



Because it is light

it carries more

it flies higher

it consumes less

it runs faster

it discharges lower

2014 Annual Results Corporate Presentation

17 March 2015



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

- This document may contain forward-looking statements that reflect risks and uncertainties. These forward-looking statements are generally expressed in forward-looking expressions, such as expectations, estimation, planning, projections, goals, the possibilities, probabilities or so on to reflect the actions that the Company expects to or may take in future or the results from these actions. You should not rely excessively on these forward-looking statements, which are based on our own information and other sources of information that we consider reliable. Our actual results may differ from these forward-looking statements which may lead to fluctuation in our share price.
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● ***2014 Annual Results Highlights***

● ***Operational Highlights***

● ***Development Strategies***



2014 Annual Results Highlights

2014 Annual Results Highlights

- The Group achieved multi-faceted development in products, equipment and markets and registered double-digit growth in both revenue and net profit. The gross profit margin reached 28.0%.

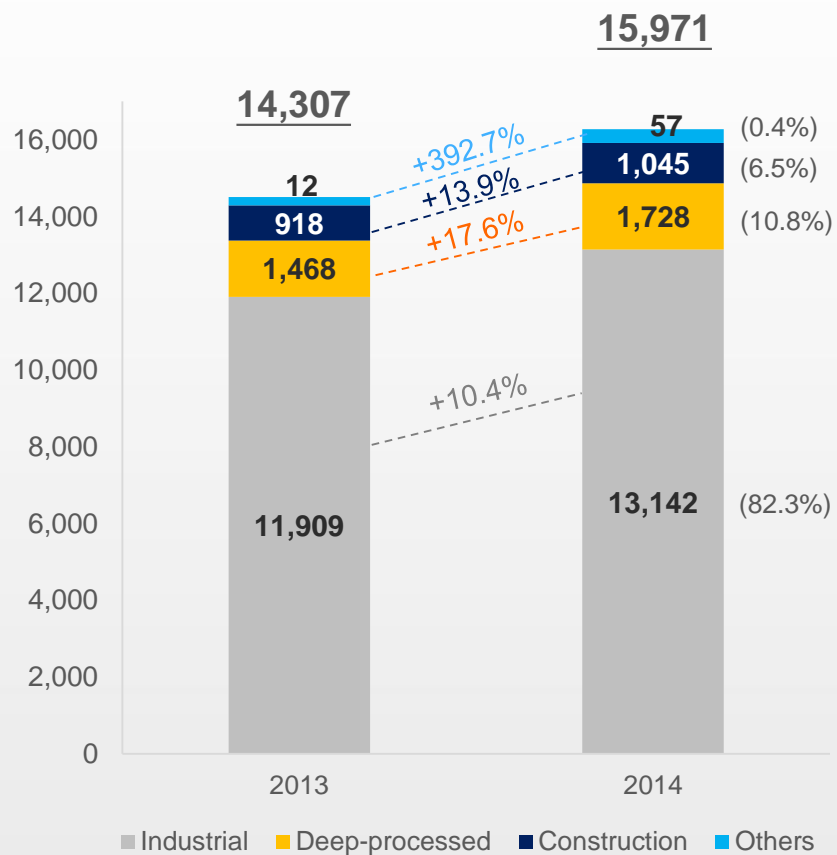
| <i>For the year ended 31 Dec (RMB million)</i> | 2012 | 2013 | 2014 | 2013-14 Change (%) |
|--|--------|--------|--------|-----------------------|
| Revenue | 13,497 | 14,307 | 15,971 | +11.6 |
| Gross profit | 3,260 | 3,841 | 4,467 | +16.3 |
| Profit before taxation | 2,342 | 2,555 | 2,970 | +16.2 |
| Net profit | 1,807 | 2,127 | 2,477 | +16.5 |
| Total share capital (million shares) | 5,406 | 5,406 | 7,069 | +30.8 |
| Basic earnings per share (RMB) | 0.33 | 0.39 | 0.36 | -7.7 |
| Full year dividend per share (RMB) | N.A. | 0.10 | 0.13 | +30.0 |

| % | 2012 | 2013 | 2014 | 2013-14 Change (%pt) |
|---------------------|------|------|------|-------------------------|
| Gross profit margin | 24.2 | 26.8 | 28.0 | +1.2 |
| EBITDA margin | 23.5 | 25.3 | 25.4 | +0.1 |
| Net profit margin | 13.4 | 14.9 | 15.5 | +0.6 |

Revenue Analysis

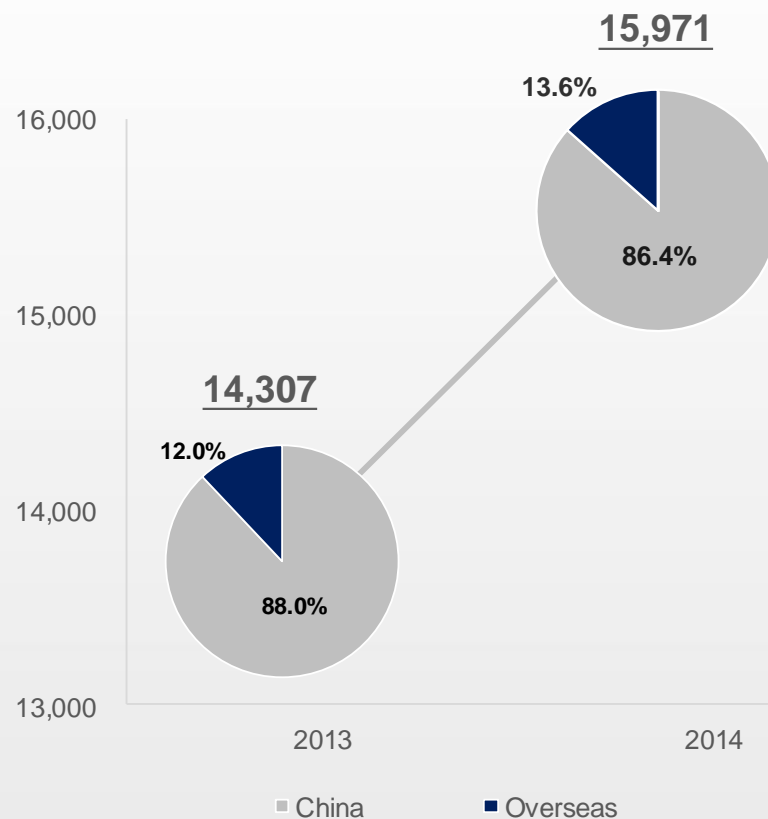
Revenue by Product

RMB million



Revenue by Geographical Region

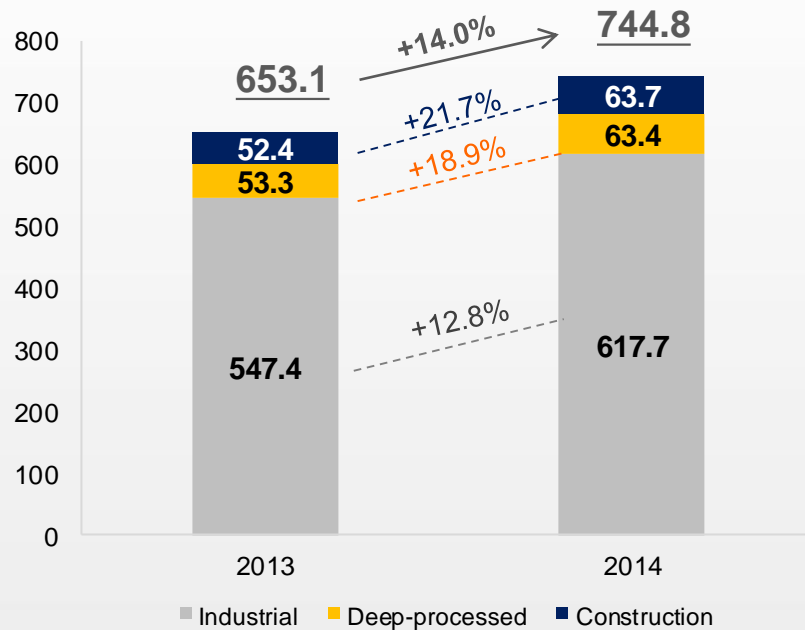
RMB million



Sales Volume Analysis on Aluminium Extrusion Products

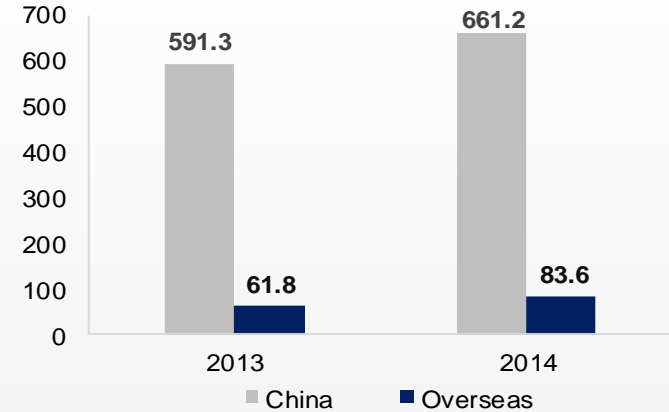
Sales Volume by Product

('000 tonnes)



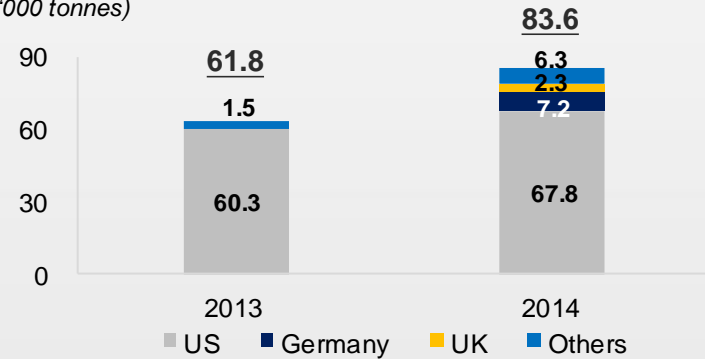
Sales Volume by Geographical Region

('000 tonnes)



Overseas Sales Volume Analysis

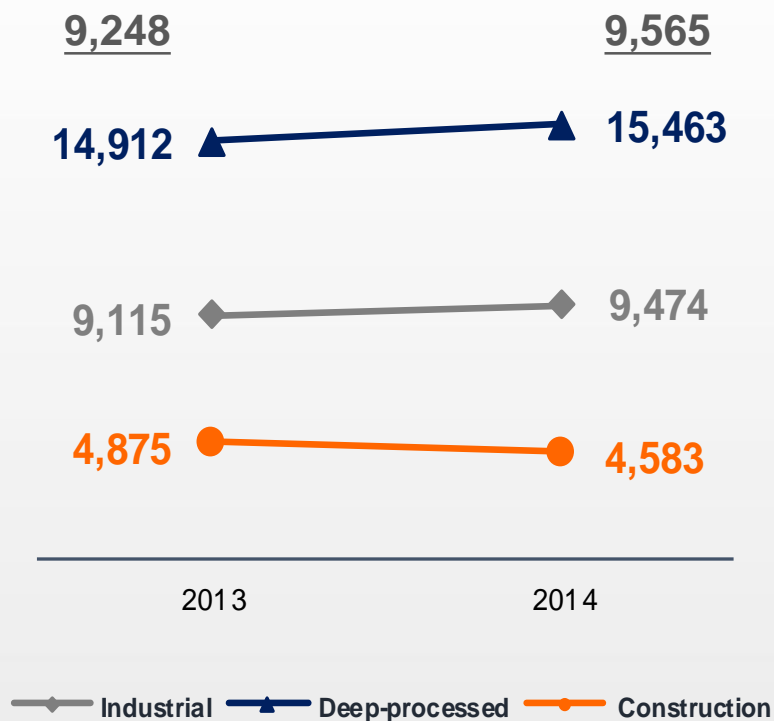
('000 tonnes)



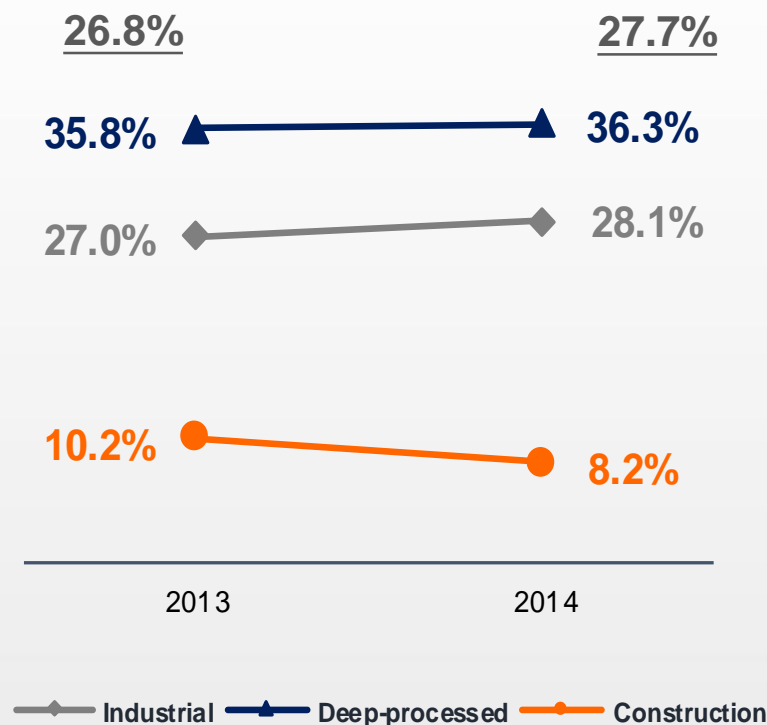
Product Portfolio Optimization Led to Slightly Improved GP Margin

Average Processing Fee of Aluminium Extrusion Products

(RMB/Tonne)



GP Margin of Aluminium Extrusion Products

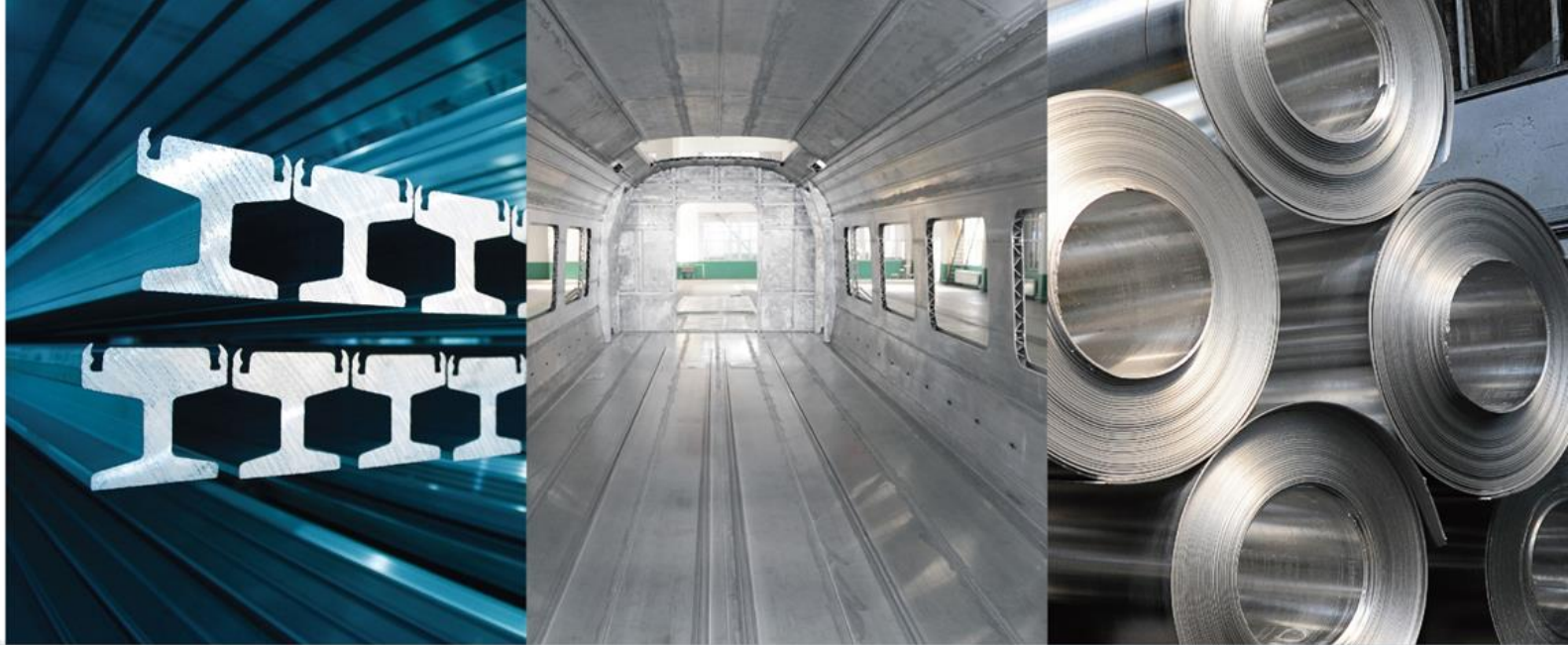


Solid Financial Position and Sound Management

| <i>Turnover Days (Days)</i> | 2013 | 2014 |
|--|------------------------|------------------------|
| Accounts receivable turnover days¹ | 18 | 17 |
| Accounts payable turnover days² | 124 | 96 |
| Inventory turnover days³ | 135 | 110 |
| | | |
| <i>Balance Sheet Summary (RMB million)</i> | As at 31 December 2013 | As at 31 December 2014 |
| Total assets | 40,353 | 53,769 |
| Bank balances and cash⁴ | 10,886 | 11,231 |
| Net assets | 19,639 | 24,329 |
| Net asset value per share (RMB) | 3.63 | 3.44 |
| Gearing ratio (%)⁵ | 51.3% | 54.8% |

Remarks:

1. Accounts receivable turnover in days = $365 \times ((\text{accounts and bill receivables balance at the beginning of the year} + \text{accounts and bill receivables balance at the end of the year}) / 2) / \text{sales for the year}$
2. Accounts payable turnover in days = $365 \times ((\text{accounts and bills payable balance at the beginning of the year} + \text{accounts and bills payable balance at the end of the year}) / 2) / \text{cost of sales for the year}$
3. Inventory turnover in days = $365 \times ((\text{inventory balance at the beginning of the year} + \text{inventory balance at the end of the year}) / 2) / \text{cost of sales for the year}$
4. Bank balances and cash = cash and cash equivalents + short-term deposits + pledged bank deposits
5. Gearing ratio = $\text{total liabilities} / \text{total assets} \times 100\%$



Operational Highlights

Three Synergistic Core Businesses

Products in the Pipeline



High Value-added Aluminium Flat Rolled Products (FRP)

- FRP project is rolling out as planned. It will become a long-term growth engine.
- The project will be the world's largest top-notch FRP base upon completion. The project is expected to change the current situation of the nation's reliance on import for high-end products.

Current Products



Deep-processed Products

- R&D and design capabilities are being enhanced to facilitate further expansion of aluminium applications in transportation.
- Technically advanced products command higher selling price and gross profit, and are not subject to international trade restrictions. These products enjoy great market potentials and will boost overseas sales.



Industrial Aluminium Extrusion Products



- As the main source of revenue and profit, industrial aluminium extrusion products provide safeguards for the smooth rolling out of the deep processing business and aluminium flat rolling business in terms of technology, talent, upstream resource and customer base.

Industrial Aluminium Extrusion Products

2014 Performance at a Glance

| | |
|--|------------------------------|
| No. of extrusion lines | 93 |
| No. of large-tonnage extrusion presses of 75MN and above | 21 (including four 125MN) |
| Total production capacity | Over 1 million tonnes |
| ASP (RMB) | 21,277 / tonne |
| Processing fee (RMB) | 9,474 / tonne |
| Gross profit margin | 28.1% |

2012-2014 Revenue & Volume



- The 8 large-tonnage aluminium extrusion presses installed in 2013 operated at full capacity in 2014, satisfying the Group's production need.
- Two 225MN horizontal single-action aluminium extrusion presses will arrive in succession for installation in 2015.
- These additional facilities will reinforce the Group's leading edge in the production of high precision, complex large-section industrial aluminium extrusion products, further enhancing our integrated competitiveness for high-end industrial aluminium extrusion products.



Deep-Processed Products

2014 Performance at a Glance

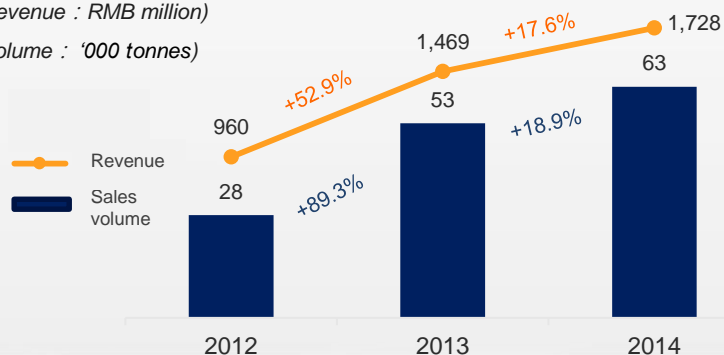
| | |
|----------------------|----------------|
| Revenue (RMB) | ~1.73 billion |
| Sales volume | ~63,000 tonnes |
| ASP (RMB) | 27,266 / tonne |
| Processing fee (RMB) | 15,463 / tonne |
| Gross profit margin | ~36.3% |

- Besides industrial pallets, the Group's deep-processed products also include frames and bumper systems for electric buses, high-speed railway skirting boards and grilles, large-sized parts for trains, etc.
- During the year under review, the Group added new plant facilities and equipment for the deep processing business and set up a product and process design team to offer light-weight solutions for downstream customers.

2012-2014 Revenue & Volume

(Revenue : RMB million)

(Volume : '000 tonnes)



Showcase of All Aluminium Made Deep-Processed Products

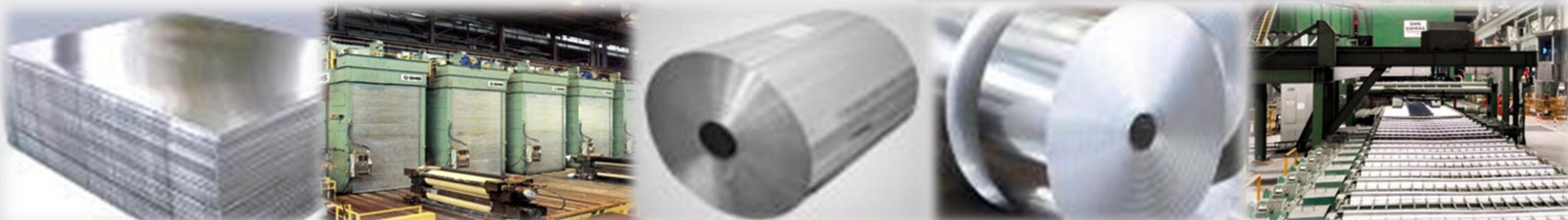


High-End Aluminium Flat Rolled Products

Overview of Project Phase 1

| | First Line | Second Line |
|--------------------------|---|---------------------------------|
| Type of production lines | Medium- to high-thickness aluminium plates | Aluminium sheets |
| Project progress | Equipment installation and testing is currently underway, and trial operation will follow immediately afterwards | Installation will start in 2015 |
| Hot rolling mill | 4500mm 1+1+3 | 2650mm 1+5 |
| Advantage of ancillary | Cutting-edge equipment from Germany, Italy, U.S. and other countries for every production stage from smelting and casting, cold rolling to finishing. The production lines, once completed, will boast the world's most advanced equipment supported by the world's most comprehensive set of ancillary facilities. | |
| Product application | Transportation sector (including plates for vessels, commercial vehicles, and railway) and chemical vessels etc. | |

- Plant construction for the first production line was completed in 2014. Now in the progress of equipment installation and testing, and trial runs will start right afterwards.
- Nearly 200 core technical staff completed training in Germany and the global recruitment of international industry experts has been completed.
- The FRP project will fill the gap in commercial capacity of high-end aluminium products in China to meet the increasing demand for high-end aluminium plates and sheets products.



Recognized R&D Capabilities



Investment

- Investment in R&D amounted to RMB510 million in 2014, accounting for 3.2% of total revenue.
- The new office building for Technology Center was inaugurated. Equipped with advanced facilities, the Center will accelerate the Group's R&D capabilities.
- A team of 885 R&D and quality control experts as of 31 December 2014, representing 9.0% of the Group's total employees.

Achievements

- Was granted more than 20 issued patents, won 8 technology awards, and obtained the national, provincial or municipal authorities' approvals for 7 technology projects.
- Participated in the drafting and/or amendment of 6 national industry standards, 2 of which were headed by the Group and 4 with the Group's active participation in the process
- Continued to enjoy a preferential corporate income tax rate of 15%.

Partners

- Explored in-depth collaboration with a number of well-know auto-makers..
- Elected as an *Innovation and Practice Base for Post-doctoral Researchers in Liaoning Province*..
- Established with Shenyang Aerospace University and AVIC SAC Commercial Aircraft Company Limited in early 2015 *Liaoning Aluminium Alloy Joint Research and Development Laboratory*.

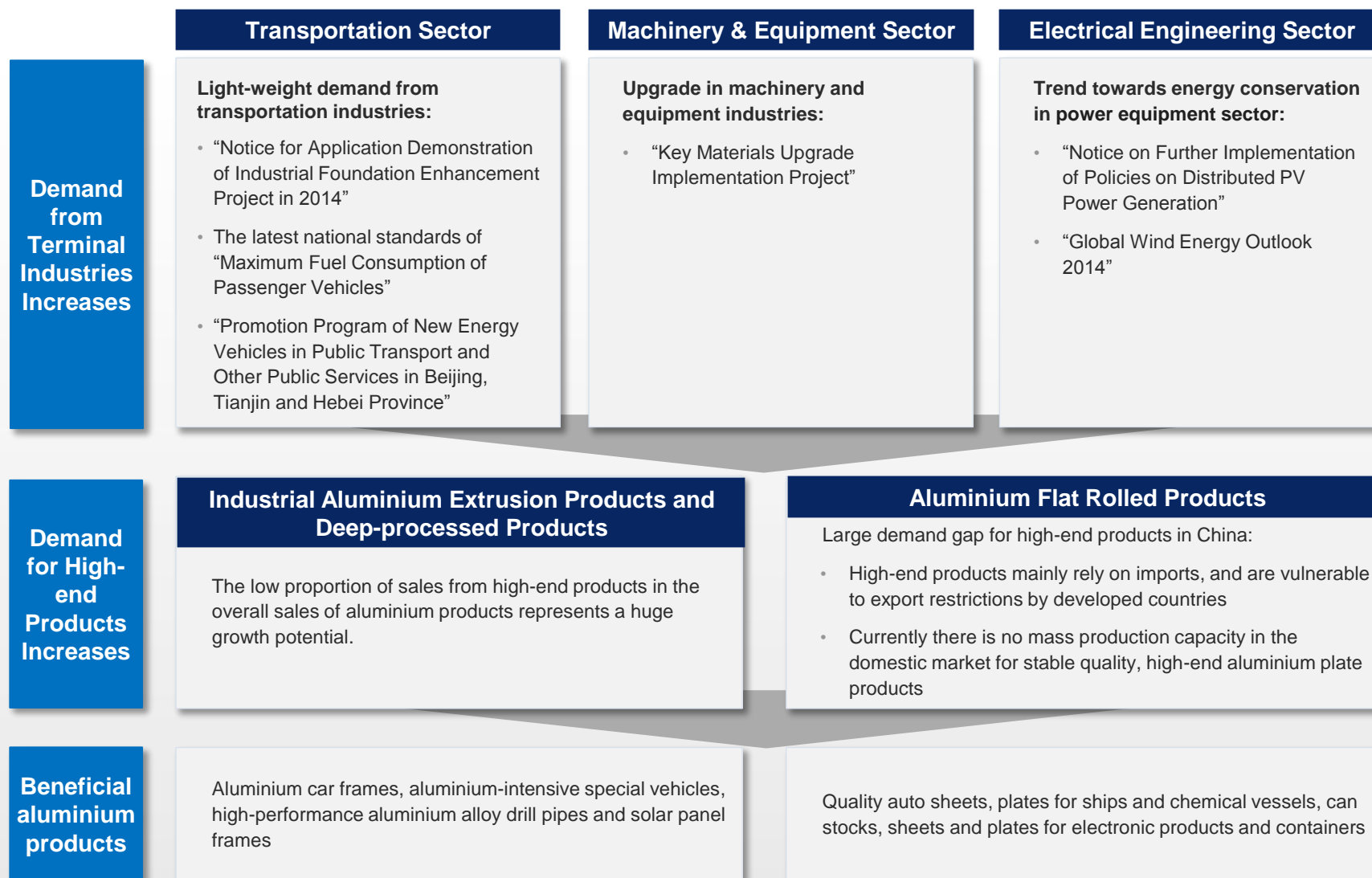
Industry Accreditation

- Passed the annual audit on AS9100C, IRIS, CCS, and ISO/TS16949 certification, which facilitates application of the Group's aluminium extrusion products in civil aviation, railway, shipping and automobile industry.
- Obtained approval for expansion in aluminium alloy extrusions certified by the CCS, that broadens application of the Group's products in shipping, offshore facilities and related industrial areas.

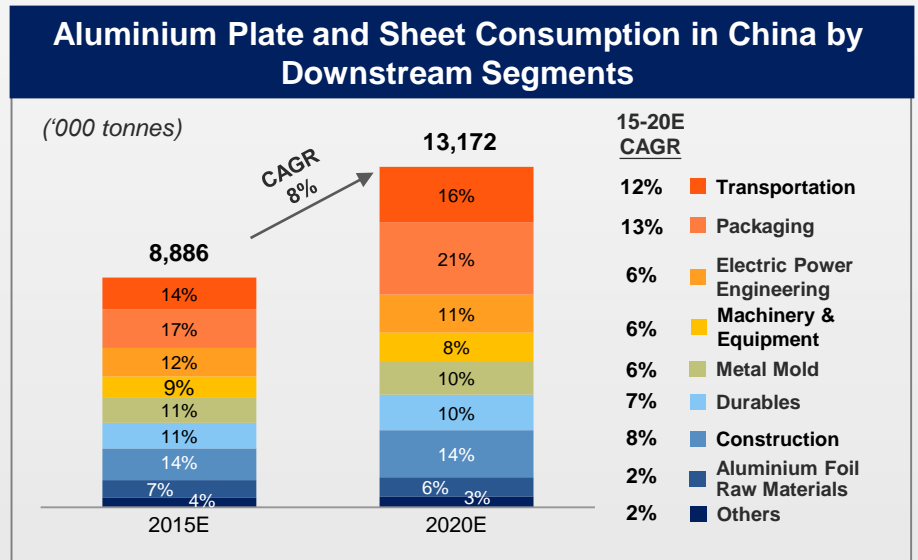
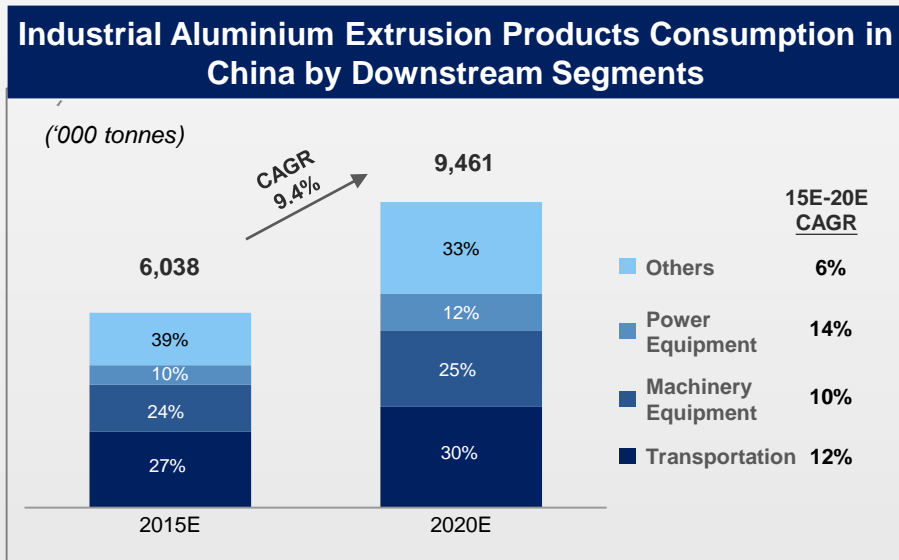
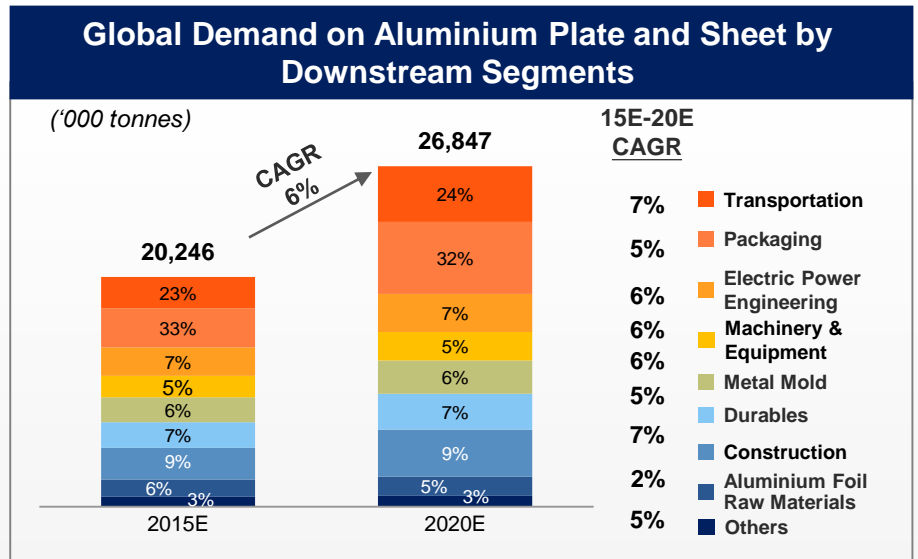
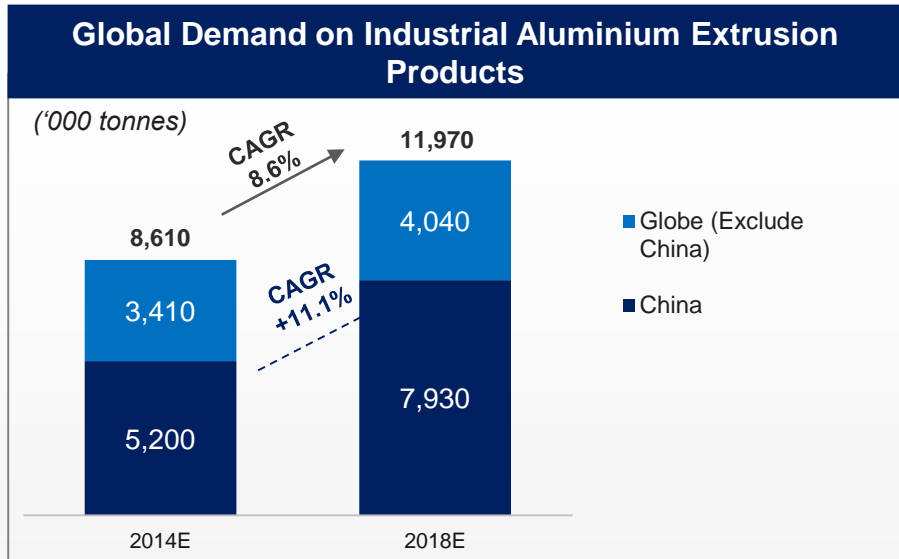


Development Strategies

China's Favorable Policies to Boost Demand for High-end Products



Growing Industrial Aluminium Extrusion & Aluminium FRP Markets



Continue to Advance FRP Project



Extend industry chain to fuel the Group's long term growth.

Expand the Scale of Deep Processing Operation



Steadily expand the scale of deep processing business and diversify the product portfolio to increase the proportion of sales and profit contributions from deep processing business.

Optimize Production Capacity

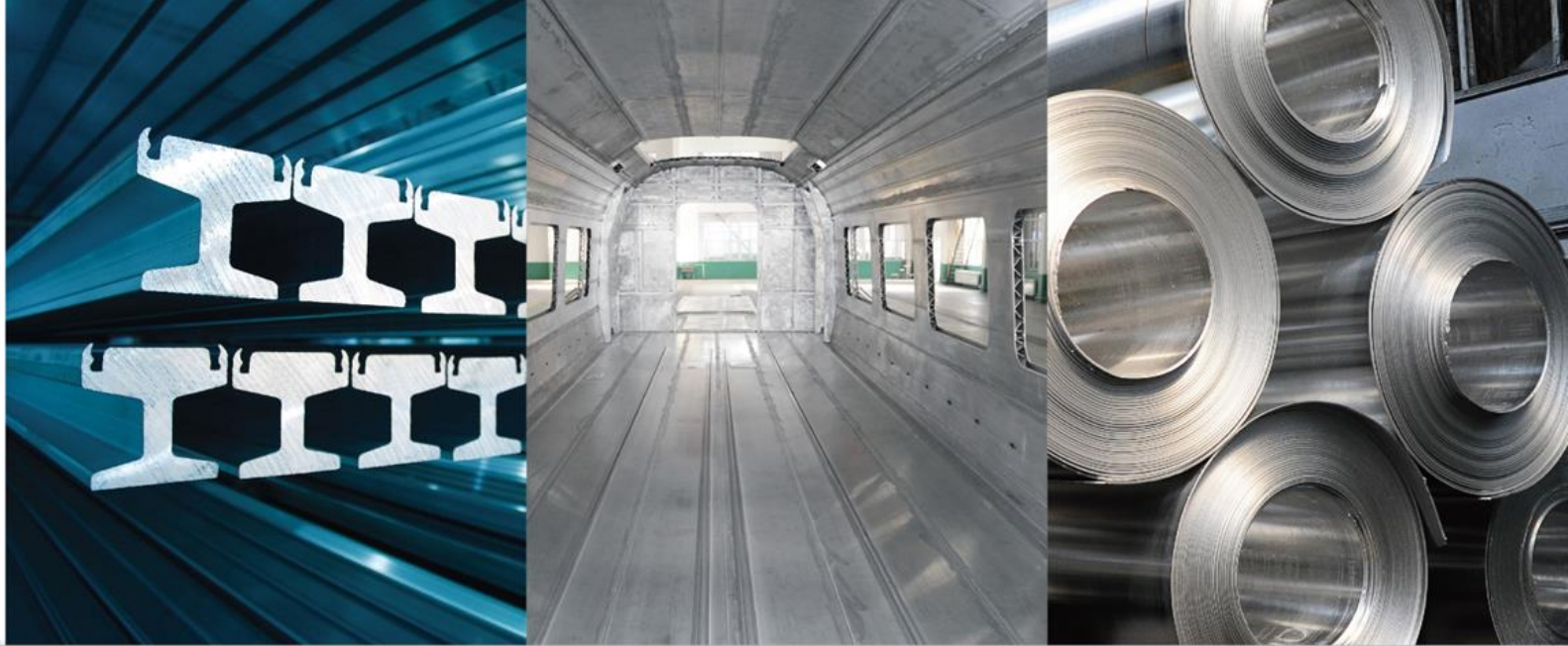


Consolidate our leading edges in high precision, large-section aluminium extrusion production and enhance the production capacity of smelting and casting to satisfy the aluminum processing production capacity needs.

Enhance Competitive Edge Through Technological Innovation



Increase R&D investment and drive the technology and process innovation through collaborations with industry players, academics and research institutes. Accelerate the progress of product commercialization to enhance overall competitiveness.



A Leading Aluminium Processed Product Developer and Manufacturer in Asia

Because it is light, it:

- **Carries more**
- **Flies higher**
- **Consumes less**
- **Runs faster**
- **Discharges lower**

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