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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 NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2013

The Board of the Company hereby announces the unaudited major financial results and operational statistics of the Group for the nine-month period ended 30 September 2013 together with the unaudited comparative figures for the same period in 2012.

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 nine-month period ended 30 September 2013 (the “**Period under Review**”), together with the unaudited comparative figures for the same period in 2012 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME

	<i>Notes</i>	Nine months ended 30 September	
		2013	2012
		<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Unaudited)</i>	<i>(Unaudited)</i>
Revenue	1	10,930,662	10,735,716
Cost of sales	2	(7,909,758)	(8,438,215)
Gross profit	3	3,020,904	2,297,501
Investment income		104,737	100,212
Other income/(expenses) and other gains/(losses), net	4	198,533	98,976
Selling and distribution costs		(108,995)	(103,317)
Administrative and other operating expenses	5	(756,937)	(280,661)
Share of profit of an associate		2,485	2,587
Finance costs	6	(385,761)	(254,366)
Profit before taxation		2,074,966	1,860,932
Income tax	7	(500,671)	(474,173)
Profit for the period		1,574,295	1,386,759

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 leading industrial aluminium extrusion product developer and manufacturer in the world, which is currently principally engaged in the production of high precision, large-section and high value-added industrial aluminium extrusion products widely used in the transportation sector (including railway passenger and cargo carriages, metropolitan rails, automobiles, heavy trucks, vessels, aviation and aerospace), machinery and equipment and electric power engineering sectors.

The Group continued to focus on the development of high precision, large-section and high value-added industrial aluminium extrusion products, making an all-round effort to tap the enormous market potentials of China's aluminium processing industry in line with our market outreach strategy focused primarily on China and to a lesser extent on the overseas. In the meantime, we extended our business scope to cover deep-processed products, an export driver, as well as the business of high precision aluminium flat rolled products, a segment that offers synergies with the business of industrial aluminium extrusion products. These three core business lines will underpin the Group's model of sustainable growth and continuously sharpen our major competitive edges in the aluminium processing sector.

1. Revenue

For the Period under Review, the Group's total revenue amounted to approximately RMB10,930,662,000 (same period in 2012: approximately RMB10,735,716,000), representing an increase of 1.8%. Our major revenue was generated from sales of aluminium extrusion products which amounted to approximately RMB10,925,707,000. Other revenue primarily comprised metal trade agency fees, amounting to approximately RMB4,955,000. For the same period in 2012, sales of aluminium extrusion products amounted to approximately RMB10,186,143,000. Other revenue, which was derived mainly from the trading business relating to the provision of metallic materials such as aluminium ingots and aluminium rods to third-party customers, amounted to approximately RMB549,573,000.

A breakdown by business segment of revenue generated by the Group's aluminium extrusion business for the Period under Review and the same period in 2012 is set out as follows:

	Nine months ended 30 September	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Aluminium extrusion business		
Industrial segment	10,261,632	9,626,481
Construction segment	664,075	559,662
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Total	10,925,707	10,186,143
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Revenue from the Group's aluminium extrusion business increased by 7.3% from approximately RMB10,186,143,000 for the same period in 2012 to approximately RMB10,925,707,000 for the Period under Review. The total sales volume for the Group's aluminium extrusion products increased by 14.3% from 433,506 tonnes for the same period in 2012 to 495,423 tonnes for the Period under Review. The increase in sales revenue and volume of the Group's aluminium extrusion business primarily reflected increased sales of the Group's aluminium extrusion products as a result of stronger market development efforts. During the Period under Review, the average selling price of the Group's aluminium extrusion products was RMB22,053 per tonne, down 6.1% from the average selling price of RMB23,497 per tonne for the same period in 2012, which was principally due to lower prices for aluminium ingots, the principal raw material for aluminium extrusion products, during the Period under Review.

A breakdown by product of revenue generated by the Group's industrial segment for the Period under Review and the same period in 2012 is set out as follows:

	Nine months ended 30 September	
	2013	2012
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Industrial segment		
Industrial aluminium extrusion products	9,135,156	8,945,450
Deep-processed products	1,126,476	681,031
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Total	10,261,632	9,626,481
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Revenue from the Group's industrial segment increased by 6.6% from approximately RMB9,626,481,000 for the same period in 2012 to approximately RMB10,261,632,000 for the Period under Review. Total sales volume of the Group's industrial segment increased by 13.3% from 403,744 tonnes for the same period in 2012 to 457,561 tonnes for the Period under Review. The increase was principally attributable to growth in sales volume of both our industrial aluminium extrusion products and deep-processed products. During the Period under Review, the average selling price of our industrial segment products decreased by 5.9% from RMB23,843 per tonne for the same period in 2012 to RMB22,427 per tonne. The drop was principally due to lower prices for aluminium ingots during the Period under Review.

Revenue from the Group's industrial aluminium extrusion products amounted to approximately RMB9,135,156,000 for the Period under Review, an increase of 2.1% from approximately RMB8,945,450,000 for the same period in 2012, mainly because our focused development of the domestic market led to an increase of 8.4% of the Group's sales volume of industrial aluminium extrusion products from 384,678 tonnes for the same period in 2012 to 416,859 tonnes for the Period under Review. The average selling price of the Group's industrial aluminium extrusion products dropped by 5.8% from RMB23,254 per tonne for the same period in 2012 to RMB21,914 per tonne for the Period under Review, mainly because of lower aluminium ingot prices during the Period under Review.

Deep-processed products represented a key niche for profit growth pursued by the Group with major efforts. The sales volume of the Group's deep-processed products increased by 113.5% from 19,066 tonnes for the same period in 2012 to 40,702 tonnes for the Period under Review, increasing the revenue from deep-processed products by 65.4% from approximately RMB681,031,000 for the same period in 2012 to approximately RMB1,126,476,000 for the Period under Review. The average selling price of the Group's deep-processed products decreased by 22.5% from RMB35,720 per tonne for the same period in 2012 to RMB27,676 per tonne for the Period under Review. The decrease was primarily due to certain price concessions offered by the Group to existing deep-processed product customers in an effort to further expand its overseas markets and boost export sales, coupled with a decline in the price of aluminium ingots during the Period under Review.

Revenue from the Group's construction segment increased by 18.7% from approximately RMB559,662,000 for the same period in 2012 to approximately RMB664,075,000 for the Period under Review, which was mainly attributable to increases in product sales of our construction segment. The sales volume of the Group's construction segment increased by 27.2% from 29,762 tonnes for the same period in 2012 to 37,862 tonnes for the Period under Review, while the average selling price decreased by 6.7% from RMB18,805 per tonne for the same period in 2012 to RMB17,539 per tonne for the Period under Review primarily because of a decline in the price of aluminium ingots during the Period under Review.

Geographically, the Group's overseas clients mainly came from the United States (the "US"). For the Period under Review, our revenue from overseas sales amounted to approximately RMB1,310,937,000 (same period in 2012: approximately RMB818,553,000), representing 12.0% (same period in 2012: 7.6%) of the Group's total revenue.

The following sets forth the breakdown of our revenue by geographical regions for the Period under Review and the same period in 2012:

	Nine months ended 30 September	
	2013	2012
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
PRC	9,619,725	9,917,163
US	1,293,422	815,059
Others	17,515	3,494
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Total	10,930,662	10,735,716
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For the Period under Review, the Group's domestic revenue amounted to approximately RMB9,619,725,000, down 3.0% from approximately RMB9,917,163,000 for the same period in 2012. The Group's overseas revenue increased by 60.2% from approximately RMB818,553,000 for the same period in 2012 to approximately RMB1,310,937,000 for the Period under Review, including approximately RMB1,293,422,000 in revenue from exports to the US, a significant increase of 58.7% from approximately RMB815,059,000 for the same period in 2012. Currently, the Group's product sales to the US comprise mostly deep-processed industrial aluminium extrusion products. The significant growth in exports to the U.S. for the Period under Review was attributable to the Group's vigorous efforts in expanding its production scale for deep-processed products to tap the US market in response to the latter's increasing demand for these products.

2. Cost of Sales

Our cost of sales decreased by 6.3% to approximately RMB7,909,758,000 for the Period under Review from approximately RMB8,438,215,000 for the same period in 2012. The decrease was mainly due to lower aluminium ingot prices and improved cost control by the Group during the Period under Review.

3. Gross Profit and Gross Profit Margin

	Nine months ended 30 September	
	2013	2012
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
Overall gross profit margin (%)	<u>27.6</u>	<u>21.4</u>

The Group typically sets prices for its 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 a product, size of the relevant contract, our trading history and relationship with customers, and the overall market conditions and demand.

Our gross profit increased by 31.5% to approximately RMB3,020,904,000 for the Period under Review from approximately RMB2,297,501,000 for the same period in 2012. Our overall gross profit margin increased to 27.6% for the Period under Review from 21.4% for the same period in 2012. The increase was primarily attributable to improved cost control by the Group and lower prices for aluminium ingots during the Period under Review.

4. Other Income/Expenses and Other Gains/Losses, Net

For other income/expenses and other gains/losses, a net gain of approximately RMB198,533,000 was recorded for the Period under Review, an increase of RMB99,557,000 over approximately RMB98,976,000 for the same period in 2012. This was principally due to the facts that:

- (i) there was an increase in government subsidies by approximately RMB67,061,000 to approximately RMB169,528,000 for the Period under Review from approximately RMB102,467,000 for the same period in 2012. The aggregate amount of government subsidies for business development and scientific research received by the Group in each period is determined and distributed by relevant PRC authorities at their sole discretion; and
- (ii) a net income of approximately RMB33,466,000 was derived from the sales of machinery equipment during the Period under Review. To retain and expand the Group's customer base in the machinery equipment manufacturing sector and to fully leverage the Group's strengths in industrial machinery making, the Group commenced the business of the manufacturing and sales of machinery equipment during the Period under Review, which was mainly engaged in the provision of metal processing-related machinery equipment to customers. We were not engaged in such business in the same period of 2012.

5. Administrative and Other Operating Expenses

Administrative and other operating expenses mainly comprise research and development expenditures, land use taxes, amortization of land use right, share option expenses, wages, salaries and benefits, intermediary fees, depreciation charges of office equipment, bank fees and other related administrative and operating charges.

Administrative and other operating expenses increased by 169.7% to approximately RMB756,937,000 for the Period under Review from approximately RMB280,661,000 for the same period in 2012. The increase was primarily attributable to the facts that:

- (i) research and development expenditures recorded under administrative and other operating expenses increased to approximately RMB310,331,000 for the Period under Review from approximately RMB38,108,000 for the same period in 2012. The substantial increase mainly resulted from the research and development that the Group conducted during the Period under Review, with a view toward further developing high value-added, refined-/deep-processed industrial aluminium products, on core sets of technologies for large and complex cross-section aluminium extrusion structural parts for transportation equipment in such sectors as aviation and aerospace, railway vehicles, heavy trucks, passenger cars, and special vehicles etc.;
- (ii) land use taxes increased to approximately RMB165,113,000 for the Period under Review from approximately RMB101,252,000 for the same period in 2012 because of the successive acquisitions of land use right in Liaoning Province and Heilongjiang Province, China since 2011;

- (iii) amortization expenses of land use right increased to approximately RMB70,423,000 for the Period under Review from approximately RMB39,437,000 for the same period in 2012 because of the successive acquisitions of land use right in Liaoning Province, Heilongjiang Province and Tianjin Municipality, China since 2011; and
- (iv) other administrative and operating expenses, comprising mainly share option expenses, wages, salaries and benefits, intermediary fees, depreciation charges of office equipment, bank fees and business entertainment expenses, increased from approximately RMB101,864,000 for the same period in 2012 to approximately RMB211,070,000 for the Period under Review.

6. Finance Costs

Our finance costs increased by 51.7% from approximately RMB254,366,000 for the same period in 2012 to approximately RMB385,761,000 for the Period under Review. The increase mainly resulted from an increase in the Group's borrowings and debentures for the Period under Review as compared to the same period in 2012.

For the Period under Review, the interest expenses directly capitalized into deposits for acquisitions of property, plant and equipment of the Group amounted to approximately RMB154,427,000 (same period in 2012: approximately RMB108,662,000) at an annualized capitalization rate of 4.61% (same period in 2012: 4.60%).

During the same period in 2012 and the Period under Review, the Group's loans carried average interest rates of 5.72% and 5.61% per annum, respectively; the debentures carried interest rates ranged from 4.07% to 5.68% per annum.

7. Income Tax Expense

Our income tax expense increased by 5.6% to approximately RMB500,671,000 for the Period under Review from approximately RMB474,173,000 for the same period in 2012, which was primarily attributable to the increase in profit before taxation. Our effective tax rates for the Period under Review and the same period in 2012 were 24.1% and 25.5%, respectively.

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 same period in 2012 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, 30 October 2013

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

Executive Directors

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

Independent non-executive Directors

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