

CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors"), I am pleased to present to the Shareholders the interim report of China Metal International Holdings Inc. (the "Company") and its subsidiaries (collectively the "Group") for the six months ended 30 June 2005.

SHARE OFFER

The Company was incorporated in the Cayman Islands on 5 August 2004 and was successfully listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 December 2004 following a successful placing of 175,000,000 new shares and public offer of 75,000,000 new shares at an issue price of HK\$1.42 per share ("Share Offer"). Together with the exercise of the over-allotment option by the underwriters on 17 January 2005 which a further 37,500,000 shares were issued, the Company raised approximately US\$49.88 million from the Share Offer, net of share issue expenses.

USE OF PROCEEDS FROM THE COMPANY'S SHARE OFFER

The proceeds from the Share Offer, after deduction of related share issue expenses, amounted to approximately US\$49.88 million. The amount of proceeds utilized for investment of property, plant and equipment is US\$9.47 million during the six months ended 30 June 2005.

FINANCIAL PERFORMANCE

For the six months ended 30 June 2005, the Group recorded a turnover of approximately US\$58.88 million with profit attributable to shareholders of approximately US\$11.44 million.

INTERIM DIVIDEND

The Directors resolved to pay an interim dividend of US cent 0.25 (equivalent to HK cents 1.95) per ordinary share for the six months ended 30 June 2005 payable on 30 September 2005 to the shareholders of the Company whose names appear in the Register of Members of the Company on 22 September 2005.

CLOSURE OF REGISTER OF MEMBERS

The Register of Members of the Company will be closed from Tuesday, 20 September 2005 to Thursday, 22 September 2005, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:00 p.m. on Friday, 16 September 2005.