Year 2013: approximately RMB10,465,700,000), representing an increase of 9.9% over the Year 2013. The increase was mainly due to growth in aluminium extrusion product sales during the Year under Review. The cost of sales of our aluminium extrusion business increased by 9.9% to approximately RMB11,503,873,000 for the Year under Review (Year 2013: approximately RMB10,465,578,000). The Group's unit cost of aluminium extrusion products decreased by 3.6% to RMB15,446 per tonne for the Year under Review from RMB16,025 per tonne in the Year 2013, primarily due to the decline of aluminium ingot prices during the Year under Review.

Gross Profit and Gross Margin

The Group's gross profit increased by 16.3% over 2013 to approximately RMB4,467,169,000 for the Year under Review. The increase was mainly due to an increase in sales volume of aluminium extrusion products for the Year under Review. The following sets forth the analysis of our gross profit, share in gross profit and gross margin by aluminium extrusion business segments and products for the Year under Review and the Year 2013:

	For the year ended 31 December					
	2014			2013		
	Gross profit		**Gross margin**	Gross profit		Gross margin
	RMB'000	*%*	*%*	*RMB'000*	*%*	*%*
Aluminium extrusion business						
Industrial segment	**4,325,380**	**98.1%**	**29.1%**	3,736,023	97.6%	27.9%
Industrial aluminium extrusion products	**3,698,507**	**83.9%**	**28.1%**	3,210,437	83.9%	27.0%
Deep-processed products	**626,873**	**14.2%**	**36.3%**	525,586	13.7%	35.8%
Construction segment	**85,452**	**1.9%**	**8.2%**	93,680	2.4%	10.2%
Total	**4,410,832**	**100.0%**	**27.7%**	3,829,703	100.0%	26.8%

Our gross profit from the aluminium extrusion business increased by 15.2% over the Year 2013 to approximately RMB4,410,832,000 for the Year under Review. Our overall gross margin for aluminium extrusion business increased to 27.7% for the Year under Review from 26.8% in the Year 2013. The increase was primarily attributable to the increase in gross margin of our industrial aluminium extrusion products which accounted for the largest share of our aluminium extrusion business.

The Group's overall gross profit from the industrial segment increased by 15.8% over the Year 2013 to approximately RMB4,325,380,000 for the Year under Review. The overall gross margin of the industrial segment increased to 29.1% for the Year under Review from 27.9% in the Year 2013.

Our gross profit from industrial aluminium extrusion products increased by 15.2% over the Year 2013 to approximately RMB3,698,507,000 for the Year under Review. The increase was mainly due to the increase in sales volume of industrial aluminium extrusion products of the Group. The gross margin of our industrial aluminium extrusion products increased to 28.1% for the Year under Review from 27.0% in the Year 2013, primarily because of the decline of aluminium ingot price during the Year under Review.

The Group's gross profit from deep-processed products increased by 19.3% over the Year 2013 to approximately RMB626,873,000 for the Year under Review primarily because of the increase in sales volume of the Group's deep-processed products. The gross margin of our deep-processed products for the Year under Review was 36.3%, substantially in-line with the gross margin of 35.8% in the Year 2013.

The Group's gross profit from the construction segment decreased by 8.8% over the Year 2013 to approximately RMB85,452,000 for the Year under Review and the gross margin of the construction segment decreased from 10.2% in the Year 2013 to 8.2% for the Year under Review, primarily because of the decrease in the average selling price as a result of market competition.

Investment Income

Investment income consists of interest income from bank deposits and interest income from available-for-sale financial assets. Investment income increased by 30.1% from approximately RMB132,178,000 in the Year 2013 to approximately RMB171,923,000 for the Year under Review, which was primarily attributable to the following factors:

(i) bank deposits interest income decreased from approximately RMB131,119,000 in the Year 2013 to approximately RMB120,474,000 for the Year under Review primarily because of a smaller proportion of fixed deposits with higher interest rates; and

(ii) the Group's interest income from available-for-sale financial assets, mainly from our bank investment products, increased to approximately RMB51,449,000 for the Year under Review from approximately RMB1,059,000 in the Year 2013. Such increase was mainly attributable to a larger share of our bank investment products during the Year under Review.

Other Income/Expenses and Other Gains

Other income/expenses and other gains recorded net gains of approximately RMB238,358,000 for the Year under Review, representing a decrease of 27.5% from approximately RMB328,864,000 in the Year 2013. This was principally due to the facts that:

(i) there was a decrease in government subsidies from approximately RMB246,460,000 in the Year 2013 to approximately RMB179,251,000 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;

(ii) exchange gains increased from approximately RMB7,106,000 in the Year 2013 to approximately RMB21,279,000 for the Year under Review, which was mainly attributable to the exchange gains from new borrowings denominated in foreign currency;

(iii) net income from the sales of machinery and equipment decreased from approximately RMB63,232,000 in the Year 2013 to approximately RMB20,569,000 for the Year under Review. The Group launched the manufacturing and sales business of machinery and equipment since the Year 2013, providing mostly machines and equipment related to metal processing to our customers; and

(iv) net gains from other items, such as gains from disposal of scrap materials, consumables and moulds, increased to approximately RMB17,259,000 for the Year under Review from approximately RMB12,066,000 for the Year 2013.

Selling and Distribution Costs

Our selling and distribution costs primarily consist of advertising expenses, transportation costs and salaries of sales staff. These costs increased by 5.9% from approximately RMB147,033,000 in the Year 2013 to approximately RMB155,733,000 for the Year under Review, which was primarily attributable to the following factors:

(i) a decrease in advertising expenses to approximately RMB88,886,000 in the Year under Review from approximately RMB103,525,000 in the Year 2013;

(ii) an increase in transportation and export costs to approximately RMB36,228,000 for the Year under Review from approximately RMB22,267,000 in the Year 2013, primarily due to increases in relevant transportation and export costs as a result of increased export sales of our deep-processed products;

(iii) an increase in salaries of sales staff to approximately RMB23,577,000 during the Year under Review from approximately RMB17,707,000 in the Year 2013, primarily due to increase in number of sales staff for further market expansion; and

(iv) an increase in other selling expenses to approximately RMB7,042,000 in the Year under Review from approximately RMB3,534,000 in the Year 2013.

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 benefit expenses, bank fees, rentals, intermediary fees and depreciation charges of office equipment.

The administrative and other operating expenses increased by 21.2% to approximately RMB1,261,089,000 for the Year under Review from approximately RMB1,040,200,000 in the Year 2013. The increase was primarily attributable to the facts that:

(i) the Group's research and development expenditures under administrative and other operating expenses increased to approximately RMB507,689,000 for the Year under Review from approximately RMB427,723,000 for the Year 2013. 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 the acquisitions of land use rights in Liaoning Province, Heilongjiang Province and Tianjin Municipality in China increased from approximately RMB312,401,000 in the Year 2013 to approximately RMB350,393,000 for the Year under Review;

(iii) the Group's wages, salaries and benefits under administrative and other operating expenses increased to approximately RMB145,462,000 for the Year under Review from approximately RMB80,578,000 for the Year 2013, primarily due to an increase in number of employees as a result of production capacity expansion, the development of our deep processing business and the flat rolled aluminium product project as well as certain increase in average wages;

(iv) the Group's bank fees under administrative and other operating expenses increased to approximately RMB67,290,000 for the Year under Review from approximately RMB37,813,000 for the Year 2013, primarily due to 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 RMB190,255,000 for the Year under Review from approximately RMB181,685,000 for the Year 2013.

Share of Profit of an Associate

The Group's share of profit of an associate for the Year under Review was approximately RMB3,687,000 (Year 2013: approximately RMB3,796,000), which was the share of profit recognized using the equity method accounting for the investment in CR Zhongwang Aluminium Company Limited, an associate company that the Group holds 49.0% of the equity.

Finance Costs

Our finance costs decreased by 12.3% from approximately RMB563,490,000 for the Year 2013 to approximately RMB493,987,000 for the Year under Review. The decrease mainly resulted from a decrease in the average annual interest rate on the Group's borrowings as a result of the Group's debt structure optimization during the Year under Review.

For the Year under Review, the interest expenses directly capitalized into deposits for acquisitions of property, plant and equipment of the Group amounted to approximately RMB306,657,000 (Year 2013: approximately RMB201,628,000) at an annualized capitalization rate of 4.19% (Year 2013: 4.55%).

During the Year 2013 and the Year under Review, the Group's loans carried average interest rates of 4.96% and 4.44% per annum, respectively; the debentures carried interest rates ranged from 4.47% to 7.50% per annum (Year 2013: ranged from 4.47% to 6.90% per annum).

Profit before Taxation

Our profit before taxation increased by 16.2% from approximately RMB2,555,166,000 for the Year 2013 to approximately RMB2,970,328,000 for the Year under Review, which was primarily attributable to the factors described above in this section.

Income Tax Expense

Our income tax expense increased by 15.1% to approximately RMB493,308,000 for the Year under Review from approximately RMB428,541,000 for the Year 2013 mainly because of the increase in profit before taxation. The Group's effective tax rates for the Year 2013 and the Year under Review were 16.8% and 16.6%, respectively.

Profit Attributable To Equity Shareholders

The Company's profit attributable to equity shareholders increased by 16.5% to approximately RMB2,477,020,000 for the Year under Review from approximately RMB2,126,625,000 for the Year 2013. Our net profit margin increased to 15.5% for the Year under Review from 14.9% for the Year 2013, 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 2013 are as follows:

	For the years ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Net cash from operating activities	**1,787,956**	3,784,848
Net cash used in investing activities	**(11,021,151)**	(5,805,433)
Net cash from financing activities	**9,379,482**	3,447,496

Net Current Assets

As at 31 December 2014, the Group had net current assets of approximately RMB1,894,886,000, 8.9% lower than net current assets of approximately RMB2,080,684,000 as at 31 December 2013. The decrease was mainly due to the fact that the increase in our current assets was outpaced by the increase in current liabilities:

(i) As at 31 December 2014, the Group's current assets amounted to approximately RMB19,004,413,000, an increase of approximately RMB4,812,552,000 over approximately RMB14,191,861,000 as at 31 December 2013. This was primarily due to increases in available-for-sale financial assets, pledged bank deposits, and deductible value added tax of the imported equipment for our high value-added aluminium flat rolled product project; and

(ii) As at 31 December 2014, the Group's current liabilities amounted to approximately RMB17,109,527,000, an increase of approximately RMB4,998,350,000 from approximately RMB12,111,177,000 as at 31 December 2013. The increase was primarily due to increases in bank and other loans as well as payables for equipment acquisition and project construction during the Year under Review.

Liquidity

As at 31 December 2014 and 31 December 2013, the Group had cash and cash equivalents of approximately RMB9,463,342,000 and RMB9,317,055,000, respectively, short-term deposits of approximately RMB126,059,000 and nil, respectively, and balances of pledged bank deposits under the current assets were approximately RMB1,181,400,000 and RMB36,454,000, respectively.

Borrowings

As at 31 December 2014, our debentures and loans amounted to approximately RMB23,886,233,000 in aggregate, an increase of approximately RMB7,986,090,000 from approximately RMB15,900,143,000 as at 31 December 2013.

As at 31 December 2014, the Group's debentures and loans shown under current liabilities amounted to approximately RMB11,898,417,000 (31 December 2013: approximately RMB7,508,500,000) and debentures and loans shown under non-current liabilities amounted to approximately RMB11,987,816,000 (31 December 2013: approximately RMB8,391,643,000).

The Group's gearing ratio was approximately 54.8% as at 31 December 2014, while it was approximately 51.3% as at 31 December 2013. The ratio is calculated by dividing total liabilities by total assets of the Group.

Pledged Assets

As at 31 December 2014, save for pledged bank deposits and certain available-for-sale financial assets, the Group had machinery equipment of a total carrying amount of approximately RMB3,909,866,000 which are pledged assets for financing arrangements (31 December 2013: approximately RMB983,701,000).

The Group has entered into several arrangements with 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 facts 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 are cash borrowings, secured by the underlying assets and repayable in instalments over the lease term.

Contingent Liabilities

As at 31 December 2014 and 31 December 2013, the Group had no material contingent liabilities.

Employees

As at 31 December 2014, the Group had 9,793 full-time employees responsible for, inter alia, production, research and development, sales and management, representing an increase of 44.9% from 6,758 employees as at 31 December 2013. During the Year under Review, relevant employee costs (including Directors' remuneration) were approximately RMB781,062,000 (including share option charges of approximately RMB5,514,000), an increase of 46.1% as compared with approximately RMB534,603,000 (including share option charges of approximately RMB10,935,000) in the Year 2013. Employee costs (excluding share option charges) of the Group increased mainly because the Group increased its number of employees for the expansion of its production capacity and the development of the deep processing business and the high value-added flat rolled aluminium product project. Besides, the increase was also attributable to the Group's efforts of ensuring the attractiveness of its employee remuneration packages and granting performance-based bonuses in accordance with general standards set out in the Group's remuneration policy.

Research and Development

During the Year under Review, the Group continued to increase its investment in research and development and the expenditures increased from approximately RMB427,723,000 in the Year 2013 to approximately RMB507,689,000 for the Year under Review. The share of our research and development expenditures in sales revenue for the Year under Review was approximately 3.2%, substantially the same as that for the Year 2013.

Continuous investment in the research and development has helped the Group build up a high-level R&D and technical team. As at 31 December 2014, the Group had 885 research and development and quality control personnel, accounting for 9.0% 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 specially set up in the Year under Review a first-rate product and process design team to offer integrated solutions from product design to production services that cater to our customers' 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 level and effectively contributed to the expansion of the downstream application scope for aluminium products.

Capital Commitments

As at 31 December 2014, the Group's capital expenditures in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements amounted to approximately RMB15.9 billion, which was primarily used for purchasing aluminium flat rolling equipment. We intend to apply funds generated from operating activities of the Company, commercial bank loans and other available means of the Company to finance the purchase. As at 31 December 2014, capital commitments in respect of the aluminium flat rolling equipment already contracted for amounted to approximately RMB12.9 billion.

Open Offer of Shares

On 28 November 2013, the Group announced an open offer (the "**Open Offer**") of ordinary shares and/or unlisted restricted voting non-redeemable convertible preference shares (the "**Convertible Preference Shares**") on the basis of 3 new ordinary shares for every 10 existing ordinary shares held by qualifying shareholders as at close of business on the record date (Tuesday, 7 January 2014) at the subscription price of HK$2.61 per ordinary share or Convertible Preference Share. ZIGL, the controlling shareholder of the Company, acted as the underwriter on no commission basis.

The Open Offer was completed on 28 January 2014. At the completion, a total of 2,703,583 new ordinary shares and 1,619,188,337 Convertible Preference Shares were issued, of which a total of 1,618,955,467 Convertible Preference Shares were issued and allotted to ZIGL. The Open Offer raised net proceeds of approximately HK$4,225,400,000 and the Group applied the net proceeds in full to fund the Group's high value-added aluminium flat rolled product project.

Market Risks

The Group is exposed to a number of market 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 our 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 86.4% of the revenue of the Group was settled in Renminbi and approximately 13.6% was settled in foreign currencies, while approximately 64.3% of the borrowings of the Group was denominated in Renminbi and approximately 35.7% was denominated in foreign currencies as at 31 December 2014.

In July 2005, the PRC government introduced the managed floating exchange rate system which allowed Renminbi to float in accordance with market demand and supply and within the regulated range determined by reference to a basket of currencies. Exchange rate fluctuations will affect sales revenue of contracts denominated in foreign currencies and on borrowing denominated in foreign currencies, which in turn may have adverse effects on the Group.

Our financial and capital policies seek to control the foreign currency fluctuation risk and interest rate fluctuation risk of individual transaction. We did not hedge against currency risk by using any financial instruments. However, the management of the Group has been monitoring our exchange rate risk, and will consider hedging our major foreign currency risk when required.

Interest Rate Risk

As we do not have any significant interest-bearing assets, most of our revenue and operating cash flows are not affected by interest rate changes.

Interest rate change 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. As at 31 December 2014, our fixed-rate loans were approximately RMB6,028,451,000 (31 December 2013: approximately RMB304,845,000).

During the Year under Review, 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 two unsecured debentures each of RMB1,000,000,000, with maturity of one year and repayable on 13 March 2014 and 8 May 2014, respectively, and with effective interest rate of 4.47% and 4.58% per annum, respectively, these debentures were fully repaid on their maturity dates. The Group also 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 2012, the Group issued unsecured debentures of RMB2,000,000,000 and RMB1,000,000,000 with maturity of three years and repayable on 25 June 2015 and 23 August 2015, respectively, and with effective interest rate of 4.93% and 5.35% per annum, respectively.

During 2011, the Group issued an unsecured debenture of RMB1,200,000,000 with maturity of three years and repayable on 17 May 2014, with effective interest rate of 5.68% per annum. The Group fully repaid the debenture on 17 May 2014.

Interest rate swaps, denominated in Hong Kong dollars, have been entered into to reduce the risk of changes in market interest rates. At 31 December 2014, the Group had interest rate swaps with a notional contract amount of HKD1,486,248,000 (2013: nil), which it has designated as cash flow hedges of the interest rate risk inherent in its variable rate bank borrowings.

The swaps mature over the next two years matching the maturity of the related loans and have fixed swap rates of 1.94% and 3.40% respectively (2013: nil). The net fair value of swaps entered into by the Group at 31 December 2014 was approximately RMB13,710,000 (2013: nil). These amounts are recognised as derivative financial instruments.

Aluminium Ingot Price Fluctuation Risk

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 84.3% and 86.9% of the Group's cost of sales of aluminium extrusion products for the Period under Review and in 2013, respectively. Generally, our pricing of aluminium extrusion products is on a "cost-plus" basis, pursuant to which the selling price for our products are determined on the prevailing price of aluminium ingots plus a processing fee charged by the Group. Our pricing policy is to pass the price fluctuation risk to our customers. However, we may not be able to pass 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 Code on Corporate Governance Practices contained in the then Appendix 14 (the "**Old Code**") to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") since its listing on the Stock Exchange in 2009. On 1 April 2012, certain amendments to the Old Code came into force (the "**New Code**", together with the Old Code, the "**Governance Code**"). The Company has adopted the Governance Code as currently in force at the date of this announcement. The Company has periodically reviewed 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 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. The Company deviates from this provision because Mr. Liu Zhongtian performs 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 current stage of development of the Group, the Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interests of the Company. The Board shall nevertheless 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

On 28 January 2014, the Company completed the Open Offer of ordinary shares and/or Convertible Preference Shares on the basis of 3 new ordinary shares for every 10 existing ordinary shares held by qualifying shareholders as at close of business on the record date (Tuesday, 7 January 2014) at the subscription price of HK$2.61 per ordinary share or Convertible Preference Share. The Open Offer was first announced on 28 November 2013. At the completion of the Open Offer, a total of 2,703,583 new ordinary shares and 1,619,188,337 Convertible Preference Shares were issued and allotted of which a total of 1,618,955,467 Convertible Preference Shares were issued and allotted to ZIGL, the controlling shareholder of the Company.

Save as disclosed above, 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 2014.

DIVIDEND

The Board recommended to declare a final dividend of HK$0.08 (approximately equivalent to RMB0.06) per share for the financial year ended 31 December 2014, totaling approximately RMB448,715,000 (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 to be held on Friday, 15 May 2015, the final dividend will be paid on Thursday, 18 June 2015 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 Tuesday, 26 May 2015.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HK$0.08 (approximately equivalent to RMB0.06) 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 36.2%.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders who are entitled to attend the annual general meeting of the Company (the "**Annual General Meeting**") to be held on 15 May 2015, the register of members of the Company will be closed from Monday, 11 May 2015 to Friday, 15 May 2015, 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 2014, 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 Thursday, 21 May 2015 to Tuesday, 26 May 2015 (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 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 Friday, 8 May 2015 and/or Wednesday, 20 May 2015, respectively.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 15 May 2015.

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 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 2014 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, 17 March 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

* *For identification purpose only*