Our selected consolidated financial data set forth below has been extracted from our consolidated financial information which is set forth in the Accountants' Report included as Appendix I to this prospectus (the "Financial Information"). As more fully described in Appendix I, the Financial Information was prepared in accordance with accounting policies in conformity with IFRS and in compliance with the disclosure requirements of the Hong Kong Listing Rules.

Investors should read these selected consolidated financial data together with "Appendix I – Accountants' Report" to this prospectus and the following discussion and analysis below.

OVERVIEW

We are a leading aluminum extrusion products manufacturer in Asia and China, with a particular focus on the transportation sectors for our industrial aluminum extrusion products, and have strong research and development capabilities. According to the China Nonferrous Metals Industry Association, we were the largest aluminum extrusion products manufacturer in China in terms of production volume in 2007. According to CRU, we were the third largest aluminum extrusion products manufacturer in the world and the largest aluminum extrusion products manufacturer in Asia and China in terms of production capacity in 2007.[(1)] We produce a wide variety of aluminum extrusion products which we broadly classify into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

Our Directors believe that we are well-positioned to enhance our market position because of our product quality, production capacity, strong reputation, customer-oriented services and extensive sales network in our target markets.

During the Track Record Period, our revenue was RMB6,075.2 million, RMB7,521.3 million and RMB11,264.4 million, respectively. Our net profit for the same periods was RMB551.4 million, RMB852.2 million and RMB1,910.4 million, respectively.

BASIS OF PRESENTATION

We are a Cayman Islands holding company and conduct substantially all of our business through our principal subsidiary, Zhongwang PRC, in China. During the periods presented in the Financial Information set forth in "Appendix I – Accountants' Report" to this prospectus, we derived all of our revenue from sales of our aluminum extrusion products.

(1) For the identities of the major global aluminum extrusion products manufacturers, please refer to the table "Top 10 leading aluminum extrusion producers in the world in 2007 in terms of production capacity" in the section headed "Industry Overview – Major Global Aluminum Extrusion Producers."

FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition have been, and will continue to be, affected by a number of factors, including those set out below.

Recent global economic downturn, economic growth and level of demand for aluminum extrusion products in the PRC

We derive substantially all of our revenue from sales in China. According to CRU, China is the largest consumer of aluminum extrusion products in the world, and its aluminum extrusion consumption has been experiencing rapid growth since 2001. In 2007, China consumed approximately 5.1 million tons of aluminum extrusion products, representing a CAGR of approximately 20%, compared with approximately 1.7 million tons in 2001. Demand for our aluminum extrusion products is particularly sensitive to the levels of activities in the PRC transportation, machinery and equipment, and construction industries. Economic growth in China, particularly in areas in which we operate, has a direct impact on virtually all aspects of our operations, including the level of demand for our products, the availability and prices of our raw materials and costs of coal and electricity and our other operating expenses.

In response to the global economic slowdown and market volatility, as described in "Risk Factors – Risks Relating to Our Business – The global financial markets have experienced significant deterioration and volatility recently, which have had negative repercussions on the global economy and, as a result, may adversely affect our business operations," the PRC government has lowered interest rates and announced large fiscal stimulus packages to boost the domestic economy, which include RMB4.0 trillion investments in, among other things, airports, highways, railways, power grids and other infrastructure developments in China. These packages have caused our customers in these transportation sectors, such as major suppliers of the MOR and major conductor rail manufacturers, to increase their expected purchases from us in 2009. The average monthly sales volume of our industrial aluminum extrusion products increased from approximately 16,790 tons in 2008 to approximately 21,774 tons in the first three months of 2009. Our product mix has continued to evolve toward a greater portion of industrial aluminum extrusion products in 2009. The sales volume contribution from our industrial aluminum extrusion products increased from approximately 46.8% in the year ended December 31, 2008 to approximately 59.2% in the two months ended February 28, 2009, while the gross profit contribution from our industrial aluminum extrusion products increased from approximately 79.9% in year ended December 31, 2008 to approximately 88.2% in the two months ended February 28, 2009. However, the effects of these government measures cannot yet be fully determined. In addition, our Directors believe that the recent deterioration of the global economy and fierce market competition have caused a decline in the average monthly sales volume of our construction aluminum extrusion products, which decreased from approximately 20,394 tons in the first ten months of 2008 to approximately 12,715 tons in the last two months of 2008. Although our revenue generated from the construction aluminum extrusion products increased in 2008, the increase in revenue in the first ten months of 2008 was offset by the decreases in the average monthly sales volume and average selling prices of our construction aluminum extrusion products in the last two months of 2008. In the first three months of 2009, the average monthly sales volume of our construction aluminum extrusion products was approximately 13,845 tons, compared to 12,715 tons in the last two months of 2008. The shift of our product mix toward a greater portion of industrial aluminum extrusion products, which command relatively higher market demand and profit margin, is expected to lessen the negative impact of the global economic downturn on our construction business segment. While it is difficult to predict how long the deteriorating economic conditions will exist and which markets and businesses of our Company may be affected, these developments could continue to present risks for an extended period of time for our Company, including a potential slowdown in our sales to customers, increase in interest expenses and fees on our bank borrowings, or reduction of the amount of banking facilities currently available to us. If this economic downturn continues, our business, financial condition and results of operations may be adversely affected. Please also refer to "Risk Factors – Risks Relating to Doing Business in the PRC – Changes in China's economic, political and social conditions could adversely affect our financial condition and results of operations."

Product mix

We produce a wide range of aluminum extrusion products for various applications, and we broadly classify our products into two principal categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products. Our product mix, which is a combination of aluminum extrusion products with different specifications, affects our gross profit margins since different products have different levels of demand and corresponding selling prices in different markets. From time to time, we vary our product mix in order to meet market demand and customers' requirements, which could have an impact on our overall gross profit margins. We intend to continue to manage and optimize our product mix in response to market conditions in order to maintain and increase our gross profit margins.

Sales volume

Our results of operations are directly affected by our sales volume, which in turn is largely determined by the market demand for our aluminum extrusion products, and our ability to meet that demand. Our sales volume increased across our product segments in 2006, 2007 and 2008 due primarily to the increasing customers demand for our products, particularly our industrial aluminum extrusion products, as a result of the growing reputation of our brand and our high-quality products. We sold approximately 266,479 tons, 307,398 tons and 430,857 tons of aluminum extrusion products in 2006, 2007 and 2008, respectively. With a designated production capacity of over 535,000 tons as of the Latest Practicable Date, we believe we are well-positioned to meet growing market demand for our products.

Pricing of our products

Competition and demand significantly affect the pricing of our products. Although the PRC aluminum extrusion industry is highly fragmented and fiercely price competitive, a majority of the aluminum extrusion products manufacturers in China have small-scale operations that produce low-end extrusion products with simple designs. There are only approximately 15 aluminum extrusion products manufacturers in China which have an annual production capacity of over 100,000 tons. Due to consistent high quality, our aluminum extrusion products typically enjoy price premiums over products sold by our competitors in China. We sell our products to customers based on a "cost-plus" basis, under which we add our processing charges to the prevailing market price of aluminum ingots. The average selling price per ton of our industrial aluminum extrusion products was RMB28,640, RMB30,232 and RMB30,895, respectively, during the Track Record Period, and the average selling price per ton of our construction aluminum extrusion products was RMB21,232, RMB21,998 and RMB21,971, respectively, during the same period. In 2008, we experienced (i) an increase in the average selling price per ton of our industrial aluminum extrusion products primarily due to an increase in the processing fees we charged for our products while the average purchase price per ton of aluminum ingots, our principal raw material, decreased during the same period; and (ii) a slight decrease in the average selling price per ton of our construction aluminum extrusion products mainly due to the decrease in the purchase price per ton of aluminum ingots during the same period. As of February 28, 2009, the average selling price per ton of our industrial aluminum extrusion products was RMB30,074 and the average selling price per ton of our construction aluminum extrusion products was RMB19,688.

Cost of raw materials

Price fluctuations of raw materials we use in our production process affect our cost of sales and could adversely impact our results of operations. The principal raw material for the production of our aluminum extrusion products is aluminum ingots. The price of aluminum ingots is generally affected by the supply and demand of this commodity. In 2006, 2007 and 2008, our purchase of aluminum ingots amounted to approximately RMB4,054.0 million, RMB4,810.3 million and RMB6,750.7 million, respectively, representing 81.6%, 81.4%, and 82.7% of our total cost of sales. During the same period, we purchased aluminum ingots at the average price per ton of approximately RMB17,200, RMB17,518 and RMB15,274, respectively.

We typically purchase aluminum ingots from suppliers based on the prevailing prices on the SHFE during the month prior to the month we receive shipments from our suppliers. Aluminum ingot prices fluctuate over time, and the prevailing prices at the time of our purchase may not be equal to the prevailing prices at the time of our sale. However, we are generally able to pass on cost increases of aluminum ingots to our customers through subsequent orders by increasing selling prices of our products.

Production capacity and facility expansion

We have expanded our production capacity significantly in recent years through installation of new production facilities and re-engineering and modifying our existing production lines to improve our production efficiency. Our annual production capacity was approximately 391,986 tons, 505,386 tons and 535,311 tons as of December 31, 2006, 2007 and 2008, respectively. As of the Latest Practicable Date, our annual production capacity reached over 535,000 tons. We believe that the increases in our production capacity in recent years have strengthened our market position and enhanced our competitiveness in the market since we are able to produce sizable, large-section and high precision aluminum extrusion products which could not be produced by most of our competitors. However, to the extent that we encounter difficulties in achieving increased production volumes relative to our existing capacity, it could have a material adverse effect on our business and results of operations.

PRINCIPAL INCOME STATEMENT COMPONENTS

Revenue

All of our revenue is generated from the sale of aluminum extrusion products. Our aluminum extrusion products are broadly classified into two principal product categories, namely, industrial aluminum extrusion products and construction aluminum extrusion products.

The following table shows our revenue and sales volume by product categories for the years indicated:

	For the year ended December 31,					
	2006		2007		2008	
Revenue (RMB million)						
Industrial aluminum extrusion products	1,613.6	26.6%	2,787.5	37.1%	6,224.9	55.3%
Construction aluminum extrusion products	4,461.6	73.4%	4,733.7	62.9%	5,039.6	44.7%
Total	6,075.2	100.0%	7,521.3	100.0%	11,264.4	100.0%
Sales volume (tons)						
Industrial aluminum extrusion products	56,342.5	21.1%	92,204.1	30.0%	201,483.6	46.8%
Construction aluminum extrusion products	210,136.6	78.9%	215,194.2	70.0%	229,373.3	53.2%
Total	266,479.1	100.0%	307,398.3	100.0%	430,856.9	100.0%

Cost of sales

Our cost of sales consists of the direct costs of production which include the following:

- Purchases of major raw materials;
- Depreciation costs;
- Other manufacturing and packaging materials;
- Utilities;
- Labor costs relating to production;
- Change in inventories (which represents the difference between the inventory balances as of the beginning and end of each year-end dates); and
- Other production costs.

The following table sets out the principal components of our cost of sales in RMB and as a percentage of our total cost of sales for the years indicated.

	For the year ended December 31,					
	2006		2007		2008	
	RMB'000	% of cost of sales	RMB'000	% of cost of sales	RMB'000	% of cost of sales
Purchases of major raw materials	4,097,054	82.5	4,852,568	82.2	6,784,237	83.1
Depreciation costs	244,426	4.9	246,316	4.2	303,668	3.7
Other manufacturing and packaging materials	243,482	4.9	309,990	5.2	424,486	5.2
Utilities	147,908	3.0	142,578	2.4	220,800	2.7
Labor costs	40,378	0.8	49,318	0.8	60,791	0.8
Change in inventories	127,401	2.6	236,216	4.0	300,827	3.7
Other production costs	65,030	1.3	69,569	1.2	67,325	0.8
Total	4,965,679	100.0	5,906,555	100.0	8,162,134	100.0

Gross profit

During the Track Record Period, our gross profit, which is equal to revenue less cost of sales, was approximately RMB1,109.5 million, RMB1,614.7 million and RMB3,102.3 million, respectively. Our gross profit margin, which is equal to gross profit divided by revenue, was approximately 18.3%, 21.5% and 27.5%, respectively, for the same period. The increases in our gross profit and gross profit margin during the Track Record Period were mainly due to changes in product mix, increases in average selling prices of our products and economies of scale achieved during the same period.

The following table sets out our gross profit and gross profit margin by product category for the years indicated:

	For the year ended December 31,					
	2006		2007		2008	
	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %	Gross profit RMB'000	Gross profit margin %
Industrial aluminum extrusion products	508,410	31.5	1,006,248	36.1	2,478,646	39.8
Construction aluminum extrusion products	601,136	13.5	608,463	12.9	623,649	12.4
Total	1,109,546	18.3	1,614,711	21.5	3,102,295	27.5

Investment income

Our investment income mainly consists of interest on bank deposits and dividend income from investments held for trading. As of December 31, 2006, 2007 and 2008, our total amount of bank deposits (including pledged bank deposits) was RMB3,251.3 million, RMB3,959.7 million and RMB5,492.6 million, respectively.

Other income

Our other income primarily includes government subsidies, gain on the sale of scrap materials and consumables, rental income, gain on disposal of leasehold land, gain on change in fair value of investments held for trading, and others. Government subsidies mainly represent subsidies received from the Finance Bureau of Liaoyang City, the PRC for our expenditure in technological research and market development. We have received government subsidies in recognition of the contributions we made to the local economy in Liaoyang with respect to the establishment of infrastructure and the contribution we made in relation to the development of the manufacturing technologies and processes and to subsidize us for our business development expenses. These subsidies are made on a discretionary basis, and they are one-off and non-recurrent. There are no unfulfilled conditions or contingencies attached to the government subsidies currently reflected in our financial statements. Our rental income primarily consists of income generated from leasing our properties in Dalian, China until we sold such properties in April 2008. During the Track Record Period, our gross rental income from investment properties increased significantly mainly due to increases in occupancy rates and rental rates.

Selling and distribution costs

Our selling and distribution costs primarily consist of transportation costs paid to third-party transportation vendors, marketing staff costs and marketing expenses. Selling and distribution costs represented approximately 1.9%, 1.6% and 1.5% of our total revenue during the Track Record Period, respectively. Our Directors consider the overall decrease in selling and distribution costs as a percentage of our total revenue was mainly due to economies of scale achieved during those periods.

During the Track Record Period, the largest components of our selling and distribution costs were marketing expenses which included costs related to our advertisements in industry journals and technical publications and on television networks and airport billboards, and our routine participation in various industry exhibitions and seminars in China.

Administrative and other operating expenses

Our administrative and other operating expenses primarily consist of salaries for administrative staff, various employee welfare contributions, subsidies, housing and social insurance for administrative staff, depreciation of office equipment, entertainment expenses and miscellaneous expenses related to administration. Administrative and other operating expenses represented approximately 1.3%, 1.1% and 1.0% of our total revenue during the Track Record Period, respectively.

Finance costs

Finance costs consist of interest payments on bank loans, bills payable, and short-term debenture. Finance costs represented approximately 3.4%, 3.9% and 2.5% of our total revenue during the Track Record Period, respectively.

Taxation

Our effective tax rate for each of the three years ended December 31, 2008 was approximately 28.3%, 27.4% and 27.7%, respectively.

PRC income tax

The fluctuations in our effective tax rate are primarily due to changes in tax adjustments during the Track Record Period. The tax rate applicable to our PRC subsidiary can be found at note 11 to "Appendix I – Accountants' Report" to this prospectus. There are recent changes in the PRC tax laws which took effect as of January 1, 2008. For details of the effect of the new PRC tax laws, see "Risk Factors – Risks Relating to Doing Business in the PRC – Recent changes in the PRC tax laws have decreased the tax rate applicable to our business; however, any future changes to the tax incentive we currently enjoy or any other changes to the PRC tax laws could adversely effect our financial condition and results of operations."

Cayman Islands profits tax

We are not subject to Cayman Islands profits tax as we had no assessable income arising in or derived from the Cayman Islands during the Track Record Period.

Hong Kong profits tax

We are not subject to Hong Kong profits tax as we had no assessable income arising in or derived from Hong Kong during the Track Record Period.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENT

The financial information presented here has been prepared under a historical cost basis except for certain financial instruments, which are measured at fair values, as explained in the accounting policies set out below.

The financial information has been prepared in accordance with the following accounting policies which conform to IFRS issued by the International Accounting Standards Board. These policies have been consistently applied throughout the Track Record Period. In addition, the financial information includes applicable disclosures required by the Hong Kong Listing Rules and the Companies Ordinance.

Our reported financial performance and financial conditions are affected by the relevant accounting policies, assumptions and estimates adopted in the preparation of the financial statements. In reporting our financial performance and conditions, our Directors are required to exercise their judgment, based on their experience, knowledge of other companies in our industry and on other assumptions which they consider to be reasonable. Our Directors believe that the following principal accounting policies involve the most significant judgment and estimates adopted in the preparation of our financial statements. Such judgment and estimates have not been changed significantly during the Track Record Period and will only be adjusted reasonably to account for market developments or changes in future.

Revenue recognition

Revenue is measured as fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes. We charge our customers on a "cost-plus" basis, under which the selling price for our aluminum extrusion products is based on a processing fee plus (i) the weighted average SHFE spot-month price for aluminum ingots prevailing on the order date for our major domestic customers, (ii) the monthly weighted average price of aluminum ingots traded on the SHFE in the preceding month for the four state-owned customers which are the major suppliers of the MOR and other domestic customers, or (iii) the LME three-month mean price for aluminum alloy ingots prevailing on the order date for our international customers. Our processing fee varies according to the complexity of product design, level of precision of the product, size of the contract, trading history and relationship with the customer, and overall market condition and demand.

Revenue from sales of goods is recognized only when goods are delivered and title has passed to the customer, which is at the date when the customer receives and accepts the goods, either from us through direct sales or from our distributors. We recognize revenue upon delivery of goods by the distributor to the customer. During the Track Record Period, there was no sales return from our customers and distributors.

Rental income from leasing of premises is recognized on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset excluding financial assets at fair value through profit or loss is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable and deductible. Our liability for current tax is calculated using the tax rate that has been enacted or substantively enacted as of the balance sheet date.

Property, plant and equipment

Property, plant and equipment, including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction-in-progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment (other than construction-in-progress) over their estimated useful lives and takes into account their estimated residual value, using the straight-line method. The useful lives are estimated based on our experience with similar assets taking into account anticipated technological changes. We review on an annual basis and adjust, if appropriate, the assets depreciation methods, estimated useful lives, residual values and rate of depreciation.

Construction-in-progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction-in-progress is carried at cost less any recognized impairment loss. Construction-in-progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated income statement in the year in which the item is derecognized.

Allowance for bad and doubtful debts

Allowances of trade and other receivables are estimated by assessing their recoverability based on credit history, ageing of the receivables, historical write-off experience and the prevailing market condition. This requires the use of estimates and judgments. Trade and other receivables are reviewed at each balance sheet date to determine whether additional allowance or reversal is required.

For the Track Record Period, allowance for bad and doubtful debts in respect of trade receivables was RMB1.5 million, RMB0.6 million and RMB47,000, respectively. The continued reduction in allowance for bad and doubtful debts in respect of trade receivables in the following periods primarily resulted from our improved ability to collect payments from customers more quickly by frequently contacting customers who have outstanding overdue invoices and requesting cash on delivery for our sales to customers with whom we have not developed a long-term relationship.

Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is calculated using the weighted average method.

The cost of inventories includes the cost of raw materials and other manufacturing overhead. Net realizable value of inventories is the estimated selling price in the ordinary course of business. Such estimates are determined by reference to the current market condition and the historical experience of selling merchandise of a similar nature. The estimates are reassessed on each balance sheet date.

RESULTS OF OPERATIONS

The following table sets forth our results of operations for the years indicated:

	For the year ended December 31,		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Revenue	6,075,225	7,521,266	11,264,429
Cost of sales	(4,965,679)	(5,906,555)	(8,162,134)
Gross profit	1,109,546	1,614,711	3,102,295
Investment income	51,619	42,062	74,107
Other income	9,256	13,455	32,999
Selling and distribution costs	(115,725)	(122,442)	(169,921)
Administrative and other operating expenses	(77,547)	(84,851)	(108,946)
Finance costs	(208,598)	(289,585)	(286,573)
Profit before taxation	768,551	1,173,350	2,643,961
Taxation	(217,125)	(321,192)	(733,523)
Profit for the year	551,426	852,158	1,910,438
Dividends			
– recognized as distributions during the year	–	–	2,000,000
– proposed	–	–	1,000,000
Earnings per share			
Basic (RMB)	0.14	0.21	0.48

2008 compared to 2007

Revenue

Revenue increased by 49.8% from RMB7,521.3 million in 2007 to RMB11,264.4 million in 2008. 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, resulting primarily from increased market demand for our industrial aluminum extrusion products used in the transportation sectors, particularly for railway cargo and metropolitan rails that command higher processing fees. Revenue generated from our industrial aluminum extrusion products increased significantly by 123.3% from RMB2,787.5 million in 2007 to RMB6,224.9 million in 2008. Revenue generated from our construction aluminum extrusion products increased by 6.5% from RMB4,733.7 million in 2007 to RMB5,039.6 million in 2008. Our total sale volume increased from 307,398.3 tons in 2007 to 430,856.9 tons in 2008, and our average selling price was RMB24,467.5 per ton in 2007 as compared to RMB26,144.3 per ton in 2008. The average selling price of our industrial aluminum extrusion products increased from RMB30,232 per ton in 2007 to RMB30,895 per ton in 2008, while the average selling price of our construction aluminum extrusion products decreased slightly from RMB21,998 per ton in 2007 to RMB21,971 per ton in 2008. The increase in average selling price of our industrial aluminum extrusion products was primarily due to an increase in processing fees we charged for our products.

Cost of sales

Cost of sales increased by 38.2% from RMB5,906.6 million in 2007 to RMB8,162.1 million in 2008, primarily as a result of increased sales volume. The increase in cost of sales was smaller than the increase in revenue primarily due to the fact that the average selling price of our products increased more during the year than the increase in unit cost. Cost of sales of our industrial aluminum extrusion products increased significantly by 110.3% from RMB1,781.3 million in 2007 to RMB3,746.2 million in 2008, while cost of sales of our construction aluminum extrusion products increased by 7.0% from RMB4,125.3 million in 2007 to RMB4,415.9 million in 2008.

Gross profit

Our gross profit increased by 92.1% from RMB1,614.7 million in 2007 to RMB3,102.3 million in 2008. Our overall gross profit margin increased from 21.5% in 2007 to 27.5% in 2008. The gross profit margin of our industrial aluminum extrusion products increased from 36.1% in 2007 to 39.8% in 2008, mainly because certain of our large aluminum extrusion presses commenced production in 2008, allowing us to produce large-section, high-precision aluminum extrusion products, which enhances our market competitiveness, increases market demand of our industrial aluminum extrusion products, particularly those used in transportation sectors, and hence, increases the average selling prices of our industrial aluminum extrusion products. The gross profit margin of our construction aluminum extrusion products decreased slightly from 12.9% in 2007 to 12.4% in 2008.

Investment income

Investment income increased by 76.2% from RMB42.1 million in 2007 to RMB74.1 million in 2008. This increase was mainly due to increases in our average pledged bank deposits and bank balances and increased average interest rate for our pledged bank deposits during the year.

Other income

Other income increased significantly by 145.3% from RMB13.5 million in 2007 to RMB33.0 million in 2008 mainly due to (i) an increase in government subsidies from RMB3.2 million in 2007 to RMB12.7 million in 2008, and (ii) a RMB19.8 million income from Hong Cheng for its right to use our "Zhongwang" trademark in China. The aggregate amount of government subsidies we received each year is determined solely by the relevant PRC authorities and is made on a discretionary basis. Historically, prior to the commencement of and during the Track Record Period, Hong Cheng and Zhongwang PRC were owned by the Controlling Shareholder Group and both Zhongwang PRC and Hong Cheng have contributed to the development of the "Zhongwang" brand in China. Therefore, no trademark fees were charged to Hong Cheng by Zhongwang PRC for the use of the "Zhongwang" trademark prior to 2008. Pursuant to an agreement entered into by Zhongwang PRC and Hong Cheng in March 2008, a fee was charged to Hong Cheng for its use of the "Zhongwang" trademark in 2008. For details regarding the usage of our trademark by Hong Cheng, please refer to the section headed "Relationship with our Controlling Shareholder and continuing connected transactions – Relationship with our Controlling Shareholder – I. Information on our Controlling Shareholder – 4. Hong Cheng" in this prospectus. This increase was partially offset by (i) sales of leasehold land in 2007 which caused a gain on disposal of leasehold land of RMB7.4 million in 2007 compared to no such gain in 2008, (ii) sales of certain rental properties in March 2008 which caused a decrease in rental income from RMB1.2 million in 2007 to RMB0.1 million in 2008, and (iii) a RMB1.2 million gain in 2007 from a waiver of accounts payable, representing the amount owed to certain suppliers which were dissolved, bankrupted or relocated elsewhere and we were unable to locate and pay such amount to the appropriate parties, and we did not have any such gain in 2008.

Selling and distribution costs

Selling and distribution costs increased by 38.8% from RMB122.4 million in 2007 to RMB169.9 million in 2008. This increase was mainly due to increases in marketing expenses, resulting from our increased promotion activities and salaries for our sales staff caused by higher average annual remuneration, which increased from RMB64,464 in 2007 to RMB72,876 in 2008.

Administrative and other operating expenses

Administrative and other operating expenses increased by 28.4% from RMB84.9 million in 2007 to RMB108.9 million in 2008. This increase was primarily due to increases in salaries paid to our Directors, senior management and administrative employees from RMB0.5 million in 2007 to RMB7.5 million in 2008 mainly attributable to our management retention effort, additional responsibilities and workload of our Directors and senior management for managing our fast growing businesses and the appointment of new Directors in 2008, foreign exchange loss, allowance for bad and doubtful debts in respect of other receivables and fees paid to banks in connection with bank loans and short-term debentures, partially offset by decreases in the amount of employee benefit expenses, loss on disposal of fixed assets and depreciation. We experienced an increase in foreign exchange loss mainly due to certain sales to overseas customers which were denominated in U.S. dollars, Euros, Australian dollars and British pounds. As we typically granted an average credit period of 90 days to our customers, we experienced exchange loss if the exchange rate upon settlement was different from the exchange rate we adopted at the time of revenue recognition. During the Track Record Period, sales denominated in currencies other than Renminbi accounted for 7.2%, 5.3% and 3.3% of our total revenue, respectively.

Finance costs

Our finance costs decreased slightly by 1.0% from RMB289.6 million in 2007 to RMB286.6 million in 2008. This slight decrease was mainly due to a decrease in interest expense related to a reduced amount of bills payable resulting from the cessation of overstated bill financing activities in November 2007, partially offset by increases in interest paid with respect to our bank loans and short-term debentures.

Profit before taxation

Our profit before tax increased significantly by 125.3% from RMB1,173.4 million in 2007 to RMB2,644.0 million in 2008. This increase was primarily due to the significant increase in revenue and other factors as described above.

Taxation

Our income tax expense increased significantly by 128.4% from RMB321.2 million in 2007 to RMB733.5 million in 2008 mainly due to an increase in profit before taxation. Our effective tax rates in 2007 and 2008 were 27.4% and 27.7%, respectively.

Profit for the year

Our profit for the year increased significantly by 124.2% from RMB852.2 million in 2007 to RMB1,910.4 million in 2008. This increase was primarily due to an increase in our sales revenue. Our net profit margin increased from 11.3% in 2007 to 17.0% in 2008.

2007 compared to 2006

Revenue

Revenue increased by 23.8% from RMB6,075.2 million in 2006 to RMB7,521.3 million in 2007. The increase in revenue was mainly due to the increase in sales volume and average selling prices of our products as a result of increased market demand, particularly for our industrial aluminum extrusion products. Revenue generated from our industrial aluminum extrusion products increased significantly by 72.7% from RMB1,613.6 million in 2006 to RMB2,787.5 million in 2007. Revenue generated from our construction aluminum extrusion products increased by 6.1% from RMB4,461.6 million in 2006 to RMB4,733.7 million in 2007, mainly reflecting the increased sales volume of our construction aluminum extrusion products. Our total sale volume increased from 266,479.1 tons in 2006 to 307,398.3 tons in 2007, primarily reflecting our increased production volume as a result of increased production capacity of aluminum extrusion products. Our average selling price was RMB24,467.5 per ton in 2007 as compared to RMB22,798.1 per ton in 2006, primarily reflecting increased purchase cost of aluminum ingots and processing fees. The average selling price of our industrial aluminum extrusion products increased from RMB28,640 per ton in 2006 to RMB30,232 per ton in 2007, while the average selling price of our construction aluminum extrusion products increased from RMB21,232 per ton in 2006 to RMB21,998 per ton in 2007.

Cost of sales

Cost of sales increased by 18.9% from RMB4,965.7 million in 2006 to RMB5,906.6 million in 2007, primarily as a result of increased sales volume and increased per unit cost of aluminum ingots, reflecting the increase in commodity prices traded on the SHFE and the LME. This increase in cost of sales was smaller than the increase in revenue, mainly due to economies of scale achieved and the fact that the increase in average selling prices of our industrial aluminum extrusion products was greater than the increase in unit cost. In line with our revenue growth, cost of sales of our industrial aluminum extrusion products increased significantly by 61.2% from RMB1,105.2 million in 2006 to RMB1,781.3 million in 2007, while cost of sales of our construction aluminum extrusion products increased by 6.9% from RMB3,860.4 million in 2006 to RMB4,125.3 million in 2007.

Gross profit

Our gross profit increased by 45.5% from RMB1,109.5 million in 2006 to RMB1,614.7 million in 2007. Our overall gross profit margin increased from 18.3% in 2006 to 21.5% in 2007. The gross profit margin of our industrial aluminum extrusion products increased from 31.5% in 2006 to 36.1% in 2007, mainly due to increased average selling prices of our industrial aluminum extrusion products, while the gross profit margin of our construction aluminum extrusion products decreased from 13.5% in 2006 to 12.9% in 2007.

Investment income

Investment income decreased by 18.4% from RMB51.6 million in 2006 to RMB42.1 million in 2007. This decrease was primarily due to decreased pledged bank deposits resulting from the reduced amount of bills payable during the period, partially offset by an increase in dividend income from trading activities.

Other income

Other income increased by 45.2% from RMB9.3 million in 2006 to RMB13.5 million in 2007 mainly due to (i) a gain on disposal of leasehold land from nil in 2006 to RMB7.4 million in 2007, resulting from the transfer of land use rights of a certain piece of land in Liaoyang to a local real estate developer; (ii) an increase in rental income from RMB0.6 million in 2006 to RMB1.2 million in 2007; and (iii) a RMB1.2 million gain from a waiver of accounts payable, representing the amount owed to certain suppliers which were dissolved, bankrupted or relocated elsewhere and we were unable to locate and pay such amount to the appropriate parties. As a result, we recorded such amount as a waiver of accounts payable in our financial statements for the year ended December 31, 2007. This increase was partially offset by (i) a decrease in government subsidies from RMB5.4 million in 2006 to RMB3.2 million in 2007, resulting from the reduced amount of subsidies granted by the PRC government; and (ii) a decrease in gain on sales of scrap materials and consumables from RMB1.1 million in 2006 to RMB0.5 million in 2007, due to the reduction of our sales of such items.

Selling and distribution costs

Selling and distribution costs increased by 5.8% from RMB115.7 million in 2006 to RMB122.4 million in 2007. This increase resulted primarily from increases in depreciation and marketing expenses, resulting from our expanded marketing efforts to promote our products and increased salaries for our sales staff due to higher headcount.

Administrative and other operating expenses

Administrative and other operating expenses increased by 9.4% from RMB77.5 million in 2006 to RMB84.9 million in 2007. This increase was primarily due to an increase of RMB5.6 million in the loss from the disposal of fixed assets in 2007 and an increase in the amount of depreciation, staff salaries, employee benefit expenses and payment of social insurance mandated under PRC laws.

Finance costs

Our finance costs increased by 38.8% from RMB208.6 million in 2006 to RMB289.6 million in 2007. This increase was primarily due to (i) an increase of RMB48.8 million in interest expense for bank borrowings, which was mainly due to an increase in outstanding bank borrowings; and (ii) an increase in interest expense for short-term debenture from RMB1.2 million in 2006 to RMB50.9 million in 2007, reflecting the interest incurred in relation to the RMB668.5 million short-term debenture issued in December 2006, and the additional RMB593.6 million short-term debenture issued in April 2007. This increase was partially offset by a decrease in interest expense related to a reduced amount of bills payable.

Profit before taxation

Our profit before tax increased by 52.7% from RMB768.6 million in 2006 to RMB1,173.4 million in 2007. This increase was primarily due to an increase in revenue and other factors as described above.

Taxation

Our income tax expense increased by 48.0% from RMB217.1 million in 2006 to RMB321.2 million in 2007 mainly due to an increase in profit before taxation. Our effective tax rates in 2006 and 2007 were 28.3% and 27.4%, respectively.

Profit for the year

Our profit for the year increased by 54.6% from RMB551.4 million in 2006 to RMB852.2 million in 2007. This increase was primarily due to an increase in our sales revenue. Our net profit margin increased from 9.1% in 2006 to 11.3% in 2007.

LIQUIDITY AND CAPITAL RESOURCES

Based on our current and anticipated levels of operations and conditions in the markets and industry, we believe that our proceeds from this Global Offering, our cash and bank deposits, cash flow from operations, our banking relationships and future financings will enable us to meet our working capital, capital expenditures, and other funding requirements for the foreseeable future. However, our ability to fund our working capital needs, repay our indebtedness and finance other obligations depend on our future operating performance and cash flow, which are in turn subject to prevailing economic conditions, the level of spending by our customers and other factors, many of which are beyond our control. Any future significant acquisition or expansion may require additional capital, and we cannot assure you that such capital will be available to us on acceptable terms, if at all.

In general, we have the ability to generate adequate cash from our operations to fund our ongoing operating cash needs and the continuing expansion of our business. We may use short-term bank borrowings to finance operations and repay bank borrowings once our funding position is in surplus. We have not experienced and do not expect to experience any difficulties meeting our obligations as they become due. We will use part of the proceeds from the Global Offering to fulfill our capital commitments for future expansion.

We had bank balances and cash of RMB1,711.7 million, RMB2,833.5 million and RMB4,261.8 million as of December 31, 2006, 2007 and 2008, respectively.

We had net current assets of approximately RMB11.2 million as of December 31, 2008. We had net current liabilities of approximately RMB260.9 million and RMB207.0 million as of December 31, 2006 and 2007, respectively, primarily due to our large amounts of borrowings, comprising mainly short-term borrowings from commercial banks in the PRC and bills payable.

As of December 31, 2008, our net current assets were approximately RMB11.2 million. The key components of our current assets as of such date included pledged bank deposits of RMB1,230.8 million, bank balances and cash of RMB4,261.8 million, trade receivables of RMB523.9 million, other receivables, deposits and prepayments of RMB2,386.9 million and inventories of RMB1,058.8 million. The key components of our current liabilities included bank borrowings of RMB2,640.6 million, bills payables of RMB2,351.2 million, short-term debentures of RMB2,000.0 million and dividend payable of RMB2,000.0 million.

Cash flows

We conduct substantially all of our operations through our operating subsidiary Zhongwang PRC. Cash flows generated by our operating subsidiary on a stand-alone basis may differ significantly from that presented in our consolidated cash flow statements.

The following table sets forth certain information regarding our consolidated cash flows for the years indicated:

	For the year ended December 31,		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Net cash from operating activities	940,521	1,938,013	3,158,865
Net cash (used in) from investing activities. . .	(994,194)	(117,734)	37,374
Net cash from (used in) financing activities . .	398,285	(698,408)	(1,767,965)
Cash and cash equivalents at beginning of year[(1)]	1,367,060	1,711,672	2,833,543
Cash and cash equivalents at end of year[(1)]	1,711,672	2,833,543	4,261,817

(1) The balances represented our bank and cash balances as of each of the year-end dates during the Track Record Period.

Net cash from operating activities

We derive our net cash inflow from operating activities primarily through the receipt of payments for the sale of our aluminum extrusion products. Our cash outflow from operating activities is used primarily for raw material purchases, payment of utilities, selling and distribution costs, and staff salaries.

Our net cash flow generated from operating activities reflects our profit before taxation, as adjusted for non-cash items, such as depreciation, and the effects of changes in working capital, such as increases or decreases in trade and other receivables, accruals and other payables, and income tax payment.

In 2008, we had net cash from operating activities in the amount of RMB3,158.9 million, primarily as a result of RMB2,644.0 million in profit before taxation, a RMB1,455.0 million increase in bills payable, a RMB250.2 million decrease in inventories, a decrease in trade receivables of RMB162.7 million and an increase in trade payables of RMB1.0 million, partially offset by a RMB1,176.1 million increase in other receivables, deposits and prepayments. The increase in bills payable was primarily attributable to our increased purchases of raw materials, reflecting the increases in sales and production volume. The decrease in inventories was primarily attributable to decreased inventory of work-in-progress and finished goods due to the fact that we sold more products than we produced during the period. The decrease in trade receivables was mainly a result of our improved collections of trade receivables, resulting from frequent follow-ups with customers who had outstanding overdue invoices. The increase in trade payables was mainly attributable to increased sale volumes. The increase in other receivables, deposits and prepayments was mainly due to increased deposits paid to suppliers to secure supplies of raw materials.

In 2007, we had net cash from operating activities in the amount of RMB1,938.0 million, primarily as a result of RMB1,173.4 million in profit before taxation, a RMB306.9 million increase in bills payable, a RMB236.2 million decrease in inventories, and an increase in other payables and accrued charges of RMB52.0 million, partially offset by a RMB93.6 million decrease in amounts due to related parties and an increase in trade receivables of RMB48.6 million. The increase in bills payable was primarily attributable to increased amount of raw material purchases, resulting from our increased production volume. The decrease in inventories was primarily attributable to decreased inventory of raw materials, work-in-progress and finished goods due to our significantly increased sales and improved inventory control in 2007. The increase in other payables and accrued charges was mainly attributable to an increase in VAT. The decrease in amounts due to related parties was primarily because we repaid certain advances due to related parties. The increase in trade receivables was mainly a result of our increased sales to customers.

In 2006, we had net cash from operating activities in the amount of RMB940.5 million, primarily as a result of RMB768.6 million in profit before taxation, a RMB151.2 million increase in bills payable, a RMB127.4 million decrease in inventories, and a RMB83.5 million decrease in trade receivables, partially offset by a RMB451.5 million increase in other receivables, deposits and prepayments and a RMB77.0 million decrease in trade payables. The increase in bills payable was mainly a result of our increased raw material purchases. The decrease in inventories was primarily attributable to decreased inventory of finished goods because we sold more products than we produced in 2006. The decrease in trade receivables was mainly attributable to increased cash sales and our improved collections of trade receivables in 2006, resulting from frequent follow-ups with customers who had outstanding overdue invoices. The increase in other receivables, deposits and prepayments was primarily attributable to increased deposits paid to suppliers to secure supplies of raw materials. The decrease in trade payables was primarily because we settled trade payables with respect of purchases of raw materials.

Net cash (used in) from investing activities

Our cash inflow from investing activities primarily consists of amounts due from related parties and interest income. Our cash outflow from investing activities primarily consists of purchases of property, plant and equipment, and deposits paid for acquisition of property, plant and equipment.

In 2008, we had net cash from investing activities of RMB37.4 million, primarily as a result of RMB150.4 million in proceeds from disposal of property, plant and equipment, RMB50.2 million in proceeds from disposal of leasehold land, RMB74.1 million in interest received, and RMB25.1 million in proceeds from disposal of investment properties, partially offset by a RMB104.6 million increase in pledged bank deposits and RMB142.2 million for the purchase of property, plant and equipment.

In 2007, we had net cash used in investing activities of RMB117.7 million, primarily as a result of RMB356.9 million for deposits paid for acquisition of property, plant and equipment and RMB354.8 million for the purchase of property, plant and equipment, partially offset by a RMB413.5 million decrease in pledged bank deposits, a RMB128.7 million decrease in amounts due from related parties, and RMB39.2 million in interest received.

In 2006, we had net cash used in investing activities of RMB994.2 million, primarily as a result of RMB870.5 million for the purchase of property, plant and equipment, RMB329.6 million for deposits paid for acquisition of property, plant and equipment and a RMB140.4 million increase in amounts due from related parties, partially offset by a RMB249.1 million decrease in pledged bank deposits, RMB53.9 million in proceeds from disposal of property, plant and equipment and RMB51.5 million in interest received.

Net cash from (used in) financing activities

In 2008, net cash used in financing activities was RMB1,768.0 million, mainly as a result of RMB4,730.0 million in repayment of borrowings, RMB2,026.9 million in payment to Liaoyang Factory related to our Reorganization, a RMB1,561.2 million decrease in amounts due to related parties, RMB600.0 million in repayment of short-term debenture and RMB230.9 million in interest paid, partially offset by RMB3,354.1 million in new borrowings, RMB2,000.0 million in short-term debentures sold and RMB2,026.9 million from the issuance of new shares. For further details regarding the new share issuance, please refer to note 30 to the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

In 2007, net cash used in financing activities was RMB698.4 million, primarily as a result of a RMB5,137.5 million repayment of borrowings, RMB700.0 million in repayment of short-term debenture and RMB258.1 million in interest paid, partially offset by RMB4,798.0 million in new borrowings raised and RMB593.6 million in short-term debenture raised. The repayments of bank borrowings and short-term debenture were made in accordance with the terms of each of these financing arrangements.

In 2006, we had net cash from financing activities in the amount of RMB398.3 million, primarily as a result of RMB668.5 million in short-term debenture raised and RMB9,724.3 million new borrowings raised, partially offset by repayment of borrowings of RMB9,441.4 million, a RMB344.5 million decrease in amounts due to related parties and RMB208.6 million in interest paid.

Working capital

We seek to effectively manage our cash flow and capital commitments and to ensure that we have sufficient funds to meet our existing and future cash requirements. In addition to cash generated from our operations, we have maintained long-term relationships with PRC commercial banks and believe that we will be able to roll over our existing short-term loans upon their maturity, if necessary, based on our past repayment and credit history. In assessing our ability to roll over our existing short-term loans, we have taken into account the adverse global financial crisis and have renewed certain existing short-term borrowings, some of which with greater loan amount, with the relevant banks in the aggregate amount of RMB1,327.3 million during the period from July 1, 2008 to February 28, 2009.

As of February 28, 2009, the date being the latest practicable date in respect of the information below, we had unutilized credit facilities in a total amount of RMB1,233.1 million, details of which are set forth below:

Lender	Amount of Unutilized Credit Facilities (in million of RMB)	Due Date
Agricultural Bank of China, Hongwei Branch[(1)]	528.0	May 19, 2009
China Everbright Bank, Dalian Branch	8.0	June 5, 2009
Bank of Jilin Co., Ltd.	430.0	June 26, 2009
Bank of Communications, Liaoyang Branch	213.0	May 21, 2009
China Merchants Bank, Dalian Branch, Xinghai Sub-Branch	35.0	August 26, 2009
Dalian City Commercial Bank, Zhongshan Sub-Branch	19.1	October 29, 2009
Total	**1,233.1**	

Note:

(1) As of February 28, 2009, we had a revolving banking facility granted by the Agricultural Bank of China in the aggregate amount of RMB1,700.0 million, of which approximately RMB1,172.0 million had been drawn down by us as short-term bank loans, with the remaining unutilized amount of RMB528.0 million. Such banking facility is valid until May 19, 2009. An aggregate amount of RMB184.7 million will fall due prior to May 19, 2009, and we intend to repay such amount to the Agricultural Bank of China incrementally from cash to be generated from our operating activities. We have received written confirmation from the Agricultural Bank of China that amounts repaid by us before May 19, 2009 will be available for drawdown for another year from its repayment date. If we repay RMB184.7 million to the Agricultural Bank of China as scheduled prior to May 19, 2009, such amount will be available to us for drawdown to finance our business operations and is repayable beyond the 12-month period from the date of this prospectus. We also plan to extend certain other existing banking facilities with the relevant banks.

Subsequently, in March 2009, we obtained a one-year revolving banking facility from Industrial and Commercial Bank of China, Anshan Branch, in the aggregate amount of RMB700 million.

In addition, we actively explore alternative means to raise capital. For example, we raised approximately RMB668.5 million and RMB593.6 million through the issuance of short-term debentures in December 2006 and April 2007, respectively, all of which were repaid in full. In addition, we issued one-year, short-term debentures in July and August 2008 in exchange for aggregate cash consideration of RMB2,000.0 million.

As of February 28, 2009, the date being the latest practicable date for the purpose of the indebtedness statement in this prospectus, our net current assets were approximately RMB507.0 million, comprising the following:

	As of February 28, 2009 RMB'000 (unaudited)
Current assets	
Inventories	1,127,712
Trade receivables	620,985
Other receivables, deposits and prepayments	1,603,612
Prepaid lease payments	1,472
Amounts due from related parties	3,200
Held-for-trading investments	1,531
Pledged bank deposits	1,277,493
Bank balances and cash	5,595,275
Total current assets	10,231,280
Current liabilities	
Trade payables	67,593
Bills payable	2,434,200
Other payables and accrued charges	291,985
Tax liabilities	216,581
Short-term debentures	2,000,000
Bank loans	2,713,936
Dividend payable	2,000,000
Total current liabilities	9,724,295
Net current assets	506,985

Note: In April 2009, our Company declared a final dividend for 2008 in the amount of RMB1.0 billion, and the dividend will be paid to ZIGL prior to the Listing. As such, our net current assets position may change.

Given our cash flow and cash position as of the date of this prospectus, and the availability of banking facilities, expected cash generated from our operations and the expected proceeds from the Global Offering, our Directors are of the opinion that we have sufficient working capital for at least the next 12 months from the date of this prospectus.

Inventory analysis

During the Track Record Period, our inventory decreased each year primarily due to increased sales during such period. For the three years ended December 31, 2008, our average inventory turnover days decreased, primarily due to (i) our improved inventory management as we began trial implementation of our new SAP inventory tracking software in 2005 and made continuous improvement throughout the Track Record Period; and (ii) increased sales of our customized industrial aluminum extrusion products, which have shorter inventory turnover days than those of our construction aluminum extrusion products since we typically ship customized industrial aluminum extrusion products to our customers immediately after they are finished. The following table sets out a summary of our inventory balances as of the balance sheet dates indicated:

	As of December 31,		
	2006	**2007**	**2008**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	81,122	54,757	30,385
Work-in-progress	420,695	233,532	219,320
Finished goods	1,093,994	1,071,306	809,063
Total	1,595,811	1,359,595	1,058,768

Our inventory balance was RMB300.8 million lower as of December 31, 2008 compared to the balance as of December 31, 2007, and RMB236.2 million lower as of December 31, 2007 compared to the balance as of December 31, 2006, primarily due to our increased sales volume in these periods.

In respect of our subsequent usage of inventory after December 31, 2008, approximately 100%, 100% and 67.1% of our raw materials, work-in-progress and finished goods, respectively, had been utilized as of February 28, 2009. For certain standardized construction aluminum extrusion products, we have been maintaining a limited level of inventory of finished goods to satisfy customers' demand. As a result, some of the stocks being kept as of December 31, 2008 had not been sold as of February 28, 2009. There was no cancellation of orders from customers or quality defect of raw materials during the Track Record Period. In addition, we did not hold any obsolete stocks during the Track Record Period.

The following table sets forth our average inventory turnover days for the years indicated:

	For the year ended December 31,		
	2006	2007	2008
Average Inventory Turnover (Days)[1]	122	91	54

(1) Average inventory equals inventory at the beginning of the year plus inventory at the end of the year, divided by two. Turnover of average inventory (in days) equals average inventory divided by cost of sales for the relevant year and then multiplied by 365 days for each of the three years ended December 31, 2008.

The decrease in average inventory turnover days during the Track Record Period was primarily a result of the general increase in our business and our effort to maintain a low inventory level.

Trade receivable and trade payable

Our trade receivable represents receivables from the sale of our products. Our trade payable represents amounts payable in connection with the purchase of materials necessary for our production and other raw materials from various suppliers.

The table below sets forth a breakdown of our trade receivables as of the balance sheet dates indicated.

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Trade receivables	646,946	686,913	523,952
Less: Allowance for bad and doubtful debts .	(8,264)	(219)	(47)
	638,632	686,694	523,905

Our trade receivables increased from RMB638.7 million as of December 31, 2006 to RMB686.7 million as of December 31, 2007, primarily reflecting increased sales volumes of industrial aluminum extrusion products. Our trade receivables decreased from RMB686.7 million as of December 31, 2007 to RMB523.9 million as of December 31, 2008, mainly due to our improved collection activities during such period.

The table below sets forth an aging analysis of trade receivables (net of allowance for bad and doubtful debts) as of the balance sheet dates indicated.

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
1-90 days	520,777	556,554	425,391
91-180 days	63,849	115,275	92,818
181-365 days	5,514	728	3,525
Over 365 days	48,542	14,137	2,171
	638,682	686,694	523,905

We have a policy of allowing an average credit period of 90 days for customers with proven credit history. Trade receivables at the balance sheet dates mainly comprise amounts receivable from sales of our products. No interest is charged on the trade receivables.

As of February 28, 2009, approximately RMB275.8 million, or 52.7%, of our trade receivables as of December 31, 2008 were settled. The table below sets forth the subsequent settlement information of trade receivables for each of the following aging categories as of February 28, 2009:

	RMB'000
1-90 days	213,293
91-180 days	58,760
181-365 days	1,618
Over 365 days	2,172
	275,843

In determining impairment losses, we conduct regular monthly reviews of aging analysis and evaluation of collectibles on an individual basis. As of December 31, 2006, 2007 and 2008, trade receivables of RMB520.8 million, RMB556.6 million and RMB425.4 million, respectively, were neither past due nor impaired. We had trade receivables outstanding over 90 days amounting to RMB117.9 million, RMB130.1 million and RMB98.5 million, respectively, as of December 31, 2006, 2007 and 2008. The increase in trade receivables outstanding for 91-180 days as of December 31, 2007 compared to the amount outstanding as of December 31, 2006 was primarily due to one-time extended credit terms granted to certain distributors with whom we have established long-term relationships. All such amounts were fully settled prior to March 2008. The increase in trade receivables outstanding for 181-365 days as of December 31, 2008 compared to the amount outstanding as of December 31, 2007 was mainly due to business disruptions experienced by certain of our distributors, which were allowed to include "Zhongwang" in their company names and present themselves as our branches for marketing and product promotion purposes in the past. For details, please refer to the section headed "Business – Sales, Marketing and Distribution" in this prospectus. We have caused the company names of these entities to be changed, and as a result, the business operations of these entities were interrupted temporarily due to the time required to complete the name change procedures, including registrations with the relevant government agencies and banks. Since these entities were unable to transfer funds to and from their bank accounts until the completion of the name change procedures and registration with banks and government authorities, their ability to settle our account was delayed, causing an increase in trade receivables outstanding for 181-365 days as of December 31, 2008. The name change procedures and registration with the relevant government agencies and banks have been completed by these entities and the relevant outstanding amounts have been fully settled as of January 21, 2009.

We estimate that certain trade receivables unsettled over 90 days are still recoverable based on individual analyses of the relevant customers' credit history and financial position. As such, we did not consider those unsettled amounts as impaired during the Track Record Period. As of the Latest Practicable Date, substantially all of such amounts had been collected.

We have experienced default of settlements of trade receivables by our customers and have written off certain amount as uncollectible. We generally recognize overdue trade receivables as uncollectible upon bankruptcy or insolvency of a debtor where the overdue amounts cannot be settled against the property of such debtor or when the debtor has been in default for an extended period of time and sufficient evidence indicates that our ability to collect such trade receivables is remote. During the Track Record Period, after numerous collection attempts and efforts to seek repayment, we wrote off approximately RMB8.6 million and RMB0.2 million as uncollectible in 2007 and 2008, respectively, in respect of certain trade receivables. For further details, please refer to note 20 to the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

Since 2007, we have strengthened our credit control policies by setting up a designated team to manage trade receivables, which routinely monitors our existing customers' payment history and financial position by requesting and reviewing their bank account statements and other financial documents from time to time, conducts on-site visits to collect unsettled trade receivables from customers and implements strict control of credit terms given to new customers. As a result, we have experienced improvement in our collection of trade receivables which was reflected in our decreased average trade receivable turnover days since such period. Based on our collection history, we believe that our control over collection of debts is effective.

The following table sets out the average turnover days for our trade receivable and trade payable for the years indicated.

	For the year ended December 31,		
	2006	2007	2008
Trade Receivable Turnover (Days)[(1)]	41	32	20
Trade Payable Turnover (Days)[(2)]	219	152	102

(1) Trade receivable turnover days is calculated based on the average of the beginning and ending balance of the trade receivables divided by the sales for the year, multiplied 365 for each of the three years ended December 31, 2008.

(2) Trade payable turnover days is calculated based on the average of the beginning and ending balance of the trade and bills payable divided by the cost of sales for the year, multiplied by 365 for each of the three years ended December 31, 2008. Our bills payable are repayable within 180 days. We included bills payable in the calculation of trade payable turnover days. As a result, our average trade payable turnover days were higher than the average credit terms granted by our suppliers, which are 90 days, throughout the Track Record Period. Furthermore, in 2006, trade payable turnover days were over 200 days because we obtained certain proceeds from overstated bill financing arrangements and used such proceeds to fund our general business operations. For further details, please refer to the section headed "Business – Bill financing" in this prospectus.

The decrease in average trade receivable turnover days during the Track Record Period was mainly due to (i) our ability to collect payments from customers more quickly by frequently contacting customers who have outstanding overdue invoices and requesting cash on delivery for our sales to customers with whom we have not developed a long-term relationship; and (ii) our increased direct sales of industrial aluminum extrusion products to customers, who typically settle our payments more quickly than customers of our construction aluminum extrusion products.

The decrease in average trade payable days during the Track Record Period was primarily attributable to our decision to pay our suppliers and vendors more quickly as the operating environment improved and the fact that we have sufficient working capital to settle payments due to suppliers and vendors. Our purchases are settled in Renminbi, and we have an average 90-day credit period from our suppliers. During the Track Record Period, we had not defaulted in any payments.

Trade payables principally comprise amounts outstanding for trade purchases. The average credit period taken for trade purchases is 90 days.

As of February 28, 2009, approximately RMB11.6 million, or 46.8%, of our trade payables as of December 31, 2008 were settled.

Indebtedness

Our bank and other borrowings as of December 31, 2006, 2007 and 2008, and February 28, 2009, the latter being the latest practicable date for the purpose of this indebtedness statement, were as follows:

	As of December 31,			As of February 28,
	2006	2007	2008	2009
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
Secured	1,259,990	1,669,990	1,274,990	1,246,990
Unsecured(1)	1,116,983	1,226,272	1,495,648	1,596,946
	2,376,973	2,896,262	2,770,638	2,843,936
Short-term debentures(2)	668,474	593,550	2,000,000	2,000,000
Non-trading amounts due to related parties(3)	1,555,882	1,561,472	320	–
Total	4,601,329	5,051,284	4,770,958	4,843,936

(1) As of December 31, 2006, 2007 and 2008 and February 28, 2009, the latest practicable date for the purpose of the indebtedness statement above, we had RMB100.0 million, RMB180.0 million, RMB1,330.0 million and RMB1,420.0 million, respectively, in outstanding unsecured bank loans guaranteed by certain third parties. The increases in the amount of outstanding unsecured bank loans guaranteed by certain third parties as of December 31, 2008 and February 28, 2009 were mainly due to certain bank loans, which were previously guaranteed by related companies in which Mr. Liu, our Controlling Shareholder, has beneficial interests, were subsequently replaced and guaranteed by third-party guarantors who receive no benefit for providing such guarantees. The Directors confirm that the amount of outstanding unsecured bank loans guaranteed by third-party guarantors as of December 31, 2008 had not been released as of the Latest Practicable Date.

These third-party guarantors were not related to our Group and are not connected persons as defined under the Hong Kong Listing Rules. These third-party guarantors are (i) Zhonghui Guohua Industry Group Ltd. (中輝國華實業(集團)有限公司) ("Zhonghui Guohua"), (ii) Jinhua Chemical Group Co., Ltd. (錦化化工(集團)有限責任公司) ("Jinhua Chemical") and (iii) Huludao Huatian Industry Co., Ltd. (葫蘆島華天實業有限公司) ("Huludao Huatian"). Details of these entities are as follows:

The two shareholders of Zhonghui Guohua are Beijing Henz Tide Enterprises Group ("Henz Tide"), a legal entity, and Wang Yaohui, a natural person, which hold 92% and 8% of the equity interests in Zhonghui Guohua, respectively. Henz Tide was a supplier of our Company. Other than this previous business relationship, none of Zhonghui Guohua or its shareholders, controlling person, directors or senior management has any direct or indirect shareholding or trustee relationship with the Controlling Shareholder, our Company, Directors or senior management.

Both Jinhua Chemical and Huludao Huatian are PRC state-owned enterprises. Their respective sole shareholder is the State-Owned Assets Administration of Huludao City (葫蘆島市國有資產管理委員會). As confirmed in the confirmation letters issued by Jinhua Chemical and Huludao Hutian in December 2008, none of these entities or their respective shareholder, controlling person, directors or senior management has any direct or indirect shareholding or trustee relationship with the Controlling Shareholder, our Company, Directors or senior management.

Due to their relationships established with our Controlling Shareholder, Mr. Liu, during the course of business activities, these third-party guarantors provided guarantees on the unsecured bank loans drawn down by our Group. Our PRC legal advisor, Commerce & Finance Law Offices, is of the opinion that guarantees provided by these third-party guarantors in favor of Zhongwang PRC in respect of the bank loans entered into by Zhongwang PRC are not in contravention of the relevant PRC laws and regulations, and the content of the relevant guarantee agreements are lawful and valid.

(2) To meet our existing and future working capital requirements, we issued one-year, short-term debentures through several syndicates in China in July and August 2008, among which the Agricultural Bank of China was the lead underwriter, to certain qualified institutional investors of the nationwide inter-bank market (全國銀行間機構投資者) which are Independent Third Parties. Each amounted to RMB1,000.0 million with fixed interest rates of 5.9% and 6.1% per annum, respectively. We plan to repay these short-term debentures with our cash, bank deposits, and cash flow generated from operations.

(3) Non-trading amounts due to related parties as of December 31, 2006, 2007 and 2008 represented advances obtained from and due to related parties of the Group. Non-trading amounts due to related parties as of December 31, 2006 and 2007 primarily consisted of approximately RMB1,551.0 million due to Liaoyang Factory, a former shareholder of Zhongwang PRC, and such amount was repaid in full. We received advances from and provided advances to related parties of the Group during the Track Record Period. For further details, please see the section headed "Amounts due from/to related parties" below. For a breakdown of amounts due from/to related parties, please refer to note 22 of the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

The bank loans carry average fixed interest rates of 6.65%, 7.29% and 7.30% per annum for each of the three years ended December 31, 2006, 2007 and 2008, respectively. All of our bank loans were denominated in Renminbi, U.S. dollars and Euros during the Track Record Period.

Except as described above, as of February 28, 2009, being the latest practicable date for determining our indebtedness, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptance (other than normal trade bills) or acceptance credits, debentures, mortgages, charges, finance leases, hire purchase commitments, guarantees or other material contingent liabilities.

Save as disclosed in this prospectus, the Directors have confirmed that there has not been any material change in the indebtedness and contingent liabilities of our Group since December 31, 2008.

Analysis on key balance sheet items

Property, plant and equipment

During the Track Record Period, as part of our expansion plans to improve production capacity, we built and installed new production facilities and equipment. As a result, we recorded substantial additions in construction-in-progress in 2006, and reclassified and transferred to the appropriate categories under property, plant and equipment when the construction was completed and ready for its intended use in 2007. Furthermore, in 2007, we purchased additional machinery and equipment in relation to our production capacity expansion, which caused a substantial increase in property, plant and equipment during such period.

Deposits for acquisition of property, plant and equipment

In line with fluctuations in the amount of property, plant and equipment as noted above, we recorded an increase in deposits for acquisition of property, plant and equipment in 2006 and 2007 for the purchase and installation of machinery and equipment to increase our production capacity. The deposits for acquisition of property, plant and equipment paid as of December 31, 2007 mainly consisted of the amount paid in relation to the construction of a smelting furnace and the installation work of which was started in 2008. As a result, RMB222.1 million of the deposits paid was reclassified as construction in progress included in property, plant and equipment in 2008, which caused a substantial decrease in the amount of deposits for acquisition of property, plant and equipment during the same period. The cost of construction of the smelting furnace will be classified to the appropriate category under property, plant and equipment when the construction is completed and ready for its intended use.

Amounts due from/to related parties

As of December 31, 2006, 2007 and 2008, we had amounts due from related parties totaling RMB150.6 million, RMB20.5 million and RMB22.2 million, respectively, and amounts due to related parties totaling RMB1,649.4 million, RMB1,561.5 million and RMB0.3 million, respectively. These amounts were comprised of trading and non-trading amounts due from/to related parties of the Group.

Non-trading amounts due from/to related parties represented advances provided to or obtained from related parties for cash flow purposes. All such non-trading advances due from/to related parties were unsecured, interest free and had no fixed repayment terms. During the Track Record Period, the fluctuation of the non-trading amounts due from/to related parties in year-end balances mainly reflected the repayment of RMB1,551.0 million due to Liaoyang Factory, a former shareholder of Zhongwang PRC, and other non-trading advances provided to or obtained from related parties of the Group, including Hong Cheng and Cheng Cheng, for short-term cash flow purposes during such periods. In preparation for the Listing, our Group underwent the Reorganization to rationalize our corporate structure. As a result, Liaoyang Factory ceased to be a shareholder of Zhongwang PRC in February 2008, and we repaid all outstanding amounts due to Liaoyang Factory. Such cessation was unrelated to the overstated bill financing as described in the section headed "Business – Bill Financing." Details of our Reorganization are set out in the section headed "Our History and Corporate Structure – Our Corporate Reorganization" in this prospectus.

Trading amounts due from/to related parties represented balances granted to/by related parties involving trading activities and transactions. The general credit terms of the trading balances granted to/by related parties are 90 days, and no privileged credit terms were offered to/by any related parties, except the trading amounts due to Pengli Dies in 2006 of which RMB45.3 million was past due over one year as of December 31, 2006. For further descriptions of the amounts due from/to related parties that involved trading activities, please refer to the section headed "Relationship with Our Controlling Shareholder and Continuing Connected Transactions" in this prospectus.

During the Track Record Period, the maximum outstanding balances related to Hong Cheng and Cheng Cheng fluctuated significantly. Such fluctuations were related to the overstated bill financing as disclosed in the section headed "Business – Bill Financing." The maximum outstanding balance related to Hong Cheng was RMB1,842.2 million, RMB540.0 million and RMB527.3 million, respectively, during the Track Record Period, while the maximum outstanding balance related to Cheng Cheng was RMB427.0 million, RMB636.2 million and RMB917.1 million, respectively, during the same period. Other than the maximum outstanding balances related to Hong Cheng and Cheng Cheng as mentioned above, all other maximum outstanding balances related to Mr. Liu, our Controlling Shareholder, and other related parties, namely, CC Plastics, GL Chemicals, Futian Chemical and Zhong Jie Clothing Co., Ltd., during the Track Record Period were unrelated to the overstated bill financing and the fluctuations of such maximum outstanding balances were mainly due to non-trading advances provided to these related parties for short-term cash flow purposes during such periods.

Our Directors confirm that all of the outstanding amounts due from/to related parties have been fully settled in January 2009. For a breakdown of amounts due from/to related parties, please refer to note 22 of the consolidated financial information set out in "Appendix I – Accountants' Report" to this prospectus.

Other receivables, deposits and prepayments

The fluctuations in the amount of other receivables, deposits and prepayments as of December 31, 2006, 2007 and 2008 were mainly attributable to (i) increased deposits paid to suppliers to secure supplies of aluminum ingots amounting to RMB710.9 million, RMB721.1 million and RMB2,363.8 million, respectively, due to our increased demand for aluminum ingots in response to the anticipated increase in sales volume of our products, particularly our expected sales increase to the transportation sectors, and (ii) deposit refunds received from certain equipment and machinery suppliers, amounting to RMB281.0 million, RMB259.4 million and nil, respectively, due to the cancellation of certain small-sized equipment and machinery purchase orders made by us. The amount of deposits paid to suppliers to secure supplies of aluminum ingots decreased by 33.0% from RMB2,363.8 million as of December 31, 2008 to RMB1,589.0 million as of February 28, 2009. In 2006, we ordered from several equipment and machinery suppliers certain small-sized equipment and machinery for a particular production line which we subsequently found to be unsuitable to meet our production needs. Therefore, pursuant to the mutual agreement with the relevant suppliers, we cancelled such purchase orders in 2006 and 2007, received deposit refunds from the relevant suppliers in 2006 and 2007 and subsequently re-ordered other large-sized equipment and machinery. In connection with capital expenditure, we have internal policies for the review and approval of each capital expenditure plan.

Bills payable

Bills payable include the outstanding amounts of our obligation related to actual purchases and overstated bill financing activities conducted during the Track Record Period. Cash flow from increases and decreases in bills payable included in operating activities was related to actual purchases of raw materials only, while the aggregate amount and related settlement of the bank acceptance notes issued by us, which were related to the overstated bill financing, were included in financing activities. For further details, please refer to the section headed "Business – Bill Financing" in this prospectus. The decrease in bills payable as of December 31, 2006 and 2007 was mainly due to a decrease in amounts related to overstated bill financing, which carried an average fixed discount rate of 3.0% and 5.5% per annum in 2006 and 2007, respectively. Since only bills payable involved in overstated bill financing carried discount rates and we ceased such overstated bill financing activities in November 2007, no discount rate to bills payable was available in 2008. The increase in bills payable as of December 31, 2008 compared to the amount as of December 31, 2007 was primarily attributable to an increase in our raw material purchases during such period.

Pledged bank deposits

Since we pledged approximately 50% of the outstanding amount of bills payable with relevant banks, in line with fluctuations in the amount of bills payable as noted above, the amount of pledged bank deposits as of December 31, 2006 and 2007 reduced as our reliance on overstated bill financing decreased during such periods. Similarly, our pledged bank deposits as of December 31, 2008 were higher than the deposits as of December 31, 2007 as we were required to make additional pledges with respect to our increased level of bills payable.

Held-for-trading investments

The fluctuations in the amount of held-for-trading investments as of December 31, 2006, 2007 and 2008 represented changes in the fair market value of our investments in certain mutual funds. The nature of our held-for-trading investments is a contractual open-ended fund, whose assets consist mainly of equity securities and bonds, and its market value is equivalent to its net assets value. The valuation of carrying values was made based on the net asset value quoted by the fund on a daily and thus marked-to-market basis. As of December 31, 2008, our rate of return was approximately 134%. During the Track Record Period, the market value of our investments was approximately RMB3.9 million, RMB2.7 million and RMB1.4 million, respectively. As of February 28, 2009, the market value of our investments was RMB1.5 million.

Bank loans

We expanded our production capacity significantly in recent years. As a result, we substantially increased the amount of our bank borrowings to meet our working capital needs during the Track Record Period. For details of our indebtedness, please refer to the section headed "Indebtedness" above.

Capital expenditures

The following table sets forth our capital expenditures for the years indicated:

	For the year ended December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Buildings	139	1,624	4,825
Machinery	85,603	137,962	29,724
Motor vehicles	10,283	43	2,163
Furniture, fixtures and equipment	2,269	889	3,335
Construction-in-progress[1]	1,018,599	937,338	460,380
Total	1,116,893	1,077,856	500,427

(1) Capital expenditures for construction-in-progress for the years ended December 31, 2006, 2007 and 2008 were used to increase our production capacity.

Our capital expenditures for the years ended December 31, 2006, 2007 and 2008 have been directed primarily toward increasing our production capacity. We believe we have sufficient working capital and banking relationships to enable us to fund the estimated capital expenditures of RMB551.5 million and RMB1,103.0 million in 2009 and 2010, respectively.

Capital commitments

The following table represents our capital commitments to make future payments under contracts and commitments as of the dates indicated:

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
Property, plant and equipment contracted for but not provided in the financial information	564,059	297,976	197,144

We experienced a significant decrease in our capital commitments as of December 31, 2007 and December 31, 2008 primarily because we paid a substantial amount of capital expenses in 2006 for the purchase of property, plant and equipment in connection with our expansion in production capacity, most of which were completed in 2007. Our Directors confirm that, as of the Latest Practicable Date, there has been no material change in our capital commitments since December 31, 2008.

Operating lease commitments

As of the following balance sheet dates, our future minimum lease payments under non-cancellable operating leases were as follows:

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
As a lessee			
Within one year	3,660	4,392	292
In the second to fifth year inclusive	12,811	8,418	253
	16,471	12,810	545

Operating lease payments represent rental payable by us as a lessee for our premises. Leases were negotiated for an average term of three years, and rentals were fixed for an average of three years. In February 2008, we ceased to lease certain office space in Beijing, China. As a result, there was a significant reduction in the amounts of future minimum lease payments under non-cancellable operating leases in 2008.

As of the following balance sheet dates, with respect to the leasing of our investment properties, we have contracted with tenants for the following future minimum lease payments:

	As of December 31,		
	2006	2007	2008
	RMB'000	RMB'000	RMB'000
As a lessor			
Within one year	1,079	744	–
In the second to fifth year inclusive	1,053	309	–
	2,132	1,053	–

Leases were negotiated for terms ranging from one to three years, and rentals were fixed for one to three years.

QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

Our activities expose us primarily to the financial and market risks such as interest rate risk, foreign currencies risk, commodity price risk on aluminum, credit risk and liquidity risk. Market risk exposures are measured by sensitivity analysis. There has been no change to our exposure to market risks or the manner in which we manage and measure the risk during the Track Record Period. Details of each type of financial and market risks are described below.

Interest rate risk management

Our fair value interest rate risk relates primarily to bank deposits and fixed-rate borrowings, and our cash flow interest rate risk relates primarily to variable-rate borrowings. We currently have not entered into interest rate swaps to hedge against our exposure to changes in the interest rate of the borrowings. However, our management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise. The interest rate risk on bank deposits is insignificant as the deposits are relatively short-term.

Our exposures to interest rates on financial assets and financial liabilities are as follows:

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for variable-rate borrowings at the balance sheet dates and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period in the case of instruments that have floating rates. A 10 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, our profit for the Track Record Period would decrease/increase by approximately RMB3.3 million, RMB4.0 million and RMB5.5 million, respectively. This is mainly attributable to our exposure to bank balances.

Foreign currency risk management

Certain of our bank deposits, receivables, payables and bank borrowings are denominated in U.S. dollars, Euros and Australian dollars which are different from the functional currency of our entities, which exposes us to foreign currency risk. We have not used any financial instruments to hedge against currency risk. However, our management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Commodity price risk on aluminum

Aluminum ingots are the principal raw material of our products, and our usage of aluminum ingots accounted for approximately 84.6%, 85.5% and 86.5%, respectively, of our total cost of sales in the Track Record Period. Fluctuations in the market price of aluminum have a significant impact on our earnings, cash flows as well as the value of our inventories. We do not, however, have any hedging arrangements to reduce our risk arising from fluctuations in aluminum prices.

Credit risk

Other than concentration of credit risks on deposits paid to a supplier included in other receivables, deposits and prepayments of RMB1,513.8 million in 2008 and certain bank balances of RMB3,707.5 million as of December 31, 2008 which are deposited with a local bank in Liaoyang City, we have no significant concentrations of credit risk. The supplier who received the RMB1,513.8 million deposits included in other receivables, deposits and prepayments has no prior history of default and has been maintaining a strong business relationship with our Company. In addition, as of April 17, 2009, the amount of bank balances deposited with that local bank in Liaoyang City has been reduced to RMB2.0 billion resulting from payments of dividend amounting to RMB2,000 million. The carrying amount of restricted bank balances, cash and cash equivalents trade receivables and other receivables included in our consolidated balance sheet represents our maximum exposure to credit risk in relation to our financial assets. We have policies in place to ensure that credit sales of products are made to customers with an appropriate credit history, and we perform periodic credit evaluations of our customers. Trade receivables consist of a large number of customers, spreading across diverse geographical areas. Our historical experience in the collection of trade and other receivables falls within the recorded allowances for doubtful debts, and our Directors are of the opinion that adequate provision for uncollectible trade receivables has been made in the financial statements.

Liquidity risk

It is our policy to regularly monitor our liquidity requirements and compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our financial obligations as they fall due. We typically ensure that we have sufficient cash on demand to meet expected operation expenses for a period of 60 days, including the servicing of financial obligations, without taking into account the potential impact of extreme circumstances, such as natural disasters, which we cannot reasonably predict.

INDEBTEDNESS STATEMENT

Except as disclosed in "Financial Information – Indebtedness" above, we did not, as of February 28, 2009, being the latest practicable date for determining indebtedness, have any outstanding mortgages, charges, debentures, debt securities or other loan capital or bank overdrafts of other similar indebtedness or finance lease commitments, guarantees or other material contingent liabilities. Our Directors confirm that there has been no material change in our indebtedness and contingent liabilities since December 31, 2008.

CONTINGENT LIABILITIES

As of December 31, 2006, 2007 and 2008, we issued financial guarantees to banks in respect of banking facilities granted to certain related companies in which Mr. Liu has a beneficial interest. As of the same dates, the aggregate amount that would be required to be repaid if the guarantees were called upon in their entirety amounted to RMB751.0 million, RMB544.0 million and nil, respectively, all of which have been utilized by the related companies. Such guarantees were released in November and December 2008.

Except for the foregoing, as of the close of business on February 28, 2009, being the latest practicable date for the purpose of this contingent liability statement prior to the publication of this prospectus, we did not have any material contingent liabilities or guarantees.

PROFIT FORECAST FOR THE SIX MONTHS ENDING JUNE 30, 2009

Our Directors forecast that, in the absence of unforeseeable circumstances and on the bases and assumptions set out in "Appendix III – Profit Forecast" to this prospectus, the forecast of our consolidated profit attributable to our shareholders for the six months ending June 30, 2009 will not be less than RMB1,380 million excluding the estimated expenses of approximately RMB30 million in relation to the Global Offering, and will not be less than RMB1,350 million after taking into account such estimated expenses.

The forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 prepared by our Directors is based on our unaudited management accounts for the two months ended February 28, 2009 and a forecast of our consolidated results for the remaining four months ending June 30, 2009. We have undertaken to the Hong Kong Stock Exchange that our interim report for the six months ending June 30, 2009 will be audited pursuant to Rule 11.18 of the Hong Kong Listing Rules. The profit forecast has been prepared on the basis of the accounting policies being consistent in all material aspects with those currently adopted by us as set out in note 3 in "Appendix I – Accountants' Report" to this prospectus.

Our Directors have prepared a profit forecast only for the six months ending June 30, 2009, as the cyclical nature of our industry and other factors described under "Risk factors – Risks related to the industry in which we operate" and "Financial information – Factors affecting our results of operations" make any forecast for a longer period subject to various uncertainties. The forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 may not necessarily give any indication of, and should not be interpreted as a guidance of, the full year financial results for 2009. The business and operations of our Group have in the past been, and will continue to be, affected by a number of factors. For further details of such factors, please refer to the sections headed "Risk Factors" and "Financial Information – Factors affecting our results of operations."

The unaudited pro forma forecast earnings per Share is calculated by dividing the forecast consolidated profit attributable to our shareholders for the six months ending June 30, 2009 by the total number of 5,400,000,000 Shares in issue, assuming that the Global Offering had been completed on January 1, 2009 (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or any options that are granted or may be granted under the Pre-IPO Share Option Scheme or the Share Option Scheme).

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted net tangible assets prepared in accordance with Rule 4.29 of the Hong Kong Listing Rules is for illustration purpose only, and is set out here to illustrate the effect of the Global Offering on the adjusted net tangible assets of our Group as of December 31, 2008, as if they had taken place on such date.

The unaudited pro forma adjusted net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of our Group following the Global Offering. It is based on the audited consolidated net assets of our Group as of December 31, 2008 as shown in the "Accountants' Report" as set out in Appendix I to this prospectus and adjusted as described below. The unaudited pro forma adjusted net tangible assets does not form part of the Accountants' Report.

	Audited consolidated net tangible assets as of December 31, 2008(1)	Estimated net proceeds from the Global Offering(2)	Unaudited pro forma adjusted net tangible assets	Unaudited pro forma adjusted net tangible assets per Share(3)	
	RMB'000	RMB'000	RMB'000	RMB	HK$
Based on the Offer Price of HK$8.80 per Share	3,205,076	10,533,611	13,738,687	2.54	2.89
Based on the Offer Price of HK$6.80 per Share	3,205,076	8,127,389	11,332,465	2.10	2.38

(1) The audited consolidated net tangible assets attributable to the equity holders of our Company are extracted from the Accountants' Report set out in Appendix I to this prospectus.

(2) The estimated net proceeds from the Global Offering are based on the Offer Shares and the Offer Price range of HK$6.80 and HK$8.80 per Share, after deduction of underwriting fees and related expenses payable by our Company but takes no account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that a total of 5,400,000,000 shares are expected to be in issue pursuant to the Global Offering, taking no account of any additional income our Group may have earned from the estimated net proceeds from the Global Offering, any Shares which may fall to be allotted and issued pursuant to the exercise of the Over-allotment Option, grant of Shares under the Pre-IPO Share Option Scheme or the Share Option Scheme.

(4) The property interests were valued by Savills Valuation and Professional Services Limited and the valuation report in respect of which was set out in Appendix IV to this prospectus. According to the valuation report, the property interests as of February 28, 2009 amounted to approximately RMB896,600,000. Comparing this amount with the unaudited net carrying value of the property interests as of February 28, 2009 of approximately RMB404,570,000, there was a surplus of RMB492,030,000. Had the property interests been stated at revaluation, additional annual depreciation of RMB14,173,000 will therefore be charged. The surplus on revaluation will not be reflected in our consolidated financial statements in subsequent years as we have elected to state the property interests at cost model.

DIVIDEND AND DIVIDEND POLICY

The recommendation of the payment of dividend is subject to the discretion of the Board, and, after the Listing, any declaration of final dividend for the year will be subject to the approval of the Shareholders. In October 2008, our Company declared a dividend (in respect of the dividend distribution receivable indirectly from Zhongwang PRC for 2007) in the amount of RMB2.0 billion and the dividend was paid to ZIGL in April 2009. In April 2009, our Company declared a final dividend for 2008 in the amount of RMB1.0 billion, and the dividend will be paid to ZIGL prior to the Listing. For the avoidance of doubt, the holders of Offer Shares will not be entitled to any of the aforesaid dividends. Our Directors may recommend a payment of dividend in the future after taking into account our operations, earnings, financial condition, cash requirements and availability, capital expenditure and future development requirements and other factors as it may deem relevant at such time. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of the shareholders of our Company. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Our Directors currently intend to recommend a distribution to all Shareholders in an amount representing not less than 25% of the distributable net profit attributable to the equity holders of our Company in each of the financial years following the Listing (that is, for the avoidance of doubt, for 2009 and thereafter) by way of dividend.

Any dividend declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividend in Hong Kong dollars. Our Directors believe that our dividend policy mentioned above will not adversely affect the working capital position of our Group.

Future dividend payments will also depend upon the availability of dividends received from our subsidiary in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to PRC accounting principles, which differ in many aspects from generally accepted accounting principles in other jurisdictions, including IFRS. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our subsidiary may also be restricted if it incurs debt or losses or pursuant to any restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries and associated companies may enter into in the future.

DISTRIBUTABLE RESERVES

We had share premium of RMB3,036,400 available for distribution to the shareholders of our Company as of December 31, 2008.

PROPERTY INTERESTS

Savills Valuation and Professional Services Limited, an independent property valuer, has valued the property interests attributable to us, as of February 28, 2009 at approximately RMB896.6 million. The text of its letter, summary of valuation and valuation certificates are set out in "Appendix IV – Property Valuation" to this prospectus.

Property interests include the land use rights to the parcels of land and the building ownerships of the completed buildings, the structures and the buildings under construction.

A reconciliation of the net carrying value of the relevant property interest, as of December 31, 2008, to their fair value as of February 28, 2009 as stated in "Appendix IV – Property Valuation" to this prospectus is as follow:

	Properties RMB'000
Net carrying value as of December 31, 2008	403,205
Movements for the period ended from December 31, 2008 to February 28, 2009	
– Additions	5,165
– Depreciation	(3,800)
Net carrying value of February 28, 2009	404,570
Valuation as of February 28, 2009 as per Appendix IV to this prospectus	896,600
Surplus	492,030

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our financial or trading position or prospects since December 31, 2008 (being the date to which our latest audited financial statements were prepared).

DISCLOSURE UNDER CHAPTER 13 OF THE HONG KONG LISTING RULES

Save as disclosed in the section headed "Financial Information – Analysis on key balance sheet items – Amounts due from/to related parties" in this prospectus, our Directors have confirmed that as of the Latest Practicable Date, there are no circumstances which would give rise to a disclosure obligation under Rules 13.13 to 13.19 of the Hong Kong Listing Rules.