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 2017

GROUP FINANCIAL HIGHLIGHTS

	2017	2016
	RMB'000	*RMB'000*
Revenue	**19,458,826**	16,695,543
Gross profit	**6,348,579**	6,288,378
EBITDA *(Note 1)*	**6,856,350**	5,366,267
Profit for the year	**3,868,195**	2,907,159
Earnings per share *(RMB) (Note 2)*	**0.50**	0.41
Final dividend per share *(HKD)*	**0.15**	0.10
Full year dividend per share *(HKD)*	**0.25**	0.21
Bank balances, financial products and cash *(Note 3)*	**13,574,912**	14,515,720
Total equity attributable to equity shareholders of the Company	**30,487,891**	28,015,902

Notes:

1. EBITDA = profit before taxation + finance costs + amortisation of prepaid lease payments + depreciation of property, plant and equipment + amortisation of other intangible assets

2. Earnings per share is calculated based on the profit attributable to equity shareholders of the Company for each of the years ended 31 December 2017 and 2016 and on the weighted average number of ordinary shares, convertible preference shares and share options during that year.

3. Bank balances, financial products and cash = cash and cash equivalents + short-term deposits + pledged bank deposits + available-for-sale financial assets

DIVIDEND

The Board recommended to declare a final dividend of HKD0.15 per share for the financial year ended 31 December 2017. Subject to shareholders' approval at the forthcoming Annual General Meeting of the Company to be held on Friday, 25 May 2018, the final dividend will be paid on or around Friday, 29 June 2018 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 Wednesday, 6 June 2018.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HKD0.10 per share paid during the Year under Review, the full year dividend of the Group for the Year under Review would amount to HKD0.25 per share. The total dividend payout ratio would be approximately 41.2%.

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 2017 (the "**Year under Review**"), together with the comparative figures for the year ended 31 December 2016 (the "**Year 2016**"), as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2017
(Expressed in RMB)

	Note	**2017** *RMB'000*	2016 *RMB'000*
Revenue	*3*	**19,458,826**	16,695,543
Cost of sales		**(13,110,247)**	(10,407,165)
Gross profit		**6,348,579**	6,288,378
Investment income	*5*	**422,528**	254,062
Other income/(expenses)	*6*	**986,209**	(15,589)
Selling and distribution costs		**(232,693)**	(155,924)
Administrative and other operating expenses		**(1,809,904)**	(1,839,854)
Share of profit of associates		**173,253**	73,904
Finance costs	*7*	**(1,155,272)**	(925,786)
Profit before taxation	*8*	**4,732,700**	3,679,191
Income tax	*9*	**(864,505)**	(772,032)
Profit for the year		**3,868,195**	2,907,159
Attributable to:			
Equity shareholders of the Company		**3,533,431**	2,871,379
Non-controlling interests		**364**	–
Holders of perpetual capital instruments		**334,400**	35,780
Profit for the year		**3,868,195**	2,907,159

Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)
For the Year Ended 31 December 2017
(Expressed in RMB)

	Note	**2017** **RMB'000**	2016 *RMB'000*
Other comprehensive income for the year			
Items that may be reclassified subsequently to profit or loss:			
— Exchange differences arising on translation of financial statements		**42,330**	(8,906)
— Cash flow hedge: net movement in the hedging reserve		**—**	2,913
— Available-for-sale financial assets: net movements in the fair value reserve		**(195)**	195
Other comprehensive income for the year		**42,135**	(5,798)
Total comprehensive income for the year		**3,910,330**	2,901,361
Total comprehensive income attributable to:			
Equity shareholders of the Company		**3,574,277**	2,865,581
Non-controlling interests		**1,653**	—
Holders of perpetual capital instruments		**334,400**	35,780
Total comprehensive income for the year		**3,910,330**	2,901,361
Earnings per share			
Basic *(RMB)*	*10*	**0.50**	0.41
Diluted *(RMB)*	*10*	**0.50**	0.41

Consolidated Statement of Financial Position
As at 31 December 2017
(Expressed in RMB)

	Note	**2017** *RMB'000*	2016 *RMB'000*
Non-current assets			
Property, plant and equipment		**48,572,054**	41,220,504
Prepaid lease payments		**5,551,327**	6,147,647
Goodwill and other intangible assets	*12*	**653,245**	—
Interest in associates		**3,537,452**	2,714,922
Deposits for acquisition of property, plant and equipment and prepaid lease	*13*	**5,654,052**	4,139,933
Deferred tax assets		**155,929**	118,971
Other non-current assets		**3,571,362**	—
		67,695,421	54,341,977
Current assets			
Inventories	*14*	**7,241,180**	3,718,262
Trade and bills receivables	*15*	**8,069,127**	1,834,078
Other receivables, deposits and prepayments	*16*	**4,558,451**	4,491,610
Available-for-sale financial assets	*17*	**2,882,968**	266,981
Prepaid lease payments		**128,773**	136,099
Pledged bank deposits		**3,862,050**	2,897,773
Short-term deposits		**—**	3,326,402
Cash and cash equivalents		**6,829,894**	8,024,564
		33,572,443	24,695,769
Current liabilities			
Trade payables	*18*	**8,389,184**	1,610,140
Bills payables	*19*	**3,944,691**	4,301,928
Other payables and accrued charges	*20*	**7,355,239**	5,065,990
Current tax liabilities		**479,168**	250,039
Debentures		**1,200,000**	600,000
Bank and other loans		**10,700,374**	7,714,354
		32,068,656	19,542,451
Net current assets		**1,503,787**	5,153,318
Total assets less current liabilities		**69,199,208**	59,495,295

Consolidated Statement of Financial Position (Continued)
As at 31 December 2017
(Expressed in RMB)

	Note	**2017**	2016
		RMB'000	*RMB'000*
Non-current liabilities			
Bank and other loans		**25,122,585**	15,903,057
Debentures		**6,500,000**	8,800,000
Deferred tax liabilities		**886,991**	782,336
		32,509,576	25,485,393
NET ASSETS		**36,689,632**	34,009,902
CAPITAL AND RESERVES			
Share capital		**605,397**	605,397
Reserves		**29,882,494**	27,410,505
Total equity attributable to equity shareholders of the Company		**30,487,891**	28,015,902
Non-controlling interests		**207,741**	—
Perpetual capital instruments		**5,994,000**	5,994,000
TOTAL EQUITY		**36,689,632**	34,009,902

Notes to the Financial Statements

For the year ended 31 December 2017
(Expressed in RMB)

1. Corporate information

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**"). 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.

At 31 December 2017, the directors consider the immediate parent and ultimate controlling party of the Group to be Zhongwang International Group Limited ("**ZIGL**") and Prime Famous Management Limited, respectively, both of which are incorporated in the British Virgin Islands.

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 International Accounting Standards Board ("**IASB**") has issued a number of amendments to International Financial Reporting Standards ("**IFRSs**") that are first effective for the current accounting period of the Group. 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.

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 2017

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards[1]
Annual Improvements to IFRSs 2014-2016 Cycle	Amendments to IAS 28, Investments in Associates and Joint Ventures[1]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 3, Business combinations[2]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IFRS 11, Joint Arrangement[2]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 12, Income taxes[2]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to IAS 23, Borrowing costs[2]
Amendments to IFRS 2	Classification and Measurement of Share-Based Payment Transactions[1]
IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[1]
Amendments to IFRS 15	Revenue from Contracts with Customers (Clarifications to IFRS 15)[1]
Amendments to HKAS 40	Transfers of Investment Property[1]
IFRIC – Int 22	Foreign Currency Transactions and Advance Consideration[1]
Amendments to IFRS 9	Prepayment Features with Negative Compensation[2]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[3]
IFRIC-Int 23	Uncertainty over Income Tax Treatments[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IAS 28	Long-term Interests in Associates and Joint Venture[2]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after 1 January 2021
4 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

2. New and amended standards adopted (Continued)

The directors anticipate that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. Information on new or amended IFRSs that are expected to have an impact on the Group's accounting policies is provided below.

IFRS 9 — Financial Instruments

IFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity's business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

IFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in IAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

IFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from IAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, IFRS 9 retains the requirements in IAS 39 for derecognition of financial assets and financial liabilities.

IFRS 15 — Revenue from Contracts with customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. IFRS 15 supersedes existing revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations.

IFRS 15 requires the application of a 5 steps approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

IFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under IFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

Amendments IFRS 15 — Revenue from Contracts with Customers (Clarifications to IFRS 15)

The amendments to IFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

2. New and amended standards adopted (Continued)

IFRS 16 — Leases

IFRS 16, which upon the effective date will supersede IAS 17 "Leases" and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

3. 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 metal trade agency commission. The amount of each significant category of revenue recognised during the year is as follows:

	2017	2016
	RMB'000	*RMB'000*
Sales of aluminium products		
— aluminum alloy formworks	**8,933,609**	—
— industrial aluminium extrusion products	**7,789,728**	13,204,307
— construction aluminium extrusion products	**382,838**	1,032,007
— aluminium flat-rolled products	**1,590,990**	—
— deep-processed products	**722,685**	2,440,800
Metal trade agency commission	**38,976**	18,429
	19,458,826	16,695,543

4. Segment reporting

The Group determines its operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions.

The Group has the following reportable segments. The segments are managed separately as each business offers different products and services and requires different business strategies. The following summary describes the operations in each of the Group's reportable segments:

— aluminum alloy formworks ("**Aluminium Alloy Formwork**")

— aluminium extrusion products for industrial markets ("**Industrial**")

— aluminium deep-processed products ("**Deep-processed**")

— aluminium extrusion products for construction markets ("**Construction**"); and

— aluminium flat-rolled products ("**Flat-rolled**")

4. **Segment reporting (Continued)**

Segment revenue and results

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

Segment revenue

	2017	2016
	RMB'000	*RMB'000*
Aluminium Alloy Formwork	**8,933,609**	–
Industrial		
— Revenue from external customers	**7,789,728**	13,204,307
— Inter-segment sales	**2,478,484**	2,018,358
Construction	**382,838**	1,032,007
Flat-rolled	**1,590,990**	–
Deep-processed	**722,685**	2,440,800
Others	**38,976**	18,429
	21,937,310	18,713,901
Elimination of inter-segment revenue	**(2,478,484)**	(2,018,358)
Total	**19,458,826**	16,695,543

Segment results

	2017	2016
	RMB'000	*RMB'000*
Aluminium Alloy Formwork	**3,569,235**	–
Industrial	**2,453,013**	5,302,521
Construction	**22,059**	150,528
Flat-rolled	**206,433**	–
Deep-processed	**56,386**	825,942
Others	**38,169**	17,348
	6,345,295	6,296,339
Elimination of unrealised inter-segment losses/(profits)	**3,284**	(7,961)
Total	**6,348,579**	6,288,378

4. Segment reporting (Continued)

Segment assets and liabilities

The following is an analysis of the Group's assets by reportable and operating segment:

	2017	2016
	RMB'000	*RMB'000*
Aluminium Alloy Formwork	**5,204,772**	—
Industrial	**25,138,875**	19,435,894
Construction	**229,249**	231,688
Flat-rolled	**43,212,970**	35,668,412
Deep-processed	**2,310,326**	1,547,358
Unallocated assets		
— Property, plant and equipment	**2,111,628**	2,200,925
— Prepaid lease payments	**215,650**	54,885
— Goodwill	**379,000**	—
— Interest in associates	**3,537,452**	2,714,922
— Deferred tax assets	**155,929**	118,971
— Inventories	**752,249**	2,226,619
— Other receivables, deposits and prepayments	**4,444,852**	322,352
— Available-for-sale financial assets	**2,882,968**	266,981
— Pledged bank deposits	**3,862,050**	2,897,773
— Short-term deposits	**—**	3,326,402
— Cash and cash equivalents	**6,829,894**	8,024,564
Total assets	**101,267,864**	79,037,746

For the purposes of monitoring segment performance and allocating resources between segments:

All assets are allocated to operating segments other than certain property, plant and equipment, certain prepaid lease payments, goodwill, available-for-sale financial assets, interest in associates, deferred tax assets, certain raw materials and certain work in progress included in inventories, certain other receivables, deposits and prepayments, 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, intangible assets, inventories, trade and bills receivables, and other receivables, deposits and prepayments that can be identified to a particular operating segment.

No segment liability information is presented since the liabilities of each reportable segment are not reported or provided to the Group's chief operating decision maker.

4. Segment reporting (Continued)

Other segment information

Amounts included in the measure of segment results or segment assets for the year ended 31 December 2017:

	Aluminium Alloy Formwork *RMB'000*	**Industrial** *RMB'000*	**Construction** *RMB'000*	**Flat-rolled** *RMB'000*	**Deep-processed** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Additions to property, plant and equipment	**412,234**	**4,751,393**	**—**	**2,930,913**	**635,473**	**27,535**	**8,757,548**
Additions to other intangible assets	**—**	**275,267**	**—**	**—**	**—**	**—**	**275,267**
Additions to prepaid lease payments	**482,740**	**70,277**	**—**	**103,505**	**231,035**	**—**	**887,557**
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	**6,642**	**190,690**	**—**	**2,775,953**	**506,205**	**17,714**	**3,497,204**
Depreciation of property, plant and equipment	**3,774**	**527,628**	**5,538**	**178,304**	**10,436**	**111,527**	**837,207**
Amortisation of other intangible assets	**—**	**1,022**	**—**	**—**	**—**	**—**	**1,022**
Amortisation of prepaid lease payments	**53,222**	**39,317**	**—**	**24,739**	**6,094**	**6,777**	**130,149**
Impairment loss on trade receivables, net	**191**	**5,925**	**785**	**—**	**(1,250)**	**—**	**5,651**
Gain on disposals of property, plant and equipment	**—**	**414**	**—**	**—**	**—**	**—**	**414**

Amounts included in the measure of segment results or segment assets for the year ended 31 December 2016:

	Aluminium Alloy Formwork *RMB'000*	Industrial *RMB'000*	Construction *RMB'000*	Flat-rolled *RMB'000*	Deep-processed *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Additions to property, plant and equipment	—	2,376,976	57,196	7,510,276	144,139	592,994	10,681,581
Additions to prepaid lease payments	—	384,358	—	—	—	—	384,358
Additions to deposits for acquisition of property, plant and equipment and prepaid lease	—	214,613	—	3,955,425	79,193	—	4,249,231
Depreciation of property, plant and equipment	—	471,055	17,062	—	20,439	113,802	622,358
Amortisation of prepaid lease payments	—	95,738	—	36,516	4,011	2,667	138,932
Impairment loss on trade receivables, net	—	13,341	1,313	—	1,526	—	16,180
Loss/(gain) on disposals of property, plant and equipment	—	6,583	—	—	—	(849)	5,734

4. Segment reporting (Continued)

Geographic information

The Group's revenues from external customers are divided into the following geographical areas:

	2017	2016
	RMB'000	*RMB'000*
Peoples' Republic of China ("**PRC**")	**17,981,271**	14,211,311
Germany	**234,171**	83,186
Malaysia	**202,014**	8,686
United Kingdom	**122,428**	67,221
Belgium	**111,925**	75,479
Others	**807,017**	2,249,660
	19,458,826	16,695,543

The geographical location of revenue is based on the location of customers.

The geographical location of non-current assets is based on the physical location of the assets. Nearly all non-current assets of the Group are located in the PRC.

Information about major customers

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

	2017	2016
	RMB'000	*RMB'000*
Customer A*	**2,940,902**	*Note*
Customer B*	**1,984,013**	*Note*
Customer C**	***Note***	1,903,216

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

* Revenue from Aluminum Alloy Formwork segment

** Revenue from Industrial and Deep-processed segment

5. Investment income

	2017	2016
	RMB'000	*RMB'000*
Bank deposits interest income	**414,342**	205,584
Interest income from available-for-sale financial assets	**10,793**	48,478
Loss on disposals of subsidiaries	**(1,309)**	—
Loss on disposals of an associate	**(1,298)**	—
	422,528	254,062

6. Other income/(expenses)

	2017	2016
	RMB'000	*RMB'000*
Profit of sales of equipment	**351,834**	19,906
Exchange gains/(losses), net	**259,007**	(219,834)
Gain on sales of scrap materials, consumables and moulds	**209,503**	29,346
Government subsidies *(Note)*	**165,451**	160,577
Gain/(Loss) on disposals of property, plant and equipment	**414**	(5,734)
Rental income	**—**	150
	986,209	(15,589)

Note: The amounts mainly represent subsidies received from the Finance Bureau and other government departments of Liaoyang City, Yingkou 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.

7. Finance costs

	2017	2016
	RMB'000	*RMB'000*
Interests on bank loans and other borrowings	**1,591,779**	1,761,413
Less: Interest expense capitalised into property, plant and equipment, and deposits for acquisition of property, plant and equipment*	**(436,507)**	(855,103)
Interest rate swaps: cash flow hedges, reclassified from equity	**—**	19,476
	1,155,272	925,786

* Borrowing costs have been capitalised at an average interest rate of 4.89% per annum (2016: 4.59%).

8. Profit before taxation

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

	2017	2016
	RMB'000	*RMB'000*
Auditor's remuneration		
— Audit services	**3,880**	8,000
— Other services	**6,770**	426
Total auditor's remuneration	**10,650**	8,426
Staff costs (including directors' emoluments):		
— Salaries and other benefits	**2,589,354**	1,121,106
— Contributions to defined contribution retirement plan	**161,637**	93,484
— Equity-settled share-based payment expenses	**112,172**	202,108
Total employee benefit expenses	**2,863,163**	1,416,698
Costs of inventories recognised as expenses	**13,110,247**	10,407,165
Depreciation of property, plant and equipment	**837,207**	622,358
Amortisation of other intangible assets	**1,022**	—
Amortisation of prepaid lease payments	**130,149**	138,932
Impairment losses on trade receivables	**5,651**	16,180
Operating lease charges in respect of office premises	**56,816**	49,548
Research and development costs	**593,084**	532,059

9. Income tax

The amount of taxation in the consolidated statement of comprehensive income represents:

	2017	2016
	RMB'000	*RMB'000*
Current tax		
— Provision for the year *(Note)*	**863,984**	656,072
— Over-provision in respect of prior years	**(12)**	—
— Withholding tax on intra-group interest income	**—**	2,258
	863,972	658,330
Deferred taxation	**533**	113,702
Total income tax	**864,505**	772,032

Note:

(i) 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 33% 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 ("**HNTE**") 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. The HNTE certificate needs to be renewed every three years so as to enable Liaoning Zhongwang to enjoy the preferential tax rate of 15%. On 30 November 2016, Liaoning Zhongwang obtained its latest renewed certificate of HNTE with an effective period of three years ended 31 December 2018. Therefore, income tax expense of Liaoning Zhongwang for each of the years ended 31 December 2017 and 2016 were calculated based on income tax rate of 15%.

10. 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 2017 and 2016 on the number of shares as follows:

	2017	2016
	RMB'000	*RMB'000*
Profit for the year attributable to equity shareholders of the Company	**3,533,431**	2,871,379

	2017	2016
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	**5,449,473**	5,449,473
Weighted average number of convertible preference shares for the purposes of basic earnings per share	**1,619,125**	1,619,125
Weighted average number of shares for the purposes of basic and diluted earnings per share	**7,068,598**	7,068,598
Earnings per share		
Basic *(RMB)*	**0.50**	0.41
Diluted *(RMB)*	**0.50**	0.41

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 2017 and 2016.

11. Dividends

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

	2017	2016
	RMB'000	*RMB'000*
Interim dividend declared and paid of HKD0.10 per ordinary share and convertible preference share (2016: HKD0.11)	**600,976**	678,425
Final dividend proposed after the end of the reporting period of HKD0.15 per ordinary share and convertible preference share (2016: HKD0.10)	**853,639**	626,631

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.

11. Dividends (Continued)

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

	2017	2016
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the year, of HKD0.10 per ordinary share and convertible preference share (2016: HKD0.06)	**613,484**	364,360

12. Goodwill and other intangible assets

	Goodwill	**Design and engineering packages**	**Total**
	(Note(i))	***(Note(ii))***	
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At 1 January 2017	—	—	—
Addition through business combinations *(Note 22)*	379,000	307,330	686,330
At 31 December 2017	379,000	307,330	686,330
Accumulated amortisation and impairment			
Addition through acquisition of subsidiaries	—	32,063	32,063
Provided for the year	—	1,022	1,022
At 31 December 2017	—	33,085	33,085
Net book value			
At 31 December 2017	379,000	274,245	653,245

Note:

(i) Goodwill is allocated to the Group's CGU, a summary of which is presented below:

	2017	2016
	RMB'000	*RMB'000*
Silver Yachts Ltd. *(Note 22(a))*	**225,002**	—
Aluminiumwerk Unna AG. *(Note 22(b))*	**153,998**	—
	379,000	—

12. **Goodwill and other intangible assets (Continued)**

Note: (Continued)

(i) (Continued)

The recoverable amount for the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management. For Aluminiumwerk Unna AG., the cash flow projection covers a 5-year period; for Silver Yachts Ltd., the cash flow projection covers an 11-year period, a longer projection period reflecting long build-up time for superyachts. Cash flows beyond the projection period are extrapolated using the estimated growth rates as zero. The growth rate does not exceed the long-term average growth rate for the industrial aluminum extrusion business in which the CGU operates. The discount rates used for value-in-use calculations are pre-tax and reflect specific risks relating to the relevant CGU.

Key assumptions used for value-in-use calculations are as follows:

	Pre-tax discount rate	
	2017	2016
Silver Yachts Ltd.	**8.96%**	N/A
Aluminiumwerk Unna AG.	**12.82%**	N/A

Apart from the considerations described above in determining the value-in-use of the CGU, management is not aware of any other probable changes that would necessitate changes in the key assumptions. Management determines that the CGU containing goodwill does not suffer any impairment.

(ii) Design and engineering packages represented the results of research and development of super yacht foundation designs acquired by the Group through acquisition of a subsidiary. These designs are fundamental in the design of future project.

13. **Deposits for acquisition of property, plant and equipment and prepaid lease**

	2017	2016
	RMB'000	*RMB'000*
Deposits for acquisition of property, plant and equipment	**4,955,390**	3,753,822
Deposits for acquisition of prepaid lease	**698,662**	386,111
	5,654,052	4,139,933

14. **Inventories**

	2017	2016
	RMB'000	*RMB'000*
Raw materials	**3,182,006**	2,398,849
Work-in-progress	**2,708,510**	956,947
Finished goods	**1,350,664**	362,466
	7,241,180	3,718,262

15. Trade and bills receivables

	2017	2016
	RMB'000	*RMB'000*
Trade and bills receivables	**8,090,958**	1,850,258
Less: Impairment losses	**(21,831)**	(16,180)
	8,069,127	1,834,078

As of the end of the reporting period, ageing analysis of trade and bills receivables based on the invoice date and net of allowance for doubtful debts, is as follows:

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**6,742,659**	1,610,193
91 to 180 days	**1,133,746**	72,413
Over 180 days	**192,722**	151,472
	8,069,127	1,834,078

For the year ended 31 December 2017, the Group allows an average credit period of 90—180 days (2016: 90 days) for domestic sales and an average credit period of 180 days (2016: 180 days) for overseas sales.

Ageing analysis of trade and bills receivables that are neither individually nor collectively considered to be impaired is as follows:

	2017	2016
	RMB'000	*RMB'000*
Neither past due nor impaired	**7,858,509**	1,620,118
Less than 3 months past due	**25,706**	67,760
More than 3 months but less than 12 months past due	**114,503**	106,616
Over 12 months past due	**70,409**	39,584
	210,618	213,960
	8,069,127	1,834,078

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. As there has not been a significant change in credit quality, the directors considered these amounts are still recoverable and there is no further credit provision required in excess of the allowance for doubtful debts. The Group does not hold any collateral over these balances.

15. Trade and bills receivables (Continued)

Movement in the allowance for bad and doubtful debts during the year, including both specific and collective loss components, is as follows:

	2017	2016
	RMB'000	*RMB'000*
At 1 January	**16,180**	–
Impairment loss recognised	**13,629**	17,057
Reversal of impairment losses	**(7,978)**	(877)
At 31 December	**21,831**	16,180

Impairment losses in respect of trade and bills receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade and bills receivables directly.

16. Other receivables, deposits and prepayments

At 31 December 2017, included in other receivables, deposits and prepayments of the Group are deductible value added tax purchase prepayment, receivables from disposal of assets, interest receivables, etc.

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

17. Available-for-sale financial assets

	2017	2016
	RMB'000	*RMB'000*
Unlisted financial products, at fair value	**2,882,968**	266,981

At 31 December 2017, the financial products held by the Group generate expected annual return rate ranged from 2.45% to 4.60% (2016: 2.45%).

18. Trade payables

All 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:

	2017	2016
	RMB'000	*RMB'000*
0 to 90 days	**8,294,147**	1,562,217
91 to 180 days	**65,376**	23,852
181 days to 1 year	**29,661**	24,071
	8,389,184	1,610,140

19. Bills payables

At 31 December 2017, all the bills payables are repayable within 365 days (2016: 365 days) and are denominated in Renminbi.

At 31 December 2017, bills payables amounting to RMB444,662,000 (2016: RMB651,928,000) were secured by deposits placed in banks with an aggregate carrying value of RMB444,662,000 (2016: RMB651,928,000).

20. Other payables and accrued charges

All 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, there were approximately RMB4,014,395,000 (2016: RMB3,704,450,000) owed to production machineries suppliers and construction services contractors to the Group.

21. Capital commitments

	2017	2016
	RMB'000	*RMB'000*
Capital commitments in respect of the acquisition of property, plant and equipment contracted for	**14,275,476**	9,650,432

22. Business combination

(a) Acquisition of Silver Yachts Ltd.

In October 2017, Hong Kong Zhongwang Investment Limited, an indirect wholly-owned subsidiary of the Company acquired 200 ordinary shares of Silver Yachts Ltd. ("**Silver Yachts**") from the independent third party with the consideration of EUR40 million and further subscribed 200 ordinary shares newly issued by Silver Yachts with the subscription price of EUR40 million. At the completion of the acquisition and the subscription, Hong Kong Zhongwang Investment Limited holds 66.67% of equity interests in Silver Yachts. Silver Yachts and its subsidiaries are Australia-based all-aluminium superyacht builder. The acquisition has been accounted for using acquisition method.

Details of net assets acquired were as follows:

	RMB'000
Purchase consideration — cash paid	**622,120**
Fair value of net assets acquired (see below)	**(397,118)**
Goodwill	**225,002**
Purchase consideration settled in cash	**(622,120)**
Cash and cash equivalents acquired	**299,761**
Cash outflow on acquisition of subsidiaries	**(322,359)**

22. Business combination (Continued)

(a) Acquisition of Silver Yachts Ltd. (Continued)

Fair value of assets and liabilities arising from this acquisition were as follows:

	RMB'000
Property, plant and equipment	**11,009**
Other intangible assets	**275,267**
Inventories	**402,112**
Trade and other receivables	**5,579**
Cash and cash equivalents	**299,761**
Other assets	**23,329**
Trade and other payables	**(93,266)**
Other liabilities	**(328,144)**
Net assets	**595,647**
Non-controlling interests (33.33%)	**(198,529)**
Fair value of the net assets acquired	**397,118**

Goodwill comprised the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The Group has elected to measure non-controlling interests in the acquisition at proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables at the date of acquisition amounted to RMB5,579,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Since the acquisition date, Silver Yachts and its subsidiaries had contributed revenue of RMB30,639,000 and profit of RMB1,151,000 to the Group.

(b) Acquisition of Aluminiumwerk Unna Beteiligungs GmbH ("AWU Bet")

In August 2017, Zhongwang Aluminium Deutschland GmbH, an indirect wholly-owned subsidiary of the Company subscribed new shares of AWU Bet with subscription price of EUR54,865,180, together with the payment of EUR2,605,000 to settle certain debts of the original shareholder of AWU Bet as a condition for completion. After the subscription, Zhongwang Aluminium Deutschland GmbH holds 98% equity interests in AWU Bet. Prior to the subscription, AWU Bet holds 72.73% equity interests in Aluminiumwerk Unna AG. ("**Alunna**"). Zhongwang Aluminium Deutschland GmbH also acquired 26.99% equity interests in Alunna with the consideration of EUR16,679,820 from independent third parties. At the completion of subscription and acquisition, Zhongwang Aluminium Deutschland GmbH effectively holds 98% equity interests in AWU Bet and 98.27% equity interests in Alunna. AWU Bet and its subsidiaries are Germany-based aluminium products producers. The acquisition has been accounted for using acquisition method.

Details of net assets acquired were as follows:

	RMB'000
Purchase consideration — cash paid	**583,627**
Fair value of net assets acquired (see below)	**(429,629)**
Goodwill	**153,998**
Purchase consideration settled in cash	**(583,627)**
Cash and cash equivalents acquired	**—**
Cash outflow on acquisition of subsidiaries	**(583,627)**

22. Business combination (Continued)

(b) Acquisition of Aluminiumwerk Unna Beteiligungs GmbH ("AWU Bet") (Continued)

Fair value of assets and liabilities arising from this acquisition were as follows:

	RMB'000
Property, plant and equipment	**402,895**
Inventories	**100,810**
Trade and other receivables	**190,862**
Other assets	**4,921**
Bank borrowings	**(93,413)**
Trade and other payables	**(73,418)**
Other liabilities	**(95,469)**
Net assets	**437,188**
Non-controlling interests (1.73%)	**(7,559)**
Fair value of the net assets acquired	**429,629**

Goodwill comprised the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.

The Group has elected to measure non-controlling interests in the acquisition at proportionate share of the acquiree's identifiable net assets.

The fair value of trade and other receivables at the date of acquisition amounted to RMB190,862,000. None of these receivables have been impaired and it is expected that the full contractual amounts can be collected.

Since the acquisition date, AWU Bet and its subsidiaries have contributed revenue of RMB173,974,000 and profit of RMB1,324,000 to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

During the Year under Review, the Group, by firmly adhering to the principal strategy of "focusing primarily on China and to a lesser extent on the overseas", devoted its efforts to product research and development, as well as on-going improvement and advancement of the production process and progressive upgrade of equipment. Through innovation of high value-added products, the Group has been transforming from a high-end fabricated aluminium products supplier to an integrated light-weight solution provider gradually.

During the Year under Review, total revenue of the Group amounted to approximately RMB19.46 billion, representing an increase of 16.6% from approximately RMB16.7 billion for the year ended 31 December 2016 (the "**Year 2016**"). Profit for the year amounted to approximately RMB3.87 billion, representing an increase of 33.1% from approximately RMB2.91 billion for the Year 2016.

Aluminium alloy formwork is one of the newly-developed key products with the features of lighter weight, more convenient application, simpler installation and removal, higher efficiency, and is reusable and recyclable as compared with the traditional formwork. Driven by market demand and favourable policies, aluminium alloy formwork with energy saving and emission reduction features has been expanding its market share. Leveraging on its research on aluminium extruded products, the Group developed a set of aluminium alloy formwork system that targets the global construction industry. With its professional technical team, top-notch equipment and superb technologies, the Group is able to supply the customers with aluminium alloy formwork solution superior to average market quality. During the Year under Review, sales volume of the Group's aluminium alloy formwork was 259,957 tonnes with revenue of approximately RMB8.93 billion.

During the Year under Review, sales volume of the Group's industrial aluminium extrusion segment was 333,543 tonnes and the revenue amounted to approximately RMB7.79 billion. The decrease in both the sales volume and revenue as compared with the Year 2016 was mainly due to the fact that during the Year under Review the production of new products occupied some capacity as a result of the Group's optimisation of its product mix and emphasis on developing high value-added products, such as aluminium alloy formwork.

The Group continued to expand its production capacity and optimise its product mix during the Year under Review. One of the two ultra-large 225MN extrusion presses previously ordered has commenced commercial production, and trial production of the other press is underway upon the completion of installation. Several of the 99 extrusion presses the Group ordered in 2016 have been delivered and are ready for installation and trial run, which will enhance the Group's overall capacity upon full operation. With the newly added automatic welding machines, spray coating lines and extrusion presses, the Group will fully unlock the value enhancement derived from the aluminium alloy formwork. The optimisation of production capacity and product mix will continuously consolidate the Group's overall competitiveness, thus elevating its long-term profitability.

During the Year under Review, sales volume of the Group's deep processing business was 29,804 tonnes and the revenue amounted to approximately RMB720 million. The decrease of revenue and sales volume of the Group's deep processing business as compared with the Year 2016 was mainly due to the declined export volume of deep-processed products to the United States of America (the "**US**") as trade friction in aluminium industry between the US and China heated up. However, volume of domestic sales of fabricated parts for automobiles, passenger cars as well as railway vehicles climbed continuously during the Year under Review.

Deep-processed products, which require sophisticated technical know-how and therefore are of higher added value, constitute a key business segment of the Group. The Group possesses comprehensive capabilities from independent design to manufacturing and processing. Our new products, which are energy-saving, environmentally friendly, highly efficient and technologically advanced, are ideal for transportation and railway vehicles sectors. During the Year under Review, the Group continued to lead the light-weight development of car body in China. In terms of technology, production technique, quality, product mix optimisation and cost control, the Group is at the top of the class. The Group developed and launched large-sectional aluminium parts for passenger cars and commercial vehicles, which received positive market feedback. The Group has also begun a partnership with FAW Group Corporation to co-develop on the project of "all-aluminium body + all-aluminium chassis" passenger vehicle. The project marks the unprecedented application of aluminium in chassis, making the Group the first among domestic aluminium manufacturers capable of independent design and manufacture of "all-aluminium body + all-aluminium chassis". In addition, as one of the main suppliers, the Group supplied aluminium profiles and deep-processed products for the train body of the high-speed train "Renaissance EMU". The Group has earnestly been expanding its business into the sectors of new energy vehicles and rail transportation, aiming to lift the proportion of high value-added products in its product mix, while deepening the cooperation with its end users.

The first production line of the Group's high value-added aluminium flat rolling project in Tianjin has commenced commercial production. In the initial production period, it has been producing principally high quality standard products for the customers from different sectors, such as manufacturing, transportation and special vehicles. The production volume has been increasing since its official operation in the third quarter of the Year under Review with production efficiency improving. The project has successfully passed the authoritative certification programme Nadcap for international aviation industry, and passed the accreditation from Det Norske Veritas (DNV), Nippon Kaiji Kyokai (NK), American Bureau of Shipping (ABS), China Classification Society (CCS), Lloyd's Register of Shipping (LR) and International Railway Industry Standard (IRIS), all of which are the passport to enter international markets of aviation, vessel and rail transportation sectors. During the Year under Review, the sales volume of the Group's aluminium flat rolling business was 91,401 tonnes with the revenue of approximately RMB1.59 billion. Meanwhile, the installation for the second production line has completed and the trial production is underway.

During the Year under Review, "The State Key Laboratory of Processing of High-end Aluminium Alloy Profiles" of the Group received financial support from the grant of national special funds, recognising the outstanding performance of the Group in new and high technology. The laboratory was jointly established with, among others, Northeastern University, such win-win cooperation further facilitated a closer industry-university collaboration and undertook a number of state-level and provincial-level major technology projects, achieving positive impacts on technology transfer and services in the industry. Currently, the Group has a national-level enterprise technology centre, a national-local collaborated research centre, a national-level post-doctoral workshop and a provincial-level engineering and technological research centre, to name but a few. During the Year under Review, the Group completed a number of patent applications and participated in the formulation of, and amendments to, various national and industry standards. The Group's outstanding R&D capability has enabled it to continuously launch diversified high-end products and optimise its product mix, thereby enhancing its integrated competitiveness.

II. FUTURE DEVELOPMENT

Ecological development becomes a national strategy of China in the "new normal" environment with policies introduced increasingly for promoting a low-carbon economy. Due to its superior qualities of environmental friendliness, light-weight and safety, aluminium is generally considered as an ideal material for energy-saving and emission reduction. It has been applied in a large number of segments. In particular, the application of aluminium in high-end manufacturing has been expanding.

With the tightening fuel consumption regulations in China posing new challenges to automobile manufacturers, the development of light-weight transport solution, as an essential part of ecological manufacturing, becomes an opportunity for promoting the application of aluminium. The Phase IV standards of China's "Fuel Consumption Limits of Passenger Cars" set an average fuel consumption target of 5.0 L/100km for domestically manufactured passenger cars sold in 2020, a significant reduction from the average of 6.9 L/100km in 2015. According to the research of the European Aluminium Association, 100 kilogrammes weight reduction of a vehicle means 0.4 litre less fuel usage per 100km. In recent years, lightweight has become one of the major solutions of energy-saving and emission reduction for automobiles, the vigorous development of new energy automobiles has powered the high-end consumption of aluminium. According to the figures from the China Association of Automobile Manufacturers (the "**CAAM**"), the production volume and sales volume of new energy automobiles in China were approximately 794,000 and 777,000, respectively, in 2017, representing a significant year-on-year increase of 53.8% and 53.3%, respectively. New energy automobiles accounted for 2.7% of the entire automobiles market in China in 2017, representing an increase of 0.9 percentage point over 2016. The CAAM estimates that the sales volume of new energy automobiles will be in excess of 1 million in 2018. In September 2017, with the launch of the "Measures for the Parallel Administration of Average Fuel Consumption and New Energy Vehicle Credits for Passenger Vehicle Enterprises" by the Ministry of Industry and Information Technology (the "**MIIT**") and other four national ministries, a "dual-credit" scheme was established to promote the healthy development of the new energy automobiles industry by replacing the conventional subsidy policy. The MIIT estimates that the total number of new energy passenger cars in China by 2020 will reach 3.8 million. The light-weight development of automobile will continue to facilitate the growth of high-end consumption of aluminium.

With China's urbanisation converting into a low-carbon model, the government has gradually launched a series of supportive policies for ecological construction. In January 2017, the State Council issued the "Comprehensive Work Plan for Energy Conservation and Emission Reduction in the 13th Five-Year Plan Period" (《「十三五」節能減排綜合工作方案》), indicating the determination of enforcing energy saving in construction with a target of expanding the percentage of urban ecological building sites in new building areas to 50% by 2020. As illustrated by the Ministry of Housing and Urban-Rural Development (the "**MOHURD**"), environment-friendly construction materials application in China should account for 40% in the newly constructed buildings by 2020. The MOHURD emphasised that the awareness of ecological development shall be extended to all segments of the construction industry as well as every production process along the entire industrial chain. Due to its advantages, such as, environmental friendliness, light weight, high efficiency in construction, high durability and recyclability, aluminium alloy formwork has become the new favourite in the market as environment-friendly construction material. According to the figures compiled by China Nonferrous Metals Industry Association, aluminium alloy formwork was the preferred product in aluminium consumption in China in 2017 with increased proportion in the formwork market. The application of aluminium alloy formwork in China is now at its initial stage, though it has been extensively used in developed countries. Attractive prospects and considerable market scale of aluminium alloy formwork are expected with the advancement of the sustainable economy.

With aluminium alloy being recognised as the most-preferred material for manufacturing railway vehicles, the rapid growth of rail transportation in China has driven huge demand in high-end consumption of aluminium. "Fuxing EMU", a new generation of the China-standard bullet trains, made its debut in June 2017. It will replace "Harmony EMU" in stages upon mass production. As estimated in the "Medium and Long-Term Railway Network Plan" (《中長期鐵路網規劃》), the number of miles of rail in operation of high-speed railway network in China will grow at a compound annual growth rate of 9.57% during the 13th Five-Year Plan period. Meanwhile, urban rail transit in China is mounting to the peak of its development. Figures show that the number of miles of newly developed urban rail in operation in China hit a record high in 2017, surged by 62.5% from that of 2016. As at the end of 2017, proposals of urban rail construction in the near term in 43 cities with over 9,000 km of total planned mileage have been approved by the Chinese government.

The above market trends and policies have created a favourable development landscape for fabricated aluminium companies including the Group. As such, the management has formulated the following development strategies:

1. Unlock the value of the Tianjin-based aluminium flat rolling project, adding impetus to the Group's long-term development: The Group shall further improve the product quality and consistency of the first production line to accelerate its capacity ramp-up. Rigorous equipment testing of the second production line shall be conducted with a view towards early commencement of production. In the meantime, the Group shall accelerate the pace of R&D and high-end product certification process to be fully prepared for the optimisation of product mix;

2. Continue to optimise and expand capacities to reinforce the Group's overall competitiveness: The aluminium extrusion equipment purchased by the Group in 2016 will commence commercial production in phases in two to three years from 2018. Such move will reinforce the Group's integrated competitiveness in high-end aluminium fabrication industry;

3. Enhance the diversity of high-end product offerings and increase the overall added value of our products: The Group shall continue to leverage its strengths in cutting-edge production techniques and ability of its design team to provide its customers with more integrated light-weight solutions. By strengthening its R&D and production techniques, the Group will continue to diversify the product offerings, improve product quality and enhance the overall added value of the products.

The above development strategies will fully capitalise the synergy of the Group's three core businesses, helping the Group tap into the opportunities brought by the industrial upgrade in China with a more competitive product mix and more comprehensive business layout.

III. FINANCIAL REVIEW

A comparison of the financial results of the Group for the Year under Review and the Year 2016 is set out as follows.

Revenue

During the Year under Review, total revenue of the Group amounted to approximately RMB19.46 billion, representing an increase of 16.6% from approximately RMB16.7 billion for the Year 2016. During the Year under Review, the Group's revenue was mainly generated from sales in the aluminium extrusion business, aluminium flat rolling business and deep processing business, which amounted to approximately RMB19.42 billion (Year 2016: approximately RMB16.68 billion). Other revenue primarily comprised metal trade agency commission and amounted to approximately RMB38.98 million (Year 2016: approximately RMB18.43 million).

The following sets forth the breakdown by segments of the Group's revenue, sales volume and average selling price of the Group for the Year under Review and the Year 2016:

	For the year ended 31 December								
	2017			2016			Change		
	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price	Revenue	Sales volume	Average selling price
	RMB'000	*tonnes*	*RMB/tonne*	*RMB'000*	*tonnes*	*RMB/tonne*	*%*	*%*	*%*
Aluminium extrusion business	**17,106,175**	**616,161**	**27,763**	14,236,314	675,298	21,082	20.2%	–8.8%	31.7%
Aluminium alloy formwork segment	**8,933,609**	**259,957**	**34,366**	—	—	N/A	N/A	N/A	N/A
Industrial aluminium extrusion segment	**7,789,728**	**333,543**	**23,354**	13,204,307	607,932	21,720	–41.0%	–45.1%	7.5%
Construction aluminium extrusion segment	**382,838**	**22,661**	**16,894**	1,032,007	67,366	15,319	–62.9%	–66.4%	10.3%
Aluminium flat rolling business	**1,590,990**	**91,401**	**17,407**	—	—	N/A	N/A	N/A	N/A
Deep processing business	**722,685**	**29,804**	**24,248**	2,440,800	89,753	27,195	–70.4%	–66.8%	–10.8%
Others	**38,976**	**N/A**	**N/A**	18,429	N/A	N/A	111.5%	N/A	N/A
Total	**19,458,826**	**737,366**	**26,390**	16,695,543	765,051	21,823	16.6%	–3.6%	20.9%

Aluminium alloy formwork is the newly developed product of the Group. As the higher quality of the aluminium alloy formwork product manufactured by the Group, it gained popularity in the market since its launch with increasing sales volume. As such, the aluminium alloy formwork segment of the Group has been presented separately as a single segment during the Year under Review. During the Year under Review, sales amount of the Group's aluminium alloy formwork segment was approximately RMB8.93 billion with sales volume of 259,957 tonnes and average selling price of RMB34,366 per tonne.

Sales volume of the Group's industrial aluminium extrusion segment for the Year under Review was 333,543 tonnes with sales amount of approximately RMB7.79 billion. The decrease in both sales volume and sales amount as compared with the Year 2016 was mainly due to the fact that the production of new products occupied some capacity as a result of the Group's optimisation of its product mix and emphasis on developing high value-added products, such as aluminium alloy formwork. The average selling price of the Group's industrial aluminium extrusion products increased by 7.5% from RMB21,720 per tonne for the Year 2016 to RMB23,354 per tonne for the Year under Review, mainly attributable to the increase in the price of aluminium ingots during the Year under Review.

Revenue, sales volume and average selling price of the above industrial aluminium extrusion segment have eliminated the internal sales between the industrial aluminium extrusion segment and deep processing business as well as aluminium flat rolling business, of which sales volume of raw material to deep processing business was 26,226 tonnes (Year 2016: 91,016 tonnes) with sales amount of approximately RMB430 million (Year 2016: approximately RMB1.37 billion); sales volume of high-precision aluminium raw material to the high value-added aluminium flat rolling project in Tianjin amounted to 166,825 tonnes (Year 2016: 59,755 tonnes) with sales amount of approximately RMB2.05 billion (Year 2016: approximately RMB650 million).

The first production line of the Group's high value-added aluminium flat rolling project in Tianjin has commenced commercial production during the Year under Review. In the initial production period, it has been producing principally high-quality standardised products for the customers from different sectors, such as manufacturing, transportation and special vehicles. For the Year under Review, revenue of the Group's aluminium flat rolling business was approximately RMB1.59 billion (Year 2016: nil) with sales volume of 91,401 tonnes (Year 2016: nil) and average selling price of RMB17,407 per tonne (Year 2016: nil).

For the Year under Review, revenue of the Group's deep processing business was approximately RMB720 million (Year 2016: approximately RMB2.44 billion) with sales volume of 29,804 tonnes (Year 2016: 89,753 tonnes) and average selling price of RMB24,248 per tonne (Year 2016: RMB27,195 per tonne). The decrease of revenue and sales volume of the Group's deep processing business was mainly due to the increasingly heated trade friction in aluminium industry between the US and China during the Year under Review, leading to a decrease in sales volume of deep-processed product exported to the US. However, sales volume of products including deep-processed engineered parts for passenger vehicles and commercial vehicles supplied by the Group to the domestic market has been increasing in the Year under Review resulting from the Group's aggressive expansion of deep processing market in the PRC and greater effort made by the Group in R&D and promotion of high value-added deep-processed products.

Geographically, the Group's overseas customers mainly came from countries and regions including Germany, Malaysia, the United Kingdom and Belgium. For the Year under Review, the Group's revenue from overseas sales amounted to approximately RMB1.48 billion (Year 2016: approximately RMB2.48 billion), accounting for 7.6% of the Group's total revenue (Year 2016: 14.9%).

Cost of Sales

For the Year under Review, the Group's cost of sales increased by 26.0% to approximately RMB13.11 billion as compared to approximately RMB10.41 billion for the Year 2016. Such increase was due to an increase in price of aluminium ingots during the Year under Review; and a significant increase in the number of staff for the expansion of the Group's aluminium alloy formwork business, resulting in an increase in staff costs.

Gross Profit and Gross Margin

The Group's gross profit amounted to approximately RMB6.35 billion for the Year under Review, representing an increase of 1.0% from approximately RMB6.29 billion for the Year 2016. The gross margin decreased from 37.7% for the Year 2016 to 32.6% for the Year under Review. The following sets forth the segment analysis of gross profit, share in gross profit and gross margin of the Group for the Year under Review and the Year 2016:

	For the year ended 31 December					
	2017			2016		
	Gross profit *RMB'000*	%	**Gross margin** %	Gross profit *RMB'000*	%	Gross margin %
Aluminium extrusion business	**6,082,838**	**95.8%**	**35.6%**	5,232,497	83.2%	36.8%
Aluminium alloy formwork segment	**3,569,235**	**56.2%**	**40.0%**	—	—	N/A
Industrial aluminium extrusion segment	**2,491,544**	**39.3%**	**32.0%**	5,081,969	80.8%	38.5%
Construction aluminium extrusion segment	**22,059**	**0.3%**	**5.8%**	150,528	2.4%	14.6%
Aluminium flat rolling business	**181,039**	**2.9%**	**11.4%**	—	—	N/A
Deep processing business	**46,533**	**0.7%**	**6.4%**	1,038,533	16.5%	42.5%
Others	**38,169**	**0.6%**	**N/A**	17,348	0.3%	N/A
Total	**6,348,579**	**100.0%**	**32.6%**	6,288,378	100.0%	37.7%

The decrease in overall gross margin of the Group as compared to the Year 2016 was principally because the Group's production volume and efficiency of the aluminium flat rolling products have not reached their optimal level during the Period under Review, and a decrease in sales volume of aluminium extrusion business and deep processing business resulted in an increase in fixed costs per unit.

Investment Income

Investment income, which mainly consists of interest income from bank deposits and interest income from available-for-sale financial assets, increased from approximately RMB250 million for the Year 2016 to approximately RMB420 million for the Year under Review, which was mainly due to the increase in average balance of bank deposits during the Year under Review.

Other Income/(Expenses)

Other Income/(Expenses) increased from a net loss of approximately RMB15.59 million for the Year 2016 to a net gain of approximately RMB990 million for the Year under Review, which was mainly due to the change from an exchange loss of approximately RMB220 million for the Year 2016 to an exchange gain of approximately RMB260 million for the Year under Review arising from the Group's borrowings denominated in foreign currencies, which was caused by the appreciation of Renminbi; and, to a lesser extent, due to an increase in net gain from sales of machinery and equipment from approximately RMB19.91 million for the Year 2016 to approximately RMB350 million for the Year under Review; as well as due to an increase in net gain from sales of scrap materials, consumables and moulds from RMB29.35 million for the Year 2016 to approximately RMB210 million for the Year under Review.

Selling and Distribution Costs

Selling and distribution costs increased from approximately RMB160 million for the Year 2016 to approximately RMB230 million for the Year under Review primarily due to the increase in staff costs resulting from the increase in the number of sales staffs for the Group's expansion of business scope and scale during the Year under Review.

Administrative and Other Operating Expenses

Administrative and other operating expenses mainly comprise share option expenses, wages, salaries and benefit expenses, R&D expenditures, amortisation of prepaid lease payments, land use taxes, bank handling fees, rentals, agency fees and depreciation charges of office equipment. Administrative and other operating expenses of the Group for the Year under Review was approximately RMB1.81 billion, which was in line with the Year 2016 of approximately RMB1.84 billion.

Share of Profit of Associates

The Group's share of profit of associates for the Year under Review was approximately RMB170 million (Year 2016: approximately RMB73.90 million), which was the share of profit of the Group's associates recognised using equity method.

Finance Costs

The Group's finance costs increased from approximately RMB930 million for the Year 2016 to approximately RMB1.16 billion for the Year under Review, mainly due to the decrease in the Group's capitalised interest expenses for the Year under Review as compared to that for the Year 2016.

During the Year under Review, the Group's capitalised interest expenses amounted to approximately RMB440 million (Year 2016: approximately RMB860 million) at an average capitalised interest rate of 4.89% per annum (Year 2016: 4.59%).

During the Year 2016 and the Year under Review, the Group's loans carried average interest rates of 4.14% and 4.42% per annum, respectively. During the Year under Review, the debentures carried interest rates ranging from 3.49% to 7.50% per annum (Year 2016: from 3.49% to 7.50% per annum).

Profit before Taxation

The Group's profit before taxation increased from approximately RMB3.68 billion for the Year 2016 to approximately RMB4.73 billion for the Year under Review.

Income Tax

The Group's income tax increased from approximately RMB770 million for the Year 2016 to approximately RMB860 million for the Year under Review.

The Group's effective tax rates for the Year 2016 and the Year under Review were 21.0% and 18.3%, respectively.

Profit for the Year

The Group's profit for the year increased to approximately RMB3.87 billion for the Year under Review from approximately RMB2.91 billion for the Year 2016. The Group's net profit margin increased from 17.4% for the Year 2016 to 19.9% for the Year under Review.

Cash Flows

The following sets forth the Group's cash flows for the Year under Review and the Year 2016:

	For the year ended 31 December	
	2017	2016
	RMB'000	*RMB'000*
Net cash generated from operating activities	**4,389,760**	4,603,246
Net cash used in investing activities	**(13,180,944)**	(6,065,032)
Net cash generated from/(used in) financing activities	**7,596,514**	(713,753)

Net Current Assets

At 31 December 2017, the Group's net current assets amounted to approximately RMB1.50 billion, which was approximately RMB3.65 billion lower than net current assets of approximately RMB5.15 billion at 31 December 2016. The decrease was mainly due to the fact that the increase in current assets was lesser than the increase in current liabilities.

Liquidity

At 31 December 2017 and 31 December 2016, the Group's cash and cash equivalents amounted to approximately RMB6.83 billion and RMB8.02 billion, respectively; balance of short-term deposits was nil and approximately RMB3.33 billion, respectively; balance of pledged bank deposits under current assets amounted to approximately RMB3.86 billion and RMB2.90 billion, respectively; and balance of available-for-sale financial assets amounted to approximately RMB2.88 billion and RMB270 million, respectively.

Borrowings

At 31 December 2017, the Group's debentures and loans amounted to approximately RMB43.52 billion in aggregate, representing an increase of approximately RMB10.5 billion from approximately RMB33.02 billion at 31 December 2016.

At 31 December 2017, the Group's debentures and loans under current liabilities amounted to approximately RMB11.9 billion (31 December 2016: approximately RMB8.32 billion) and debentures and loans under non-current liabilities amounted to approximately RMB31.62 billion (31 December 2016: approximately RMB24.7 billion).

The Group's gearing ratio was approximately 63.8% and 57.0% at 31 December 2017 and 31 December 2016. The ratio is calculated by dividing total liabilities by total assets of the Group.

Pledged Assets

At 31 December 2017, assets with a total carrying amount of approximately RMB5.86 billion of the Group were pledged, including pledged bank deposits, property, plant and equipment and prepaid lease payments, for financing arrangements (31 December 2016: approximately RMB5.36 billion were pledged, including pledged bank deposits, property, plant and equipment and prepaid lease payments, for financing arrangements).

Contingent Liabilities

At 31 December 2017 and 31 December 2016, the Group had no material contingent liabilities.

Employees

At 31 December 2017, the Group had 32,255 full-time employees responsible for production, R&D, sales and management, representing an increase of 92.6% from 16,750 employees as at 31 December 2016. During the Year under Review, relevant employee costs (including Directors' remuneration) amounted to approximately RMB2.86 billion (including share option charges of approximately RMB110 million), an increase of 101.7% as compared with approximately RMB1.42 billion (including share option charges of approximately RMB200 million) for the Year 2016. The Group's employee costs (excluding share option charges) increased mainly due to the increase in number of employees as a result of the Group's business expansion both in scope and size.

Research and Development

Continuous investment in R&D has helped the Group establish a high-level R&D and technical team. At 31 December 2017, the Group had 2,202 R&D and quality control personnel which accounted for 6.8% of the Group's total number of employees. Apart from possessing strong R&D capability in new materials and new technologies, and operating the largest die design and manufacturing centre in Asia, the Group has also built a first-class product and process design team to meet the ever-increasing demand from clients for the integrated solution from product design to production of light-weight materials. In addition, the Group has entered into cooperation with various leading industrial research institutions as well as scientific research institutes to vigorously upgrade the Group's scientific research level while effectively expanding the downstream scope of application of aluminium products.

Capital Commitments

At 31 December 2017, the Group's capital expenditures in respect of the acquisition of property, plant and equipment contracted but not provided for in the consolidated financial statements amounted to approximately RMB14.28 billion, which was primarily used for the construction of infrastructure used in the Group's growth projects such as high-end aluminium flat rolling project, and for the purchase expenses of equipment relating to the expansion of its production capacity for extrusion. The Group intends to apply funds generated from operating activities, commercial bank loans and other available means to finance the purchase.

Proposed Spin-off

On 22 March 2016, Liaoning Zhongwang Superior Fabrication Investment Limited* (遼寧忠旺精製投資有限公司) ("**Zhongwang Fabrication**") (an indirect wholly-owned subsidiary of the Company) entered into an assets transfer agreement with CRED Holding Co., Ltd.* (中房置業股份有限公司) ("**CRED Holding**") (a company incorporated in the PRC and currently listed on the Shanghai Stock Exchange) for the disposal of all the equity interests in Liaoning Zhongwang, a direct wholly-owned subsidiary of Zhongwang Fabrication). The agreement has been approved by the Hong Kong Stock Exchange on 6 June 2016 and was passed with a great majority by shareholders of the Company and CRED Holding on 6 September 2016. On 18 August 2017, Zhongwang Fabrication and CRED Holding entered into a supplemental agreement to the assets restructuring agreements, pursuant to which the long stop date was extended to 21 September 2018 in order to allow more time to complete the PRC regulatory procedures in connection with the assets restructuring and the proposed spin-off. The supplemental agreement was approved at the shareholders' meeting of CRED Holding held on 5 September 2017.

Overseas Acquisitions

In August 2017, Zhongwang Aluminium Deutschland GmbH, an indirect wholly-owned subsidiary of the Company, completed the acquisition of Alunna. The Group holds 98.27% equity interest in Alunna.

Alunna, founded in 1914, is a manufacturer of high-end semi-finished aluminium products, including seamless extruded tubes and porthole extruded tubes as well as other high value-added aluminium alloy extrusion products. Application of the products principally covers, among others, aerospace and automobile industries.

The acquisition of Alunna will substantially improve the Group's capability in seamless tube extrusion and further optimize its product mix. It will also accelerate the business expansion of the Group into, among others, aerospace and automobile industries on the strength of Alunna's product credentials and its experience in customer development, thus enhancing the competitiveness of the Group as a whole.

In October 2017, Hongkong Zhongwang Investment Limited, an indirect wholly-owned subsidiary of the Company, completed the acquisition of Silver Yachts. The Group holds 66.67% equity interest in Silver Yachts.

Silver Yachts is one of the pioneers in designing and building large-sized, all-aluminum, aerodynamic, high-performance and fuel-efficient superyachts. The acquisition of Silver Yachts was a significant step to advance the Group's strategy in the marine sector.

Event after the Reporting Period

The Group had no material events after the reporting period.

Financial Risks

The Group is exposed to various financial risks, such as foreign currency risk, the interest rate risk and aluminium ingot price fluctuation risk in the ordinary course of its business.

Foreign Currency Risk

Most of the Group's 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 92.4% of the Group's revenue was settled in Renminbi and approximately 7.6% was settled in foreign currencies, while approximately 89.1% of the Group's borrowings was denominated in Renminbi and approximately 10.9% was denominated in foreign currencies at 31 December 2017.

Exchange rate fluctuations will affect contractual sales revenue denominated in foreign currencies and on borrowings denominated in foreign currencies, which in turn may have adverse effects on the Group. The Group's financial and capital policies aim to control the foreign currency fluctuation risk and the interest rate fluctuation risk of individual transactions. The Group did not hedge against currency risk by using any financial instruments. However, the management of the Group has been monitoring the exchange rate risk, and will consider hedging against major foreign currency risk when required.

Interest Rate Risk

As the Group does not have any significant interest-bearing assets, most of the Group's revenue and operating cash flow are not affected by interest rate changes in the market. 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. At 31 December 2017, the Group's fixed-rate loans were approximately RMB6.19 billion (31 December 2016: approximately RMB5.02 billion).

During the Year 2016, the Group issued unsecured debentures of RMB2.5 billion, RMB500 million and RMB4.0 billion with maturity of 5 years, 1 year and 5 years respectively, which are repayable on 22 March 2021, 8 July 2017 and 26 September 2021, respectively, and with effective interest rates of 4.05%, 3.49% and 3.75% per annum, respectively. The debenture of RMB500 million had been fully settled on its maturity date.

During the year ended 31 December 2015, the Group issued an unsecured debenture of RMB1.2 billion with maturity of three years and repayable on 27 May 2018, and with effective interest rate of 5.40% per annum.

During the year ended 31 December 2014, the Group issued unsecured debentures of RMB100 million and RMB1.1 billion 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 the year, these debentures of totalling RMB1.2 billion were fully repaid.

Price Fluctuation Risk of Aluminium Ingot

The Group's principal raw materials in the aluminium extrusion product business include aluminium ingots, aluminium rods, magnesium ingots, silicone ingots, etc. Generally, the Group's pricing of aluminium products is on a "cost-plus" basis, pursuant to which the selling price for the products are determined on the prevailing price of aluminium ingots plus a processing fee charged by the Group. The Group's pricing policy is to pass the price fluctuation risk to its customers. However, the Group 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 Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "**Governance Code**") since its listing on the Stock Exchange in 2009. 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 has 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. During the Year under Review, the Company deviated from this provision from 17 November 2017 to 31 December 2017, because Mr. Lu Changqing ("**Mr. Lu**") was appointed as chairman of the Board on 17 November 2017 and since then performed both the roles of chairman of the Board and the president (i.e. the chief executive) of the Company. Mr. Lu has joined the Group for a long period of time and was appointed to various important managerial functions in the Group. He does not only have a wealth of experience in the business operation as well as the overall management, but also an extensive knowledge in the industry. As such, the Board believes that this arrangement of Mr. Lu taking up both roles facilitates the Group's strategic development at this stage. The Board considers that this arrangement will not impair the balance of power and authority between the Board and the management of the Company as a majority of the Board members are non-executive Directors and independent non-executive Directors and the Board meets regularly to consider major matters affecting the operations of the Group and all Directors are properly and promptly briefed on such matters with adequate, complete and reliable information.

Mr. Lu, as the chairman of the Board, is responsible for ensuring that the Directors are properly briefed on issues arising at board meetings and that they receive adequate information in a timely manner. Mr. Lu also endeavours to ensure that good corporate governance practices and procedures are established, all Directors make full and active contribution to the Board's affairs, and that the Board acts in the interests of the Company.

Under the leadership of Mr. Lu, the Board works effectively and performs its responsibilities with all key and appropriate issues discussed in a timely manner. Directors are encouraged to express their views and the Board decisions have fairly reflected their consensus. A culture of openness and constructive relations among Directors has been promoted within the Board. Appropriate steps are also taken to provide effective communication between the shareholders and the Board.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 of 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

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 2017.

DIVIDEND

The Board recommended to declare a final dividend of HKD0.15 per share for the financial year ended 31 December 2017. Subject to shareholders' approval at the forthcoming annual general meeting of the Company (the "**Annual General Meeting**") to be held on Friday, 25 May 2018, the final dividend will be paid on or around Friday, 29 June 2018 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 Wednesday, 6 June 2018.

Should the final dividend distribution proposal be approved by the shareholders, together with the interim dividend of HKD0.10 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 41.2%.

CLOSURE OF REGISTER OF MEMBERS

For the purposes of determining shareholders who are entitled to attend the Annual General Meeting, the register of members of the Company will be closed from Friday, 18 May 2018 to Friday, 25 May 2018, 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 2017, 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, 31 May 2018 to Wednesday, 6 June 2018 (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/or 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. (Hong Kong time) on Thursday, 17 May 2018 and/or Wednesday, 30 May 2018, respectively.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Friday, 25 May 2018.

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 and the Company's Articles of Association 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 2017 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 Board, 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
Lu Changqing
Chairman

Hong Kong, 23 March 2018

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

Executive Directors
Mr. Lu Changqing and Ms. Ma Qingmei

Non-executive Directors
Mr. Chen Yan, Mr. Liu Zhisheng and Mr. Zhang Hui

Independent Non-executive Directors
Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy

* *For identification purposes only*