中国忠旺控股有限公司*

China Zhongwang Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1333)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 30 JUNE 2009

GROUP FINANCIAL HIGHLIGHTS

— The Group's turnover rose by approximately 9% to approximately RMB6,328.59 million (2008: approximately RMB5,802.73 million).

— The Group's gross profit rose by approximately 68% to approximately RMB2,512.18 million (2008: approximately RMB1,493.66 million).

— The Group's profit for the period increased by approximately 72% to approximately RMB1,624.83 million (2008: approximately RMB946.50 million).

— One-off listing expenses of approximately RMB36.56 million was deducted from profit for the period ended 30 June 2009.

— For illustration purposes only, excluding the listing expenses, the Group's profit for the period rose by approximately 76% to approximately 1,661.38 million (2008: approximately RMB946.50 million).

— Consolidated net asset value increased to approximately RMB12,249.86 million (2008: approximately RMB3,205.08 million).

— Net cash was approximately RMB6,203.55 million, compared to net debt of approximately RMB508.82 million in 2008.

— Basic earnings per share was approximately RMB0.37 (2008: approximately RMB0.24).

— The Directors do not recommend the payment of an interim dividend for the period ended 30 June 2009.

* *For identification purpose only*

RESULTS

The board of directors (the "Board") of China Zhongwang Holdings Limited (the "Company") is pleased to announce the audited interim results of the Company and its subsidiaries (collectively, the "Group") for the six-month period ended 30 June 2009 together with the comparative figures for the last corresponding period as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six-month period ended 30 June 2009

	Notes	**1.1.2009 to 30.6.2009** ***RMB'000***	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Revenue	3	**6,328,588**	5,802,725
Cost of sales		**(3,816,404)**	(4,309,068)
Gross profit		**2,512,184**	1,493,657
Interest income		**24,420**	28,204
Other income	5	**21,174**	6,179
Selling and distribution costs		**(62,060)**	(73,373)
Administrative and other operating expenses		**(73,635)**	(47,424)
Listing expenses	6	**(36,558)**	—
Finance costs	7	**(172,314)**	(135,156)
Profit before taxation		**2,213,211**	1,272,087
Taxation	8	**(588,385)**	(325,592)
Profit for the period and total comprehensive income for the period attributable to owners of the Company	9	**1,624,826**	946,495
Earnings per share			
Basic	11	**RMB0.37**	RMB0.24
Diluted	11	**RMB0.37**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2009

	Notes	**30.6.2009** *RMB'000*	31.12.2008 *RMB'000*
Non-current assets			
Property, plant and equipment	12	**3,191,437**	3,304,694
Prepaid lease payments		**64,462**	65,190
Deposits for acquisition of property, plant and equipment		**39,419**	4,027
		3,295,318	3,373,911
Current assets			
Inventories		**967,183**	1,058,768
Trade receivables	13	**1,019,680**	523,905
Other receivables, deposits and prepayments		**2,750,433**	2,386,851
Prepaid lease payments		**1,472**	1,472
Amounts due from related parties		**—**	22,170
Held-for-trading investments		**1,719**	1,431
Pledged bank deposits		**1,101,993**	1,230,750
Bank balances and cash		**11,883,934**	4,261,817
		17,726,414	9,487,164
Current liabilities			
Trade payables	14	**117,994**	24,820
Bills payable		**2,146,200**	2,351,200
Other payables and accrued charges		**379,356**	258,574
Amount due to a related party		**—**	320
Tax liabilities		**377,937**	200,447
Short term debenture		**2,000,000**	2,000,000
Bank loans		**3,093,745**	2,640,638
Dividend payable		**—**	2,000,000
		8,115,232	9,475,999
Net current assets		**9,611,182**	11,165
Total assets less current liabilities		**12,906,500**	3,385,076

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
Capital and reserves		
Share capital	**474,675**	350,877
Reserves	**11,775,187**	2,854,199
	12,249,862	3,205,076
Non-current liabilities		
Bank loans	**586,638**	130,000
Deferred tax liabilities	**70,000**	50,000
	656,638	180,000
	12,906,500	3,385,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Group restructuring and basis of preparation of consolidated financial statements

The Company was incorporated as an exempted company and registered in the Cayman Islands with limited liability under the Companies Law, Cap 22 (Laws of 1961, as consolidated and revised) of the Cayman Islands on 29 January 2008. Its ultimate holding company is Zhongwang International Group Limited ("ZIGL"), a limited company incorporated in the British Virgin Islands. The addresses of the registered office and principal place of business of the Company are Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands and No. 299, Wensheng Road, Liaoyang City, Liaoning, China, respectively.

Pursuant to group reorganisation (the "Corporate Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing"), the Company became the holding company of the Group on 8 August 2008. The Corporate Reorganisation was completed by interspersing the Company, Zhongwang China Investments Limited and Zhongwang China Investment (HK) Limited between Liaoning Zhongwang Group Co., Ltd. ("Zhongwang PRC") and certain companies under the control of Mr. Liu Zhong Tian ("Mr Liu"). The Group comprising the Company and its subsidiaries resulting from the Corporate Reorganisation is regarded as a continuing entity. The Group was under the control of Mr. Liu prior to and after the Corporate Reorganisation. Details of the Corporate Reorganisation were set out in the section headed "Our History and Corporate Structure" of prospectus dated 24 April 2009 issued by the Company.

The shares of the Company have been listed on the Stock Exchange since 8 May 2009.

The consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six-month period ended 30 June 2008 include the results, changes in equity and cash flows of the companies now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the respective dates of incorporation of the relevant entity, where this is a shorter period.

The Company acts as an investment holding company and provides corporate management services.

2. Application of new and revised international financial reporting standards ("IFRS")

In the current interim period, the Group has applied the new and revised standards, amendments and interpretations ("new IFRSs") issued by International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB, which are or have become effective for the Group's financial period beginning on 1 January 2009.

IFRS 8 Operating Segments
(effective for annual periods beginning on or after 1 January 2009)

IFRS 8 is a disclosure Standard that requires the identification of operating segments to be performed on the same basis as financial information that is reported internally for the purpose of allocating resources between segments and assessing their performance. The application of IFRS 8 has not resulted in a redesignation of the Group's reportable segments (see note 4) and has had no impact on the reported results or financial position of the Group.

IAS 1 (revised 2007) Presentation of Financial Statements
(effective for annual periods beginning on or after 1 January 2009)

IAS 1 (revised 2007) has introduced a number of terminology changes (including revised titles for the consolidated financial statements) and has resulted in a number of changes in presentation and disclosure. However, IAS 1 (revised 2007) has had no impact on the reported results or financial position of the Group.

The adoption of the new IFRSs had no material effect on how the results or financial position for the current or prior accounting periods have been prepared and presented. Accordingly, no prior period adjustment has been required.

The Group has not early applied the following revised standards, amendments or interpretations that have been issued but are not yet effective.

IFRSs (Amendments)	Improvements to IFRSs April 2009[1]
IAS 27 (Revised)	Consolidated and separate financial statements[2]
IAS 39 (Amendment)	Eligible hedged items[2]
IFRS 2 (Amendment)	Group cash-settled share-based payment transaction[3]
IFRS 3 (Revised)	Business combinations[2]
IFRS 5 (Amendments)	Amendments included in improvements to IFRSs May 2008[2]
IFRIC — Int 17	Distributions of non-cash assets to owners[2]
IFRIC — Int 18	Transfers of assets from customers[4]

1 Effective for annual periods beginning on or after 1 July 2009 and 1 January 2010, as appropriate.
2 Effective for annual periods beginning on or after 1 July 2009.
3 Effective for annual periods beginning on or after 1 January 2010.
4 Effective for transfers on or after 1 July 2009.

The adoption of IFRS 3 (Revised) may affect the Group's accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2010. IAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue

	1.1.2009 to 30.6.2009 *RMB'000*	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Sales of aluminum products		
— for construction use	**1,619,034**	2,722,527
— for industrial use	**4,709,554**	3,080,198
	6,328,588	5,802,725

4. Segment information

The Group has adopted IFRS 8 Operating Segments with effect from 1 January 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. In contrast, the predecessor Standard (IAS 14 Segment Reporting) required an entity to identify, two sets of segments (business and geographical), using a risks and rewards approach, with the entity's 'system of internal financial reporting to key management personnel' serving only as the starting point for the identification of such segments.

The Group's executive directors are the chief operating decision makers as they collectively make strategic decisions towards the Group's operations. The Group is principally engaged in sales of aluminum products and nearly all identifiable assets of the Group are located in the People's Republic of China ("PRC"). Information reported to the Group's management for the purpose of resources allocation and assessment of performance focuses on the type of products (e.g. construction use and industrial use). Each type of products has different client base and requires different production technology. The Group's reportable segments under IFRS 8 are therefore as follows:

(a) sales of aluminum products for construction markets ("Construction"); and

(b) sales of aluminum products for industrial markets ("Industrial").

	Revenue		**Segment Profit**	
	Six-month period ended		**Six-month period ended**	
	30.6.2009	30.6.2008	**30.6.2009**	30.6.2008
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
		(Unaudited)		*(Unaudited)*
Construction	**1,619,034**	2,722,527	**247,173**	353,193
Industrial	**4,709,554**	3,080,198	**2,265,011**	1,140,464
Total	**6,328,588**	5,802,725	**2,512,184**	1,493,657
Interest and other income			**45,594**	34,383
Central corporate expenses			**(172,253)**	(120,797)
Finance costs			**(172,314)**	(135,156)
Profit before taxation			**2,213,211**	1,272,087
Taxation			**(588,385)**	(325,592)
Profit for the period			**1,624,826**	946,495

All of the segment revenue reported above is from external customers.

Segment profit represents the profit earned by each segment without allocation of interest and other income, central corporate expenses and finance costs. This is the measure reported to the Group's management for the purpose of resource allocation and assessment of segment performance.

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

	Six month period ended	
	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
		(Unaudited)
PRC	**4,945,636**	5,591,279
United States of America	**1,377,863**	102,534
Australia	**3,663**	54,417
Others	**1,426**	54,495
	6,328,588	5,802,725

No non-current assets of the Group are located outside the PRC.

The following is an analysis of the Group's assets by operating segment, which is also the information available to the chief operating decision maker:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
Construction	**1,665,254**	2,116,695
Industrial	**1,828,791**	1,202,593
Unallocated assets	**17,527,687**	9,541,787
Total segment assets	**21,021,732**	12,861,075

The unallocated assets are mainly other receivables, deposits and prepayments, held-for-trading investments, pledged bank deposits and bank balances and cash which are commonly used between segments and corporate operation.

The raw materials purchased for productions are commonly used for both Construction and Industrial segments. Accordingly, the account payables or bills payable cannot be allocated by segment. The remaining liabilities are corporate liabilities which were unallocated either.

Other information
For the six-month period ended 30 June 2009

	Construction	**Industrial**	**Unallocated**	**Consolidated**
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Additions to property, plant and equipment	**641**	**33,164**	**17,119**	**50,924**
Depreciation of property, plant and equipment	**56,546**	**34,369**	**70,838**	**161,753**
Allowances for bad and doubtful debts in respect of trade receivables	**50**	**148**	**—**	**198**

Other information
For the six-month period ended 30 June 2008 (Unaudited)

	Construction	Industrial	Unallocated	Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Additions to property, plant and equipment	—	106,679	50,481	157,160
Depreciation of property, plant and equipment	56,541	28,894	69,000	154,435
Depreciation of investment properties	—	—	350	350

Major customer information

During the six-month period ended 30 June 2009, revenue of approximately RMB1,334,721,000 was contributed by a customer and was categorised under Industrial segment. There is no single customer accounted for over 10% of total revenue for the six-month period ended 30 June 2008.

5. Other income

	1.1.2009 to 30.6.2009 *RMB'000*	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Government subsidies (Note)	**9,240**	2,500
Gain on sales of scrap materials and consumables	**—**	118
Rental income	**—**	142
Gain on disposal of property, plant and equipment	**937**	3,419
Gain on change in fair value of investments held for trading	**288**	—
Exchange gain	**10,147**	—
Others	**562**	—
	21,174	6,179

Note: The amounts mainly represent subsidies received from the Finance Bureau of Liao Yang City for subsidising the Group's expenditure in technological research and market development.

6. Listing expenses

The amount represents professional fees and other expenses related to the Listing. Pursuant to HKAS 32 Financial Instruments: Presentation, the transaction costs of an equity transaction are accounted for as an deduction from equity to the extent they are directly attributable to the issuing of new shares. The remaining costs are recognised as an expense when incurred.

7. Finance costs

	1.1.2009 to 30.6.2009 *RMB'000*	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Interests on borrowings wholly repayable within five years:		
— Bank loans	**112,314**	105,994
— Bills payable	**—**	22,712
— Short term debenture	**60,000**	6,450
	172,314	135,156

8. Taxation

	1.1.2009 to 30.6.2009 *RMB'000*	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
The charge comprises PRC Enterprise Income Tax		
Current taxation	**568,385**	325,592
Deferred tax charge	**20,000**	—
	588,385	325,592

On 16 March 2007, the PRC promulgated the Law of the People's Republic of China on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6 December 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations has changed the tax rate from 27% to 25% for the Zhongwang PRC effective from 1 January 2008. The applicable tax rate for Zhongwang PRC for the six-month period ended 30 June 2009 and 2008 is 25%.

The taxation charge for the period can be reconciled to the profit before taxation per the consolidated statement of comprehensive income as follows:

	1.1.2009 to 30.6.2009 ***RMB'000***	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Profit before taxation	**2,213,211**	1,272,087
Taxation at the PRC income tax rate	**553,303**	318,022
Tax effect of withholding tax on dividends	**20,000**	—
Tax effect of expenses not deductible for tax purpose	**15,082**	7,570
Taxation for the period	**588,385**	325,592

Under the New Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences relating to a portion of undistributed profits of a PRC subsidiary amounting to approximately RMB1,731,726,000 (31 December 2008: RMB494,726,000) as the Company controls the dividend policy of such subsidiary and it is probable that such profits will not be distributed in the foreseeable future. As at the end of each reporting period date, the Group had no other significant unprovided deferred taxation.

9. Profit for the period

	1.1.2009 to 30.6.2009 ***RMB'000***	1.1.2008 to 30.6.2008 *RMB'000* *(Unaudited)*
Profit for the period has been arrived at after charging:		
Auditor's remuneration	**1,410**	125
Allowance for bad and doubtful debts	**198**	—
Cost of inventories recognised as expense	**3,816,404**	4,309,068
Depreciation of property, plant and equipment	**161,753**	154,435
Depreciation of investment properties	**—**	350
Net exchange losses	**—**	8,253
Release of prepaid lease payments	**728**	825
Research and development costs	**4,544**	4,499
Loss on change in fair value of investments held for trading	**—**	873
Operating lease rentals in respect of rented premises	**146**	2,224
Gross rental income from investment properties	**—**	(142)
Less: Direct operating expenses from investment properties that generated rental income during the period	**—**	372
	—	230
Staff costs (including directors' emoluments):		
Salaries and other benefits	**48,816**	42,284
Retirement benefits scheme contributions	**4,238**	3,127
Employee share option benefits	**28,353**	—
	81,407	45,411

10. Dividend

Pursuant to the directors' meeting on 18 October 2008, the Company declared dividend of RMB0.5 per share with an aggregate amount of RMB2,000,000,000 which was distributed to the immediate holding company, ZIGL, in April 2009. In April 2009, the Company declared a dividend of RMB0.25 per share with an aggregate amount of RMB1,000,000,000 which was distributed to ZIGL in April 2009.

The directors do not recommend the payment of an interim dividend for the six-month period ended 30 June 2009.

11. Earnings per share

The calculation of the basic earnings per share for each of the six-month period ended 30 June 2009 and 2008 is based on the consolidated profit attributable to equity holders of the Company for each of the six-month period ended 30 June 2009 and 2008 and on the number of shares as follows:

	30.6.2009	30.6.2008
	RMB'000	*RMB'000*
		(Unaudited)
Earnings for the purposes of basic earnings per share	**1,624,826**	946,495

	2009	2008
	'000	*'000*
Number of shares		
Weighted average number of shares for the purpose of basic earnings per share	**4,418,655**	4,000,000
Effect of dilutive potential ordinary shares: Share options issued by the Company	**14,199**	N/A
Weighed average number of shares for the purpose of diluted earnings per share	**4,432,854**	N/A

12. Property, plant and equipment

During the period, the Group spent approximately RMB51 million on acquisition of property, plant and equipment.

13. Trade receivables

The Group allows an average credit period of 90 days. The following is an aged analysis of trade receivables (net of allowance for doubtful debts) at the end of each of the reporting period.

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
1–90 days	**929,218**	425,391
Over 90 days	**90,462**	98,514
	1,019,680	523,905

14. Trade payables

The following is an aged analysis of trade payables at the end of the reporting period:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
0 to 90 days	**111,008**	20,731
91 to 180 days	**3,605**	2,385
181 days to 1 year	**3,381**	1,380
Over 1 year	**—**	324
	117,994	24,820

15. Capital commitments

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
Capital expenditure in respect of the acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	**591,739**	197,144

16. Pledge of assets

Apart from the pledged bank deposits as disclosed, the Group has pledged certain inventories, trade receivables and machinery to secure the bank loans granted to the Group at the end of each of the reporting period. The carrying values of the assets pledged are as follows:

	30.6.2009	31.12.2008
	RMB'000	*RMB'000*
Pledged for banking facilities granted to the Group:		
Machinery	**1,749,795**	1,628,511
Inventories	**380,566**	471,732
Trade receivables	**35,365**	—
	2,165,726	2,100,243

17. Subsequent event

In July and August 2009, the Group has repaid the short term debentures amounting to RMB2,000,000,000 upon its maturity.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group is headquartered in Liaoyang City, Liaoning Province, China. Our manufacturing facilities are strategically located in Liaoning which is in close proximity to major production areas of aluminum ingots, coal and electricity, the principal raw materials and energy sources used in the manufacturing of our products. The Group is principally engaged in the production and sale of quality aluminum extrusion products which meet the stringent specifications and quality standards of our customers. We produce a wide range of aluminum extrusion products for various applications, which can be broadly classified into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

Our industrial aluminum extrusion products entail the following: We produce plain, sizable, large-section and high-precision aluminum extrusion products primarily used as parts and components for end products such as railway cargo and passenger carriages, metropolitan rails (subways and light rails), light trucks, automobiles, aircraft, vessels, power transmitters, machinery equipment and infrastructure. Our industrial aluminum extrusion products are manufactured on a customized basis in accordance with our customers' specifications and quality standards.

Our construction aluminum extrusion products entail the following: Our construction aluminum extrusion products are primarily used in the fabrication of door frames and window frames, curtain wall systems, and interior decoration materials for building construction purposes.

In light of the increasing demand from customers of the industrial market and its higher profit margin as compared with that of the construction market, we will concentrate on developing industrial aluminum extrusion products with a particular focus on the transportation, machinery equipment and infrastructure sectors.

The Group typically sets prices for our products on a "cost-plus" basis, pursuant to which we add our processing charges to the prevailing market price of aluminum ingots, taking into account the complexity of product design, level of precision of the product, size of the contract, trading history and our relationship with the customer, and the overall market condition and demand. The Group only maintains minimum inventory of aluminum ingots, the principal raw materials for the production of aluminum extrusion products. Industrial aluminum extrusion products are customized products and the Group generally will not keep stock in excess of the ordered amount. As a result, the risk of price fluctuations of aluminum ingots is passed to our customers.

Turnover

For the period ended 30 June 2009, our turnover amounted to approximately RMB6,328,588,000, representing an increase of approximately 9.1% as compared to approximately RMB5,802,725,000 for the same period last year.

The following table sets forth the breakdown of our revenue, sales volume and gross profit margin by product category for the period ended 30 June 2009.

	For the six months ended 30 June									
	2009					2008				
	Revenue		**Sales volume**		**Gross profit margin**	Revenue		Sales volume		Gross profit margin
	RMB million	**%**	***(tons)***	**%**	**%**	*RMB million*	%	*(tons)*	%	%
Industrial aluminum extrusion products	**4,710**	**74.4**	**159,478**	**65.0**	**48.1**	3,080	53.1	106,236	45.6	37.0
Construction aluminum extrusion products	**1,619**	**25.6**	**86,041**	**35.0**	**15.3**	2,723	46.9	126,882	54.4	13.0
Total	**6,329**	**100.0**	**245,519**	**100.0**	**39.7**	5,803	100.0	233,118	100.0	25.7

Revenue increased by 9.1% from RMB5,802,725,000 for the period ended 30 June 2008 to RMB6,328,588,000 for the period ended 30 June 2009. The increase in revenue was mainly due to the significant increase in sales volume and average selling price of our industrial aluminum extrusion products caused by increased processing fees charged to our customers. Such increase resulted primarily from a growing market demand for our industrial aluminum extrusion products used in the transportation, machinery equipment and infrastructure sectors.

Revenue generated from our industrial aluminum extrusion products increased significantly by 52.9% from RMB3,080,198,000 for the period ended 30 June 2008 to RMB4,709,554,000 for the period ended 30 June 2009. Revenue generated from our construction aluminum extrusion products decreased by 40.5% from RMB2,722,527,000 for the period ended 30 June 2008 to RMB1,619,034,000 for the period ended 30 June 2009. Our total sales volume increased from 233,118 tons for the period ended 30 June 2008 to 245,519 tons for the period ended 30 June 2009, and our average selling price was RMB25,776 per ton for the period ended 30 June 2009 as compared to RMB24,892 per ton for the period ended 30 June 2008.

The sales volume of our industrial aluminum extrusion products increased from 106,236 tons for the period ended 30 June 2008 to 159,478 tons for the period ended 30 June 2009. The sales volume of our construction aluminum extrusion products decreased from 126,882 tons for the period ended 30 June 2008 to 86,041 tons for the period ended 30 June 2009. The average selling price of our industrial aluminum extrusion products increased from RMB28,994 per ton for the period ended 30 June 2008 to RMB29,531 per ton for the period ended 30 June 2009, while the average selling price of our construction aluminum extrusion products decreased from RMB21,457 per ton for the period ended 30 June 2008 to RMB18,817 per ton for the period ended 30 June 2009. Based on the "cost-plus" pricing model, the selling price of our products was calculated according to the prevailing market price of aluminum ingots plus our processing charges. For the period ended 30 June 2009, the processing charges for the Group's industrial aluminum extrusion products and construction aluminum extrusion products increased as compared to the same period last year and the average purchasing price of aluminum ingots decreased as compared to the same period last year. Price of industrial aluminum extrusion products of the Group increased mainly because the growth of processing charges on products was more than the decrease of aluminum ingot price. Price of the Group's construction aluminum extrusion products decreased mainly because the growth of processing charges on products was smaller than the decrease of aluminum ingot price.

As a result of our business strategy to increase our penetration of the industrial market, which has shown an increasing demand and provided a higher profit margin than the construction market, during the period, our sales of industrial aluminum extrusion products increased significantly and accounted for 74.4% of our revenue while our sales of construction aluminum extrusion products accounted for 25.6% of our revenue.

China has been the major market for our products. Nevertheless, the enhanced international reputation of the Company upon the Listing and the increasing demand from overseas customers resulted in a rise in the Group's overseas sales from 3.6% as at 30 June 2008 to 21.9% as at 30 June 2009 of the Group's total sales. Overseas customers of the Group are mainly located in regions like the United States and Australia.

Cost of sales

Cost of sales decreased by 11.4% from RMB4,309,068,000 for the period ended 30 June 2008 to RMB3,816,404,000 for the period ended 30 June 2009. Cost of sales for our industrial aluminum extrusion products increased by 26.0% from RMB1,939,734,000 for the period ended 30 June 2008 to RMB2,444,543,000 for the period ended 30 June 2009, while cost of sales for our construction aluminum extrusion products decreased by 42.1% from RMB2,369,334,000 for the period ended 30 June 2008 to RMB1,371,861,000 for the period ended 30 June 2009. Such decrease was mainly due to the fact that the average purchasing price for aluminum ingots for the period decreased in comparison to the same period last year. Aluminum ingots made up the primary cost of sales for the Group.

Gross profit

Our gross profit increased by 68.2% from RMB1,493,657,000 for the period ended 30 June 2008 to RMB2,512,184,000 for the period ended 30 June 2009. Our overall gross profit margin increased from 25.7% for the period ended 30 June 2008 to 39.7% for the period ended 30 June 2009. The gross profit margin of our industrial aluminum extrusion products increased from 37.0% for the period ended 30 June 2008 to 48.1% for the period ended 30 June 2009, mainly because some of our large aluminum extrusion presses commenced production in 2008. The commencement of production allowed us to produce large-section, high-precision aluminum extrusion products, which enhanced our competitiveness in the market and increased market demand for our industrial aluminum extrusion products. As such, the average selling prices of our industrial aluminum extrusion products increased.

The gross profit margin of our construction aluminum extrusion products increased from 13.0% for the period ended 30 June 2008 to 15.3% for the period ended 30 June 2009, primarily due to our focus on manufacturing quality construction aluminum extrusion products which generated a higher profit margin.

Interest income

Interest income decreased by 13.4% from RMB28,204,000 for the period ended 30 June 2008 to RMB24,420,000 for the period ended 30 June 2009. Such decrease was mainly due to a decrease in the average interest rate for bank deposits during the period.

Other income

Other income increased significantly by 242.7% from RMB6,179,000 for the period ended 30 June 2008 to RMB21,174,000 for the period ended 30 June 2009, mainly due to (i) an increase in government subsidies from RMB2,500,000 for the period ended 30 June 2008 to RMB9,240,000 for the period ended 30 June 2009, and (ii) foreign exchange gains of the Group of RMB10,147,000 for the period ended 30 June 2009 (for the period ended 30 June 2008: nil). The aggregate amount of government subsidies for the purpose of research and development which we receive each period is determined solely by the relevant PRC authorities on a discretionary basis. The increase of foreign exchange gains of the Group was mainly because our loans denominated in foreign currencies were impacted by the weakening US dollar while our sales denominated in foreign currencies were impacted by the increasing exchange rates of the Australian dollar and Euro.

Selling and distribution costs

Selling and distribution costs decreased by 15.4% from RMB73,373,000 for the period ended 30 June 2008 to RMB62,060,000 for the period ended 30 June 2009, which was mainly due to the decrease in promotional expenses during the period as compared to the same period last year.

Administrative and other operating expenses

Administrative and other operating expenses increased by 55.3% from RMB47,424,000 for the period ended 30 June 2008 to RMB73,635,000 for the period ended 30 June 2009. This increase was primarily due to the non-cash outflow charges of RMB28,353,000 arising from the pre-IPO share options measured at fair value (for the period ended 30 June 2008: nil) recognized for the period ended 30 June 2009. The Group did not recognize such share option charges during the period ended 30 June 2008 because the management was not certain as to whether the listing of shares would be successful.

Listing expense

Listing expense represents the one-off expense of RMB36,558,000 incurred in connection with the Listing, which was charged to profit and loss.

Finance costs

Our finance costs increased by 27.5% from RMB135,156,000 for the period ended 30 June 2008 to RMB172,314,000 for the period ended 30 June 2009. This increase was mainly due to an increase in short-term loans for our working capital during the period.

Profit before taxation

Our profit before tax increased significantly by 74.0% from RMB1,272,087,000 for the period ended 30 June 2008 to RMB2,213,211,000 for the period ended 30 June 2009. This increase was primarily due to the factors as described above.

Taxation

Our income tax expense increased significantly by 80.7% from RMB325,592,000 for the period ended 30 June 2008 to RMB588,385,000 for the period ended 30 June 2009 mainly due to an increase in profit before taxation. Our effective tax rates for the periods ended 30 June 2008 and 30 June 2009 were 25.6% and 26.6%, respectively.

Profit for the period

Our profit for the period increased significantly by 71.7% from RMB946,495,000 for the period ended 30 June 2008 to RMB1,624,826,000 for the period ended 30 June 2009. Our net profit margin increased from 16.3% for the period ended 30 June 2008 to 25.7% for the period ended 30 June 2009. This increase was mainly due to the factors as described above.

Net current assets

As our capital structure and operating cash flow improved, we had net current assets of RMB9,611,182,000 on 30 June 2009 (31 December 2008: approximately RMB11,165,000).

Liquidity and financing

By strengthening our financial resources with the net proceeds (approximately HK$9.5 billion) of the Listing, we held bank balances and cash of approximately RMB11,883,934,000 and approximately RMB4,261,817,000 on 30 June 2009 and 31 December 2008, respectively, and balances of pledged banking deposits of approximately RMB1,101,993,000 and approximately RMB1,230,750,000, respectively.

As of 30 June 2009, our short-term debenture and bank loans, in aggregate, amounted to approximately RMB5,680,383,000, representing an increase of approximately RMB909,745,000 from approximately RMB4,770,638,000 as of 31 December 2008. Most of the bank loans fell due within one year.

We repaid the majority of our indebtedness with the cash flow generated from our business operation. With proceeds from the Listing, our gearing ratio decreased to approximately 41.7% as of 30 June 2009, while that of 31 December 2008 was approximately 75.1%. The ratio was calculated by dividing total liabilities by total assets.

As of 30 June 2009, about 95.4% of our borrowings were denominated in Renminbi. Approximately 75.6% of our revenue was denominated in Renminbi and approximately 24.4% in US dollars, HK dollars and Australian dollars. Our borrowings include fixed and floating rate borrowings.

Our treasury and financing policy is to control foreign exchange risks and interest rate exposures in respect of particular transactions and hedge any material risks by using proper financial instruments.

Pledged assets

As at 30 June 2009, the equipment, inventories and trade receivables of the Group with the carrying value of approximately RMB2,165,726,000 (31 December 2008: approximately RMB2,100,243,000) had been pledged as security for bank loans acquired by the Group.

Contingent liabilities

For the periods ended 30 June of 2008 and 2009, the Group had no material contingent liabilities.

Employees

As at 30 June 2009, the Group had approximately 2,364 full-time employees who were responsible for management, administration and production. During the period, relevant employee costs (including Directors' remuneration) were approximately RMB81,407,000 (including share option charges of RMB28,353,000) (30 June 2008: approximately RMB45,411,000 (share option charges: nil)). The cost of employees (excluding share option charges) of the Group increased was mainly due to increases in average salaries of employees, benefit expenses and the social security payment as required under the laws of the PRC. The Group ensured the attractive remuneration packages for employees and granted bonuses with reference to employees' performance according to general rules of the Group's remuneration policy.

Use of listing proceeds

The shares of the Company started listing and trading on the Stock Exchange on 8 May 2009. The net proceeds from the share offering after deducting relevant listing expenses were HK$9.5 billion. During the period ended 30 June 2009, the net proceeds have been deposited with banks.

Business Review

The Group is a leading industrial aluminum extrusion products manufacturer in Asia and China, with a particular focus on, among others, the transportation, machinery equipment and infrastructure sectors, and has strong research and development capabilities.

The Group achieved satisfactory operating results in the first half of the fiscal year 2009 through the continuous expansion of its production capacity of aluminum extrusion products, commitment to developing, manufacturing and selling products with high gross profit margin and proactive exploration of domestic and overseas markets. During the period ended 30 June 2009, the turnover and gross profit of the Group were approximately RMB6,328,588,000 and RMB2,512,184,000, representing increases of approximately 9.1% and 68.2% compared with the corresponding period last year, respectively. Profit for the period was approximately RMB1,624,826,000 and the one-off expense in relation to the Listing of approximately RMB36,558,000 has been charged to the income statement. For the purpose of illustration only, the actual profit for the period excluding such one-off expense was approximately RMB1,661,384,000, representing an increase of approximately 75.5% compared with the corresponding period last year.

The Group has continuously increased its production capacity by establishing new extrusion production lines. Currently, the Group has 64 aluminum extrusion presses, including a 125MN oil-driven dual action extrusion press which is the largest of its kind in China and one of the most advanced extrusion presses in the world, allowing us to produce large-section aluminum extrusion products with high precision.

We have a diverse base of domestic and overseas customers which includes large-scale customers in the railway, metropolitan conductor rail, automobile, shipbuilding and aircraft industries, as well as manufacturers of industrial equipment and machinery. The Group has been striving to develop new products. In view of the ever-increasing demand from industrial customers, the Group will continue to allocate more production capacity to industrial aluminum extrusion products which are more competitive and produce a higher gross margin which will further improve the turnover and profits of the Group.

The Group continuously expanded its coverage in China and overseas markets. We intend to explore further cooperation opportunities with major players in the transportation and machinery equipment sectors so as to expand our market shares of industrial aluminum extrusion products. In addition, the Group will continue to explore the markets of machinery equipment and infrastructure to strengthen our leading position in the industry.

Apart from the satisfactory operating results, the Group is delighted to announce another piece of good news in the first half of 2009. The Company was successfully listed on the Main Board of the Stock Exchange on 8 May 2009 and was welcomed by investors during its IPO. This represents a milestone for the business development of the Group.

Outlook

The Directors are of the view that the Group's industrial aluminum extrusion business, the products of which are mainly used in the transportation, machinery equipment and infrastructure sectors, saw a rapid growth in the first half of the year and will continue to grow in the second half of the year. Following the implementation of the large-scale economic stimulus measures by the PRC government, which includes the investment of RMB4 trillion in, among other things, railway, highways, airports, power grids and other infrastructure developments, to boost the domestic economy, the increasing demand for the products of the Group from our customers in the transportation sectors such as major suppliers of the Ministry of Railway and major conductor rail manufacturers will be favorable for the further development of the industrial aluminum extrusion market. Furthermore, the Group will focus on strengthening its leading position in the industrial aluminum extrusion industry in China to become the world's leading manufacturer of industrial aluminum extrusion products. As the Group continues to strive for sustainable growth of the business and seeks to maintain the Company's competitiveness in order to achieve a satisfactory return for the shareholders, it intends to further the rapid development of the Company in accordance with its future plans which are as follows:

Expand production capacity to increase the Group's market penetration in the industrial market

The Group will further penetrate the industrial market by expanding our production capacity of industrial aluminum extrusion products and increasing our marketing efforts with a particular focus on the transportation sectors, including the railway, metropolitan rail, conductor rail, automobile, shipbuilding and aviation sectors, and the machinery equipment and infrastructure sectors.

The Group is currently installing additional production lines which will allow us to manufacture different industrial aluminum extrusion products and diversify our product offerings for a broader customer base in the transportation, machinery equipment and infrastructure sectors. In addition, the Group may selectively acquire reputable aluminum extrusion product manufacturers that have the potential to increase the production capacity and penetration of the Company in the industrial market and transportation sectors. However, the Group has not yet identified any target for such acquisition.

Expansion into downstream sectors of industrial aluminum extrusion products

The Group intends to expand into the downstream sectors of industrial aluminum extrusion products by developing and manufacturing more value-added products for our existing customers in the industrial market. The Company is currently developing value-added extrusion products, such as rail freight trunks and passenger trunks, metropolitan railway trunks, heavy truck bodies, and high-strength and high-quality quenching alloy products, all of which are ready to be assembled and used by our customers in the production of railway cargos, metropolitan conductor rails and automobiles without further processing. In addition, the Company intends to develop value-added products for customers in the aviation and shipbuilding sectors. The Company is currently constructing additional facilities and plans to install new equipment for the production of downstream value-added products, and such construction and installation are expected to be completed in 2011. The offering of value-added products will allow the Group to increase its profit margin and enhance its competitiveness in the marketplace.

Further enhancement of research and development capabilities

The Group plans to place even greater emphasis on product quality and layout and die engineering capability to further enhance our status as a leading aluminum extrusion producer in China. The Group will continue our research and development efforts in relation to improving our manufacturing techniques, seek to increase product quality and reduce costs where possible. The Group also plans to continue to leverage our production expertise and collaboration with various research and academic institutions to expand our product offerings, which will allow us to provide a broader range of aluminum extrusion products to customers. In addition, the Group intends to continue to expand our in-house die design team and research and development capabilities to cooperate with our key customers for the production of customized aluminum extrusion products to ensure that the quality of our products meets the standards and requirements of our customers. The Group also plans to increase investments in research and development and seek out professionals with industry-relevant expertise. Furthermore, the Group will seek more recognition of, and renew qualifications for, quality assurance certifications from domestic and international organizations.

CORPORATE GOVERNANCE AND OTHER INFORMATION

The Company is committed to establishing and maintaining guidelines and procedures for stringent corporate governance. The principle of the Company's corporate governance is to promote effective internal control measures and to increase the transparency and accountability of the Board to all shareholders. The Board is comprised of ten members, including five executive directors, one non-executive director and four independent non-executive directors. The Board will review its guidelines from time to time to ensure that they are in line with the internationally-recognized best practices.

Compliance with the Model Code by Directors

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Having made specific enquiries, all Directors have confirmed that they have complied with the standards set out in the Model Code.

Internal control

The Board and the senior management are responsible for establishing, implementing and maintaining a sound and effective internal control system. The goal of our internal control is to provide reasonable assurance regarding the achievement of objectives in relation to the following and to promote fulfillment of the Company's corporate development strategy:

- Effectiveness and efficiency of operations
- Reliability of financial reporting
- Compliance with applicable laws and regulation

In the course of preparation for listing, the Company appointed Moores Rowland (Beijing) Certified Public Accountants ("Moores Rowland") to evaluate our internal controls and to provide recommendations on how we can further improve the effectiveness of our internal control system. Accordingly, we then implemented various measures and rectified the deficiencies identified by Moores Rowland before the listing.

After the Listing, the Company continued to appoint Moores Rowland to (i) conduct comprehensive reviews of our bank acceptance notes activities on a quarterly basis for at least 12 months after Listing, until our independent non-executive Directors determine otherwise; (ii) review and test the effectiveness of our material internal control measures, including newly implemented internal control mechanisms and measures, on a quarterly basis for at least 12 months after the Listing, until our independent non-executive Directors determine otherwise. Based on the first quarterly review which Moores Rowland has conducted after the Listing ("Moores Rowland's Review Report"), the findings were as follows:

(i) Moores Rowland reviewed the effectiveness of the internal controls established to prevent the recurrence of overstated bill financing (the 'Bill Issuance Control') during the period from 1 April 2009 to 30 June 2009, and did not identify any operating ineffectiveness of the bill issuance control and any overstated bill financing activity; and (ii) Moores Rowland reviewed the effectiveness of selected material internal controls, (excluding the Bill Issuance Control) during the period from 1 April 2009 to 30 June 2009, and did not identify any material operating ineffectiveness of those controls.

Compliance with the Code on Corporate Governance Practices

The Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 to the Listing Rules since the Listing except for the deviation from provision A.2.1 of the Code.

Provision A.2.1 of the Code stipulates that the roles of chairman and chief executive officer should be separated and should not be performed by the same person. The Company deviates from this provision because Mr. Liu Zhongtian performs both the roles of chairman of the Board and the president (i.e. the chief executive officer) of the Company. Mr. Liu is the founder of the Group and has extensive experience in the enterprise operation and management in general. Given the current stage of development of the Group, the Board believes that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which is in the best interest of the Company. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

Audit Committee

We have established an audit committee. Members of the audit committee consist of three independent non-executive directors of the Company, namely Mr. Wong Chun Wa (the chairman of the committee), Mr. Wen Xianjun and Mr. Shi Ketong. The audit committee has reviewed and discussed the audited interim results for the six months ended 30 June 2009 and the Moores Rowland's Review Report with the senior management of the Company, and has also reviewed the internal control and financial reporting matters of the Group.

Remuneration Committee

We have established a remuneration committee in accordance with the requirements of Appendix 14 of the Listing Rules. Members of the remuneration committee include Mr. Wen Xianjun (the chairman of the committee), Mr. Liu Zhongtian and Mr. Shi Ketong.

Corporate Governance Committee

We have established a corporate governance committee. Members of the corporate governance committee consist of three independent non-executive directors of the Company, namely Mr. Lo Wa Kei, Roy (the chairman of the committee), Mr. Wen Xianjun and Mr. Shi Ketong. The corporate governance committee has reviewed the Moores Rowland Review Report and also reviewed the Group's corporate governance matters and its internal control matters related to compliance issues.

Strategy and Development Committee

We have established a strategy and development committee. Members of the strategy and development committee include Mr. Liu Zhongtian (the chairman of the committee), Mr. Lu Changqing and Mr. Wen Xianjun.

Interim Dividend

The Directors proposed not to declare any interim dividend for the six months ended 30 June 2009.

Purchase, Sale or Redemption of the Shares

There was no redemption of any shares during the interim reporting period by our Company. There was also no purchase or sale of the Company's shares during the interim reporting period by our Company or any of its subsidiaries.

APPRECIATION

The Directors would like to take this opportunity to express our hearty gratitude to our shareholders, our business partners, and loyal and dedicated staff.

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

Hong Kong, 25 August 2009

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

Non-executive Director
Mr. Ma Xiaowei

Independent non-executive Directors
Mr. Wong Chun Wa, Mr. Wen Xianjun, Mr. Shi Ketong and Mr. Lo Wa Kei, Roy