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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 2016

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 2016 together with the unaudited comparative figures for the corresponding period in 2015.

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 2016 (the “**Period under Review**”), together with the unaudited comparative figures for the corresponding period in 2015 as follows:

CONDENSED CONSOLIDATED STATEMENT OF INCOME (Note I)

	Notes	Nine months ended 30 September	
		2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Revenue	1	12,465,780	12,680,788
Cost of Sales	2	(7,697,047)	(8,268,187)
Gross profit	3	4,768,733	4,412,601
Investment income		204,786	207,112
Other income		109,463	96,807
Selling and distribution costs		(105,976)	(100,941)
Administrative and other operating expenses	4	(1,305,974)	(1,118,665)
Share of profits less losses of associates		46,545	(2,345)
Finance costs	5	(651,616)	(425,942)
Profit before taxation		3,065,961	3,068,627
Income tax	6	(626,822)	(547,742)
Profit attributable to equity shareholders	7	2,439,139	2,520,885
Adjusted profit attributable to equity shareholders (Note II)	7	2,624,965	2,520,885

Notes:

- I. The condensed consolidated statement of income has been prepared in accordance with the accounting policies which conform to International Financial Reporting Standards.
- II. Adjusted profit attributable to equity shareholders is profit attributable to equity shareholders excluding the effect of non-cash expenses arising from the recognition of share options which were granted on 6 January 2016 at fair value by the Group and the stamp duty incurred in connection with the internal reorganisation in relation to the proposed spin-off and listing of Liaoning Zhongwang Group Company Limited (“**Liaoning Zhongwang**”), a wholly-owned subsidiary of the Company.

* For identification purposes only

The Group is a leading industrial aluminium extrusion product and aluminium flat-rolled 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, commercial vehicles, vessels, aviation and aerospace), machinery and equipment and electric power engineering sectors.

1. Revenue

Currently, the Group's income mainly comes from aluminium extrusion and deep processing businesses. Owing to the increasing importance of the deep processing business, the revenue of the deep processing business has been presented separately from the original aluminium extrusion business due to management and operational needs. Therefore, the revenue of the corresponding period in 2015 is now restated to reflect the revenue of the deep processing business. For revenue for the corresponding period in 2015 prior to the restatement, please refer to the announcement of unaudited quarterly financial results and operational statistics of the Company for the nine-month period ended 30 September 2015.

During the Period under Review, the Group's total revenue amounted to approximately RMB12.47 billion (corresponding period in 2015: approximately RMB12.68 billion). During the Period under Review, the Group's major revenue was generated from sales in the aluminium extrusion business and deep processing business which amounted to approximately RMB12.45 billion (corresponding period in 2015: approximately RMB12.61 billion).

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 2015.

	Nine months ended 30 September								
	Revenue RMB'000	2016		Revenue RMB'000	2015		Revenue %	Change	
		Sales volume tonnes	Average selling price RMB/tonne		Sales volume tonnes	Average selling price RMB/tonne		Sales volume %	Average selling price %
Aluminium extrusion business	12,067,140	637,498	18,929	12,042,299	570,708	21,101	0.2%	11.7%	(10.3%)
Industrial aluminium extrusion segment	11,309,560	587,128	19,263	11,228,120	518,663	21,648	0.7%	13.2%	(11.0%)
Construction aluminium extrusion segment	757,580	50,370	15,040	814,179	52,045	15,644	(7.0%)	(3.2%)	(3.9%)
Deep processing business	2,041,440	75,005	27,217	1,481,719	53,658	27,614	37.8%	39.8%	(1.4%)
Others	13,396			72,441			(81.5%)		
Subtotal	14,121,976	712,503	19,820	13,596,459	624,366	21,776	3.9%	14.1%	(9.0%)
Elimination of internal sales	(1,656,196)	(125,327)	13,215	(915,671)	(61,136)	14,978	80.9%	105.0%	(11.8%)
Total	12,465,780	587,176	21,230	12,680,788	563,230	22,514	(1.7%)	4.3%	(5.7%)

Revenue from the Group's industrial aluminium extrusion segment consisted of two parts, namely sales revenue from external customers and sales revenue from inter-segment. Sales revenue from inter-segment mainly represents the sales of raw materials to the deep processing business and the high-precision aluminium raw materials used by the high value-added aluminium flat-rolled product project in Tianjin for trial run. Sales volume of the Group's industrial aluminium extrusion segment to external customers increased by 0.9% from 457,527 tonnes for the corresponding period in 2015 to 461,801 tonnes. Sales volume of industrial aluminium extrusion products to the deep processing business increased by 28.8% from 61,136 tonnes for the corresponding period in 2015 to 78,749 tonnes, which was mainly attributable to the increased demands for raw materials of the deep processing business as a result of the increase in its sales volume. Sales volume of high-precision raw materials to the high value-added aluminium flat-rolled product project in Tianjin amounted to 46,578 tonnes, whereas no such sales were found in the corresponding period in 2015.

Revenue from sales of the Group's industrial aluminium extrusion segment to external customers decreased by 6.4% to approximately RMB9.65 billion for the Period under Review from approximately RMB10.31 billion for the corresponding period in 2015. Such decrease was mainly attributable to the decrease in average selling price of industrial aluminium extrusion products during the Period under Review. Revenue from sales to the deep processing business increased by 27.2% to approximately RMB1.17 billion from approximately RMB0.92 billion for the corresponding period in 2015. Revenue from sales to the high value-added aluminium flat-rolled product project in Tianjin amounted to approximately RMB490 million, whereas no such sales were found in the corresponding period in 2015.

The average selling price of the Group's industrial aluminium extrusion products to external customers decreased by 7.3% from RMB22,540 per tonne for the corresponding period in 2015 to RMB20,904 per tonne for the Period under Review, mainly because of the decrease in the price of aluminium ingots during the Period under Review.

Revenue from the Group's construction aluminium extrusion segment for the Period under Review recorded a decrease as compared with that for the corresponding period in 2015, primarily due to the decrease in product sales volume from the construction aluminium extrusion segment and the decrease in average selling price as a result of the decrease in the price of aluminium ingots for the Period under Review.

Revenue from the Group's deep processing business for the Period under Review recorded a significant increase as compared with that for the corresponding period in 2015, which was mainly attributable to the significant increase in sales volume of products including body parts of electric buses, engineered parts for new-energy and traditional vehicles and large-sized aluminium parts of railway vehicles supplied by the Group for the domestic market during the Period under Review.

Geographically, the Group's overseas customers mainly came from countries and regions including the United States of America, Germany, the United Kingdom, the Netherlands and Belgium. For the Period under Review, the Group's revenue from overseas sales amounted to approximately RMB2.04 billion (corresponding period in 2015: approximately RMB1.88 billion), accounting for 16.4% of the Group's total revenue (corresponding period in 2015: 14.8%).

2. Cost of Sales

The Group's cost of sales amounted to approximately RMB7.70 billion for the Period under Review, representing a decrease of 6.9% from approximately RMB8.27 billion for the corresponding period in 2015. The unit cost of the Group's products was RMB13,109 per tonne during the Period under Review, representing a decrease of 10.7% from RMB14,680 per tonne for the corresponding period in 2015. The decrease was mainly due to the decrease in the price of aluminium ingots during the Period under Review, as well as the full operation of Phase I of the Group's high-precision aluminium alloy product project located in Yingkou, which provided quality raw materials to the Group at a price lower than the market rate and thus reduced the cost.

3. Gross Profit and Gross Margin

The Group's gross profit increased by 8.1% from approximately RMB4.41 billion for the corresponding period in 2015 to approximately RMB4.77 billion for the Period under Review. The Group's overall gross margin increased from 34.8% for the corresponding period in 2015 to 38.3% for the Period under Review. The increase was mainly due to the Group's optimized product mix, its emphasis on securing the production and sales of products with higher gross profit, the decline of aluminium ingot prices during the Period under Review as well as the full operation of Phase I of the Group's high-precision aluminium alloy product project located in Yingkou during the Period under Review, which provided quality raw materials to the Group at a price lower than the market rate and thus reduced the cost.

4. Administrative and Other Operating Expenses

Administrative and other operating expenses increased from approximately RMB1.12 billion for the corresponding period in 2015 to approximately RMB1.31 billion for the Period under Review. Excluding the non-cash expenses of approximately RMB150 million arising from the recognition of share options which were granted on 6 January 2016 at fair value by the Group and the stamp duty of approximately RMB34.63 million incurred in connection with the internal reorganisation in relation to the proposed spin-off and listing of Liaoning Zhongwang, a wholly-owned subsidiary of the Company, the Company's adjusted administrative and other operating expenses for the Period under Review was approximately RMB1.12 billion which was in line with that for the corresponding period in 2015.

5. Finance Costs

The Group's finance costs increased from approximately RMB430 million for the corresponding period in 2015 to approximately RMB650 million for the Period under Review, mainly due to the increase in the scale of the Group's debentures and loans for the Period under Review as compared with that for the corresponding period in 2015.

6. Income Tax

The Group's income tax increased from approximately RMB550 million for the corresponding period in 2015 to approximately RMB630 million for the Period under Review.

The Group's effective tax rates for the corresponding period in 2015 and the Period under Review were 17.8% and 20.4%, respectively.

7. Profit Attributable to Equity Shareholders

The Company's profit attributable to equity shareholders decreased to approximately RMB2.44 billion for the Period under Review from approximately RMB2.52 billion for the corresponding period in 2015. Excluding the effect of non-cash expenses of approximately RMB150 million arising from the recognition of share options which were granted on 6 January 2016 at fair value by the Group and the stamp duty of approximately RMB34.63 million incurred in connection with the internal reorganisation in relation to the proposed spin-off and listing of Liaoning Zhongwang, a wholly-owned subsidiary of the Company, the Company's adjusted profit attributable to equity shareholders would amount to approximately RMB2.62 billion for the Period under Review, representing an increase of 4.1% from approximately RMB2.52 billion for the corresponding period in 2015.

CAUTION STATEMENT

The Board wishes to remind shareholders and investors that the above unaudited quarterly financial results and operational statistics for the Period under Review and the corresponding period in 2015 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
Liu Zhongtian
Chairman

Hong Kong, 28 October 2016

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

Executive Directors

Mr. Liu Zhongtian, Mr. Lu Changqing and Mr. Gou Xihui

Non-executive Directors

Mr. Chen Yan and Ms. Zhong Hong

Independent Non-executive Directors

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