

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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

UNAUDITED QUARTERLY FINANCIAL RESULTS AND OPERATIONAL STATISTICS

FOR THE NINE MONTH PERIOD ENDED 30 SEPTEMBER 2010

The board of directors (the “**Board**”) of China Zhongwang Holdings Limited (the “**Company**”) is pleased to present the unaudited major financial results and operational statistics of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2010, together with the unaudited comparative figures for the corresponding period in 2009.

The Board of the Company is pleased to announce the unaudited major financial results and operational statistics of the Group for the nine months ended 30 September 2010 together with the unaudited comparative figures for the corresponding period in 2009 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | | Nine months ended 30 September | |
|--|--------------|---------------------------------------|--------------------|
| | | 2010 | 2009 |
| | | RMB'000 | RMB'000 |
| | <i>Notes</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Revenue | 1 | 8,799,454 | 9,642,218 |
| Cost of sales | 2 | (4,935,536) | (5,928,333) |
| Gross profit | 3 | 3,863,918 | 3,713,885 |
| Interest income | | 44,320 | 35,773 |
| Other income, other gains and losses | 4 | (10,503) | 25,516 |
| Selling and distribution costs | 5 | (102,765) | (103,931) |
| Administrative and other operating expenses | 6 | (121,886) | (138,519) |
| Listing expenses | 7 | — | (36,558) |
| Finance costs | 8 | (264,947) | (243,207) |
| Profit before taxation | | 3,408,137 | 3,252,959 |
| Income tax expense | 9 | (849,416) | (857,646) |
| Profit and total comprehensive income for the period attributable to owners of the Company | | <u>2,558,721</u> | <u>2,395,313</u> |

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

* For identification purpose only

The Group is principally engaged in the production of high precision, large-section and high value-added industrial aluminium extrusion products which are widely used in the transportation, machinery equipment and electric power engineering sectors. Within the transportation sector, industrial aluminium extrusion products are mainly used in industries such as railway cargo and passenger carriage, metropolitan rail (subway and light rail), automobile, heavy truck, vessel, aviation and aerospace. The Group aims to further expand the high value-added industrial aluminium extrusion product market to generate substantial returns for its shareholders.

1. Revenue

| | Nine months ended 30 September | | | |
|---|---------------------------------------|-----------------------|-------------------------|-----------------------|
| | 2010 | | 2009 | |
| | Revenue | Volume | Revenue | Volume |
| | RMB'000 | Ton | RMB'000 | Ton |
| | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> | <i>(Unaudited)</i> |
| Industrial aluminium extrusion products | 8,397,900 | 252,828 | 7,645,794 | 257,281 |
| Construction aluminium extrusion products | 401,554 | 21,899 | 1,996,424 | 108,223 |
| Total | <u>8,799,454</u> | <u>274,727</u> | <u>9,642,218</u> | <u>365,504</u> |

For the nine months ended 30 September 2010, our revenue was RMB8,799,454,000, representing a decrease of 8.7% from RMB9,642,218,000 for the corresponding period in 2009. The decrease in revenue was mainly due to a drop in sales volume of the Group's aluminium extrusion products.

Total sales volume of the Group decreased to 274,727 tons for the nine months ended 30 September 2010 from 365,504 tons for the same period in 2009. Sales volume of our industrial aluminium extrusion products of 252,828 tons for the nine months ended 30 September 2010 was substantially in line with 257,281 tons for the same period in 2009. Sales volume of our construction aluminium extrusion products decreased to 21,899 tons for the nine months ended 30 September 2010 from 108,223 tons for the same period in 2009, which was mainly due to decrease in production and sales of our construction aluminium extrusion products pursuant to our successful business shift to the industrial aluminium extrusion sector.

For the nine months ended 30 September 2010, the average processing fee of our products increased by 23.3% over the corresponding period in 2009, the average selling price increased by 21.4% whereas the average cost of aluminium ingots increased by 18.9% compared to those of the corresponding period in 2009.

During the first three quarters of 2010, revenue generated from our industrial aluminium extrusion products was higher than that during the same period last year, accounting for 95.4% of the Group's revenue, while revenue generated from our construction aluminium extrusion products further decreased to merely 4.6% of the Group's revenue. Revenue generated from

our industrial aluminium extrusion products increased by 9.8% from RMB7,645,794,000 for the nine months ended 30 September 2009 to RMB8,397,900,000 for the nine months ended 30 September 2010. On the other hand, revenue generated from our construction aluminium extrusion products decreased by 79.9% from RMB1,996,424,000 for the nine months ended 30 September 2009 to RMB401,554,000 for the nine months ended 30 September 2010.

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

| | Nine months ended 30 September | |
|------------------------------------|---------------------------------------|-------------|
| | 2010 | 2009 |
| | RMB'000 | RMB'000 |
| | (Unaudited) | (Unaudited) |
| People's Republic of China ("PRC") | 4,349,182 | 6,110,261 |
| United States of America ("US") | 3,063,702 | 3,523,209 |
| Australia | 1,352,309 | 7,322 |
| Others | 34,261 | 1,426 |
| | <hr/> | <hr/> |
| Total | 8,799,454 | 9,642,218 |
| | <hr/> <hr/> | <hr/> <hr/> |

For the nine months ended 30 September 2010, our revenue generated from domestic sales decreased to RMB4,349,182,000 from RMB6,110,261,000 for the same period in 2009. Such decrease was mainly due to a drop in revenue generated from our construction aluminium extrusion products. Revenue generated from our construction aluminium extrusion products decreased by 79.9% to RMB401,554,000 for the nine months ended 30 September 2010 from RMB1,966,424,000 for the same period in 2009. In addition, the Group's ratio of overseas sales to overall sales increased in 2010, resulting in a decrease in revenue generated from our domestic sales of industrial aluminium extrusion products.

For the nine months ended 30 September 2010, our revenue generated from overseas sales amounted to approximately RMB4,450,272,000, representing 50.6% of the Group's total revenue (36.6% for the same period in 2009). Overseas customers of the Group are mainly located in regions such as the US and Australia. As a result of the uncertainties created by anti-dumping and countervailing duty investigations in the US, our export sales to the US for the third quarter of 2010 were lower than the respective export sales for the first and second quarters of 2010. For the nine months ended 30 September 2010, our export sales to the US decreased as compared to the same period in 2009. Our revenue from sales to the US dropped by 13.0% to RMB3,063,702,000 for the nine months ended 30 September 2010 from RMB3,523,209,000 for the same period in 2009.

Further, as the Group has been actively developing overseas markets, such as Australia, the export sales to Australia and other regions increased to RMB1,386,570,000 for the nine months ended 30 September 2010 from RMB8,748,000 for the same period in 2009.

2. Cost of Sales

Cost of aluminium ingots is the major cost of sales component for the Group. Cost of sales decreased by 16.7% to RMB4,935,536,000 for the nine months ended 30 September 2010 from RMB5,928,333,000 for the same period in 2009. Cost of sales for our industrial aluminium extrusion products increased by 8.3% to RMB4,547,886,000 for the nine months ended 30 September 2010 from RMB4,199,279,000 for the same period in 2009, while cost of sales for our construction aluminium extrusion products decreased by 77.6% to RMB387,650,000 for the nine months ended 30 September 2010 from RMB1,729,054,000 for the same period in 2009. The decrease in cost of sales of the Group was mainly attributed to the decline in total production volume during the period as compared to the corresponding period last year.

3. Gross Profit

| | Nine months ended 30 September | |
|---|--------------------------------|-------------|
| | 2010 | 2009 |
| | (Unaudited) | (Unaudited) |
| Gross profit margin (%): | | |
| Industrial aluminium extrusion products | 45.8 | 45.1 |
| Construction aluminium extrusion products | 3.5 | 13.4 |
| Overall gross profit margin (%) | 43.9 | 38.5 |

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

Our overall gross profit margin increased to 43.9% for the nine months ended 30 September 2010 from 38.5% for the same period in 2009, which was mainly due to increased ratio of our industrial aluminium extrusion products sales to our overall sales. Gross profit margin of our industrial aluminium extrusion products increased to 45.8% for the nine months ended 30 September 2010 from 45.1% for the same period in 2009, mainly because we improved our product quality and technology level in 2010, thereby raising the average selling price of our industrial aluminium extrusion products.

The gross profit margin of our construction aluminium extrusion products decreased to 3.5% for the nine months ended 30 September 2010 from 13.4% for the same period in 2009. This was primarily due to the decline in processing charges brought by intensifying competition in the construction aluminium extrusion product market. In response, the Group began to shift the strategic business focus to research and development, production and sales of industrial aluminium extrusion products a few years ago, which led to the decreasing proportion of construction aluminium extrusion products in the Group’s output.

4. Other Income, Other Gains and Losses

Other income, other gains and losses recorded a net gain of RMB25,516,000 for the nine months ended 30 September 2009, while a net loss of RMB10,503,000 was recorded for the same period in 2010. Such change was mainly due to: (i) foreign exchange losses of RMB46,193,000 for the nine months ended 30 September 2010 (foreign exchange gains were RMB3,605,000 for the nine months ended 30 September 2009); and (ii) an increase in government subsidies to RMB32,774,000 for the nine months ended 30 September 2010 from RMB19,668,000 for the same period in 2009. The aggregate amount of government subsidies for research and development received by us in each period is determined and distributed by relevant PRC authorities at their sole discretion. The Group's foreign exchange losses for the period mainly reflected the impact of the continuously rising RMB exchange rate on the Group's deposits denominated in foreign currencies and sales settled in foreign currencies.

5. Selling and Distribution Costs

Selling and distribution costs, primarily comprising advertising and promotional expenses, wages and salaries of sales staff and transportation costs, decreased by 1.1% to RMB102,765,000 for the nine months ended 30 September 2010 from RMB103,931,000 for the same period in 2009, which was mainly due to the decrease in transportation costs for the nine months ended 30 September 2010 over the same period last year as a result of decrease in export sales for the third quarter of 2010.

6. Administrative and Other Operating Expenses

Administrative and other operating expenses mainly comprise share option charges, wages and salaries, depreciation of office equipment and other expenses. Administrative and other operating expenses decreased by 12.0% to RMB121,886,000 for the nine months ended 30 September 2010 from RMB138,519,000 for the same period in 2009. Such decrease was mainly due to the fact that the non-cash charges arising from the pre-IPO share options calculated at fair value recognized for the nine months ended 30 September 2010 approximated RMB24,114,000, while those charges for the same period in 2009 amounted to RMB39,314,000.

7. Listing Expenses

Listing expenses refer to the professional charges and related expenses relating to the listing of the Company. The Company was successfully listed on the main board of the Stock Exchange of Hong Kong Limited in 2009. Equity transaction costs related to the issuing of new shares amounted to approximately RMB274,229,000 and were accounted for as a deduction from equity. Other charges of approximately RMB36,558,000 were recognized as listing expenses when incurred. The Company did not incur this type of expenses during 2010.

8. Finance Costs

Finance costs increased by 8.9% to RMB264,947,000 for the nine months ended 30 September 2010 from RMB243,207,000 for the same period in 2009, which was mainly due to the increase in loans for our general working capital during the period. For the nine months ended 30 September 2009 and 2010, the bank loans carried an average interest rate of 5.3% and 4.6% per annum, respectively.

9. Income Tax Expense

Our income tax expense decreased by 1.0% to RMB849,416,000 for the nine months ended 30 September 2010 from RMB857,646,000 for the same period in 2009. Our effective tax rates for the nine months ended 30 September 2009 and 2010 were 26.4% and 24.9%, respectively. Our effective tax rate for the nine months ended 30 September 2009 was higher than the applicable tax rate of 25% for Liaoning Zhongwang Group Co., Ltd. (“**Liaoning Zhongwang**”), a wholly-owned subsidiary of the Company, the Group made provisions for the deferred taxation in respect of temporary differences arising from accumulated profits of Liaoning Zhongwang during that period. For the nine months ended 30 September 2010, no provision in respect of deferred taxation was made for the undistributed profits of Liaoning Zhongwang as the final dividends for the year 2009 were paid out of the share premium by the Company.

10. Anti-dumping and Countervailing Duty Investigations

The Group’s revenue from export sales is subject to the adverse impact of changes in the policies, laws and regulations of countries and regions to which the products are distributed. The US is a major destination country of the Group’s exports of aluminium extrusion products. For the year ended 31 December 2009 and the nine months ended 30 September 2010, export sales to the US accounted for 40.8% and 34.8%, respectively, of the Group’s total sales. As such, the export sales of the Group are significantly dependent on the demand of the US market.

In April 2010, the US Department of Commerce and US International Trade Commission initiated investigations on certain imports of aluminium extrusion products from China pursuant to US anti-dumping and countervailing duty regulations. In August 2010, the US Department of Commerce made a preliminary determination to impose a countervailing duty of 137.65% on certain of the Group’s aluminium extrusion exports to the US. The preliminary determination in the anti-dumping duty investigation was announced on 28 October 2010, which imposed a preliminary anti-dumping duty of 59.31% on certain PRC aluminium extrusion exports to the US.

In the event of any substantial increase in the duties applicable to certain of the Group’s aluminium extrusion exports to the US as a result of the final determination of the US anti-dumping and countervailing duty investigations, the Group’s exports to the US market will be adversely affected. The Group will continue to monitor the development of the US anti-dumping and countervailing duty investigations and adjust its policy and strategy for export sales to the US accordingly.

In addition, the Group has intensified its market expansion efforts in other regions and actively expanded its market shares in the PRC market and other overseas markets, with a view to mitigating the adverse impact of the related anti-dumping and countervailing duties.

CAUTION STATEMENT

The Board wishes to remind investors that the above unaudited quarterly financial results and operational statistics for the nine months ended 30 September 2010 and the corresponding period in 2009 are based on the Group's internal information. Investors should note that undue reliance on or use of such information may cause investment risks. **Investors are advised to exercise caution when dealing in the securities of the Company.**

By order of the Board
China Zhongwang Holdings Limited
Liu Zhongtian
Chairman

Hong Kong, 29 October 2010

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

Executive Directors

Mr. Liu Zhongtian, Mr. Lu Changqing, Mr. Chen Yan, Ms. Zhong Hong and Mr. Gou Xihui

Independent Non-executive Directors

Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy