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中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 01333)

ANNOUNCEMENT OF UNAUDITED QUARTERLY FINANCIAL RESULTS AND OPERATIONAL STATISTICS FOR THE THREE-MONTH PERIOD ENDED 31 MARCH 2018

The Board (the “**Board**”) of directors (the “**Directors**”) of China Zhongwang Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) hereby announces the unaudited major financial results and operational statistics of the Group for the three-month period ended 31 March 2018 (the “**Period under Review**”), together with the unaudited comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	Note	Three months ended 31 March	
		2018 RMB'000 (Unaudited)	2017 RMB'000 (Unaudited)
Revenue	1	3,558,109	3,098,987
Cost of sales	2	(2,470,345)	(2,111,498)
Gross profit	3	1,087,764	987,489
Investment income	4	146,731	67,821
Other income	5	163,008	122,464
Selling and distribution costs		(56,890)	(38,992)
Administrative and other operating expenses	6	(438,978)	(389,255)
Share of profit of associates		36,586	48,599
Finance costs	7	(316,815)	(168,293)
Profit before taxation		621,406	629,833
Income tax		(86,005)	(117,248)
Profit for the period		535,401	512,585

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

* For identification purposes only

The Group is a world-leading fabricated aluminium product developer and manufacturer. It is currently principally engaged in the production of high precision, large-section, high value-added industrial aluminium extruded products and aluminium flat-rolled products that are widely used in the ecological construction, transportation, machinery and equipment and electric power engineering sectors.

1. Revenue

During the Period under Review, the Group's total revenue increased by 14.8% from approximately RMB3.10 billion in the corresponding period of 2017 to approximately RMB3.56 billion, of which approximately RMB3.55 billion (the corresponding period in 2017: approximately RMB3.09 billion) was generated from sales of the aluminium extrusion business, aluminium flat rolling business and deep processing business. Other revenue primarily comprised metal trade agency commission and amounted to approximately RMB7.82 million (the corresponding period in 2017: approximately RMB4.58 million).

The following sets forth the breakdown by business segments of the Group's revenue, sales volume and average selling price for the Period under Review and the corresponding period in 2017:

	For the year ended 31 March								
	2018			2017			Change		
	Revenue RMB'000	Sales volume tonnes	Average selling price RMB/tonne	Revenue RMB'000	Sales volume tonnes	Average selling price RMB/tonne	Revenue %	Sales volume %	Average selling price %
Aluminium extrusion business	2,780,291	89,907	30,924	3,027,316	117,204	25,829	-8.2%	-23.3%	19.7%
Aluminium alloy formwork segment	1,710,030	46,090	37,102	1,577,914	48,584	32,478	8.4%	-5.1%	14.2%
Industrial aluminium extrusion segment	1,070,122	43,809	24,427	1,366,637	63,570	21,498	-21.7%	-31.1%	13.6%
Construction aluminium extrusion segment	139	8	17,375	82,765	5,050	16,389	-99.8%	-99.8%	6.0%
Aluminium flat rolling business	510,536	30,475	16,753	-	-	N/A	N/A	N/A	N/A
Deep processing business	259,461	10,003	25,938	67,087	3,330	20,146	286.8%	200.4%	28.8%
Others	7,821	N/A	N/A	4,584	N/A	N/A	70.6%	N/A	N/A
Total	<u>3,558,109</u>	<u>130,385</u>	<u>27,289</u>	<u>3,098,987</u>	<u>120,534</u>	<u>25,710</u>	<u>14.8%</u>	<u>8.2%</u>	<u>6.1%</u>

During the Period under Review, sales amount of the Group's aluminium alloy formwork segment increased by 8.4% from approximately RMB1.58 billion in the corresponding period of 2017 to approximately RMB1.71 billion. Such increase was principally due to an increase in average selling price of the aluminium alloy formwork product from RMB32,478 per tonne in the corresponding period of 2017 to RMB37,102 per tonne. During the Period under Review, sales volume of the Group's aluminium alloy formwork segment was 46,090 tonnes (the corresponding period in 2017: 48,584 tonnes).

Sales volume of the Group's industrial aluminium extrusion segment for the Period under Review was 43,809 tonnes with sales amount of approximately RMB1.07 billion. The decrease in both sales volume and sales amount as compared with the corresponding period of 2017 was mainly due to the fact that the production of aluminium alloy formwork occupied some capacity for industrial aluminium extrusion segment during the Period under Review.

Sales volume of the Group's aluminium flat rolling business for the Period under Review was 30,475 tonnes (the corresponding period in 2017: nil), with sales amount of approximately RMB510 million (the corresponding period in 2017: nil) and average selling price of RMB16,753 per tonne (the corresponding period in 2017: nil).

For the Period under Review, revenue of the Group's deep processing business was approximately RMB260 million (the corresponding period in 2017: approximately RMB67.09 million), the sales volume was 10,003 tonnes (the corresponding period in 2017: 3,330 tonnes), and the average selling price was RMB25,938 per tonne (the corresponding period in 2017: RMB20,146 per tonne). The increase in revenue, sales volume and average selling price of the Group's deep processing business over the corresponding period of 2017 was due to the Group's aggressive expansion into the 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; and an increase in price of aluminium ingots during the Period under Review.

For the Period under Review, the Group's revenue from overseas sales amounted to approximately RMB510 million (the corresponding period in 2017: approximately RMB190 million), among which, revenue generated from Alunna, a subsidiary of the Group was approximately RMB140 million (the corresponding period in 2017: nil). During the Period under Review, the Group's revenue from overseas sales accounted for 14.3% of the Group's total revenue (the corresponding period in 2017: 6.2%).

2. Cost of Sales

For the Period under Review, the Group's cost of sales increased by 17.0% to approximately RMB2.47 billion as compared to approximately RMB2.11 billion for the corresponding period in 2017. Such increase was mainly due to an increase in price of raw materials during the Period under Review.

3. Gross Profit and Gross Margin

During the Period under Review, the Group's gross profit increased by 10.2% from approximately RMB990 million in the corresponding period of 2017 to approximately RMB1.09 billion. The overall gross margin of the Group for the Period under Review slightly decreased from 31.9% in the corresponding period of 2017 to 30.6%. Such decrease was principally due to the below-normal gross profit of the flat-rolled products as the production volume and efficiency of the Group's aluminium flat rolling business did not reach the optimal level during the Period under Review. On the condition of excluding the impact of the aluminium flat rolling business, the gross margin of the Group would have been 37.2%.

4. Investment Income

Investment income of the Group, which mainly consists of interest income from bank deposits and interest income from available-for-sale financial assets, increased to approximately RMB150 million for the Period under Review from approximately RMB67.82 million in the corresponding period of 2017, which was mainly due to the increase in interest income from available-for-sale financial assets during the Period under Review.

5. Other Income

Other income of the Group increased to approximately RMB160 million for the Period under Review from approximately RMB120 million for the corresponding period in 2017, which was mainly due to the increase in exchange gain for the Period under Review arising from the Group's borrowings denominated in foreign currencies, which was caused by the appreciation of RMB.

6. Administrative and Other Operating Expenses

Administrative and other operating expenses of the Group for the Period under Review increased to approximately RMB440 million from approximately RMB390 million in the corresponding period of 2017, which was mainly due to increase of staff salary and benefits resulting from the Group's expansion of business scope and scale, and increases in depreciation charges and rentals.

7. Finance Costs

Finance costs of the Group increased to approximately RMB320 million for the Period under Review from approximately RMB170 million for the corresponding period in 2017. Such increase was principally due to a decrease in capitalized interest expenses for the Period under Review as compared to that in the corresponding period of 2017.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the Period under Review and the corresponding period in 2017 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. **Shareholders and investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board
China Zhongwang Holdings Limited
Lu Changqing
Chairman

Hong Kong, 27 April 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