

To Business Editors
For Immediate Release



中国忠旺控股有限公司
China Zhongwang Holdings Limited

**China Zhongwang 1H2014 Net Profit Increases 18.6% to RMB1.27 billion
Declared Interim Dividend HK\$0.08 per Share
Dividend Payout Ratio at 35%**

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**Sales Volume of Deep-processed Products Jumps 39.2%
Export Sales Surges 41.2%**

Financial Highlights (Unaudited)

RMB Million	For the six months ended 30 June		
	2014	2013	Change (%)
Revenue	7,948	7,021	+13.2
- China (as % of revenue)	6,747 (84.9%)	6,171 (87.9%)	+9.3
- Overseas (as % of revenue)	1,201 (15.1%)	850 (12.1%)	+41.2
Gross profit	2,244	1,969	+14.0
Gross profit margin	28.2%	28.0%	+0.2 pct pts
Profit attributable to equity shareholders	1,271	1,072	+18.6
Interim dividend per share (HK\$)	0.08	n.a.	n.a.

Sales Highlights

	For the six months ended 30 June				
	2014		2013		Growth(%)
	Tonnes	as % of total volume	Tonnes	as % of total volume	
Sales volume	368,239		316,014		+16.5
- Industrial extrusion	306,696	83.3%	268,747	85.1%	+14.1
- Deep-processed industrial extrusion	36,547	9.9%	26,260	8.3%	+39.2
- Construction extrusion	24,996	6.8%	21,007	6.6%	+19.0

(Hong Kong, 15 August 2014) — **China Zhongwang Holdings Limited** (“China Zhongwang” or the “Company”, together with its subsidiaries the “Group”, stock code: 01333), the second largest industrial aluminium extrusion product developer and manufacturer in the world and the biggest one in Asia and China, announced the unaudited results for the six months ended 30 June 2014 (the “review period”). China Zhongwang recorded steady growth in product sales during the review period. Revenue rose 13.2% year-on-year to approximately RMB7.95 billion while gross profit margin slightly increased by 0.2 percentage points to 28.2%. Profit attributable to equity shareholders increased 18.6% to RMB1.27 billion.

To reward shareholders’ longstanding support for the Company, the board of directors has proposed an interim

dividend of HK\$0.08 (approximately RMB0.06) per share to the holders of ordinary shares and convertible preference shares, equivalent to a dividend payout ratio of 35%. Dividend yield reaches 2.3% based on the closing price of HK\$3.47 per share as at 14 August 2014.

Mr. Lu Changqing, Executive Director and Vice President of China Zhongwang, said: “During the first half of the year, China experienced moderate but stable economic growth as the country continued to drive the restructuring of its economy and vigorously implemented its industry upgrade policies, with an emphasis on the development of a green and low-carbon society. Coupled with the mild economic recovery in Europe and the United States, the macro-environment has provided a positive setting for the Group’s business development. During the review period, China Zhongwang continued to focus on its three core businesses, namely, industrial aluminium extrusion products, deep-processed industrial aluminium extrusion products and aluminium flat-rolled products. Through the three operating aspects of product innovation, capacity expansion and market development, we have enhanced our production efficiency to grasp the business opportunities arising in the high-end aluminium processing industry in both domestic and overseas markets. Hence, our results in the first half of 2014 reported ongoing stable growth.”

The Group’s sales volume of aluminium extrusion products amounted to 368,000 tonnes during the review period, representing a 16.5% growth over the corresponding period of last year. China remained the major market of the Group, where sales volume and amount grew by 13.0% and 9.3% year-on-year to approximately 323,000 tonnes and RMB6.75 billion respectively. Driven by exports of industrial aluminium extrusion deep-processed products, the volume and amount of sales in the overseas markets grew by 50.7% and 41.2% over the corresponding period of last year to approximately 45,000 tonnes and RMB1.20 billion respectively.

Industrial aluminium extrusion products – expand capacities to drive growth

As the Group’s major source of revenue and profit, the volume and amount of sales of industrial aluminium extrusion products grew by 14.1% and 10.6% year-on-year to approximately 307,000 tonnes and RMB6.54 billion respectively, accounting for 82.3% of the Group’s overall sales revenue. At present, the Group owned 93 aluminium extrusion lines with an aggregate annual production capacity of over one million tonnes. In terms of production capacity, the Group is one of the leading players in the global aluminium processing industry. The Group has ordered two 225MN horizontal single-action aluminium extrusion presses, currently the largest of their kind in the world, which are scheduled to commence production in 2015. These additional production facilities will enable us to better meet the demand for complicated, large-section industrial aluminium extrusion products by downstream customers and further highlight our advantage in production.

Deep-processing business – capitalise on light-weight development opportunities from the transportation sector

During the review period, sales of industrial aluminium extrusion deep-processed products increased by 39.2% year-on-year to approximately 37,000 tonnes in volume and by 36.0% to approximately RMB990 million in value, accounting for 12.5% of the Group’s overall sales revenue. Since the commissioning of its deep-processing centre in 2013, the Group has developed a range of aluminium alloy prototypes for the transportation sector such as aluminium semi-trailers, fire trucks and high-speed train compartments suitable for alpine cold regions, arousing the interest of many potential customers. As the Group further enhances its effort to develop the rail transport, commercial vehicles and special-use vehicles sectors, the Group will seize the opportunities brought by the light-weight development in the transportation sector.

Aluminium flat-rolled product business – commence production as scheduled to become a long term growth engine

The aluminium flat-rolled project is the largest development project ever launched by China Zhongwang since its incorporation, as well as its future growth engine in the long term. Upon completion of the project, it will become a production base featuring the world’s most advanced equipment and most comprehensive range of ancillary facilities. The project will supply products such as aluminium alloy plates, aluminium sheets and aluminium foils, which are extensively used in car bodies, parts and components, machinery making, petrochemical, aviation and aerospace, rail and shipbuilding, pharmaceutical and food packaging sectors. With its world-advanced production equipment and technologies, the Group is well-positioned to swiftly respond to the demand for high quality aluminium plates, sheets or foils from these sectors.

During the review period, construction of the Group’s aluminium flat-rolled plant was progressing as

scheduled. Phase I of the project is expected to gradually commence operation in the second half of 2015 with an annual production capacity of 1.8 million tonnes. Aggregate annual capacity will be increased to 3 million tonnes by 2018.

Technology research and development – enhance technical advantages with increased investment input

China Zhongwang has always been committed to product research and development, with the aim of achieving product differentiation with more sophisticated technologies and increasing the profitability in the long term. During the first half of 2014, the Group continued to increase its research and development efforts. Investment in research and development for the review period amounted to approximately RMB240 million, representing 3.0% of the overall revenue. The Group obtained 11 patents, including 4 invention patents and 7 utility model patents.

At the same time, the Group worked with a number of large enterprises and major academic institutions to create mutually beneficial partnership and cooperate in the research and development of aluminium alloy products for novel applications in the transportation sector. New strategic partners solicited during the review period included AVIC SAC Commercial Aircraft Company Limited, Shenyang Aerospace University and Dalian University of Technology.

Mr. Lu concluded: “Green and low-carbon environment has become the dominant direction in national development. In view of the increasingly stringent requirements for energy conservation and emission reduction in China, many automakers are stepping up with their effort to develop light-weight car bodies that require less fuel consumption. Given its characteristics such as lightness, ease in processing, and recyclability, aluminium alloy represents an unrivalled choice of material conducive to energy conservation and emission reduction for automakers. Meanwhile, urbanisation will drive rapid development of public transportation system. China’s vigorous effort to develop jumbo plane manufacturing and the upgrade and replacement of vessels are also offering unprecedented opportunities for the three core businesses of the Group. With its cutting-edge technologies and high-calibre personnel, state-of-art production equipment, diversified product mix and sound financial resources, China Zhongwang is well-positioned to benefit from China’s industrial restructuring and the trend to build a green society. The Group will fortify its industrial aluminium extrusion business, reinforce its deep-processing industrial aluminium extrusion business that delivers growth potential, and drive the development of its aluminium flat-rolled business in an orderly manner. With a business model formed by the three core resource-sharing and complementary businesses, the Group will realise a stable and healthy development, bringing sustainable growth and reward for our shareholders.”

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About China Zhongwang Holdings Limited

China Zhongwang is the second largest industrial aluminium extrusion product developer and manufacturer in the world and the biggest one in Asia and China. It has, over the years, been focusing on the light-weight development in transportation, machinery and equipment and electric power engineering sectors through the provision of quality industrial aluminium extrusion products. It now has 93 globally advanced extrusion production lines (including 21 aluminium extrusion production lines of 75MN or above) and a production capacity of over one million tonnes per year.

In addition, to further leverage its existing strengths in the industry, the Group is developing high value-added aluminium flat rolled product business with an overall planned annual production capacity of 3 million tonnes. The project will be carried out in two phases. Phase I with a planned annual production capacity of 1.8 million tonnes will have two aluminium flat rolled production lines, the first one of which is expected to commence operation in the second half of 2015. By then, the Group will have initially achieved the goal of tapping the high-end aluminium flat rolled product sector to become our third core business complementary to and synergistic with the existing industrial aluminium extrusion product and deep-processed product businesses.

For further information on the Group, please visit www.zhongwang.com