



ASIA ZIRCONIUM LIMITED

亞洲鋯業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0395)

ANNOUNCEMENT OF FINAL RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

The board of directors (the "Board") of Asia Zirconium Limited (the "Company") is pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2006 as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Turnover	2	446,719	425,767
Cost of sales		(341,195)	(319,652)
Gross profit		105,524	106,115
Other income	2	2,287	2,320
Distribution costs		(8,685)	(10,332)
Administrative expenses		(20,241)	(18,214)
Other operating expenses		(173)	(6,665)
Profit from operations		78,712	73,224
Finance costs	3	(1,202)	(557)
Profit before tax		77,510	72,667
Income tax expense	4	(19,713)	(10,781)
Profit for the year	5	57,797	61,886
Dividends	6	15,857	17,303
Earnings per share	7		
Basic		RMB11.5 cents	RMB12.3 cents
Diluted		N/A	N/A

CONSOLIDATED BALANCE SHEET

As at 31 December 2006

	Notes	2006 RMB'000	2005 RMB'000
Non-current assets			
Property, plant and equipment		251,104	245,785
Prepaid land lease payments		52,244	53,744
Intangible assets		1,459	2,100
Prepayments and deposits		12,051	15,251
		316,858	316,880
Current assets			
Inventories		53,467	65,721
Trade receivables	8	52,086	42,464
Prepayments, deposits and other receivables		68,054	43,723
Prepaid land lease payments		1,351	1,202
Bank and cash balances		165,718	140,220
		340,676	293,330
Current liabilities			
Trade and bill payables	9	17,901	20,716
Accruals and other payables		45,464	42,722
Interest-bearing borrowings		26,694	20,809
Tax payable		30,343	30,041
		120,402	114,288
Net current assets		220,274	179,042
NET ASSETS		537,132	495,922
Capital and reserves			
Share capital		53,529	53,529
Reserves		483,603	442,393
TOTAL EQUITY		537,132	495,922

Notes:

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

In the current year, the Group has adopted all the new and revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for accounting periods beginning on or after 1 January 2006. HKFRSs comprise Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations. The adoption of these new and revised HKFRSs did not result in substantial changes to the Group's accounting policies and amounts reported for the current year and prior years.

These financial statements have been prepared under the historical cost convention.

2. TURNOVER, OTHER INCOME AND SEGMENT INFORMATION

The Group's turnover which include sales of zirconium compounds, electronic materials, electronic ceramics, new energy materials and rechargeable batteries are as follows:

	2006 RMB'000	2005 RMB'000
Turnover		
Sales of goods	446,719	425,767
Other income		
— Government grants	750	—
— Interest income	877	417
— Others	660	1,903
	2,287	2,320

Primary reporting format - geographical segments

The Group operates within one geographical segment in the PRC. All segment assets, liabilities and capital expenditures are located in the PRC and therefore no geographical segments are presented, except for the segment revenue and segment results. Segment revenue and segment results are presented based on geographical location of customers.

Secondary reporting format - business segments

The Group's business is mainly categorised into four business segments:

- zirconium compounds;
- electronic materials and electronic ceramics;
- new energy materials; and
- rechargeable batteries.

(i) Primary reporting format - geographical segments

	Japan		The USA		The PRC		The Netherlands		Others		Total	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Segment revenue	39,405	39,059	117,114	108,027	202,188	188,241	52,918	50,916	35,094	39,524	446,719	425,767
Segment results	7,356	10,262	26,220	33,452	53,351	43,364	9,592	7,055	9,005	11,982	105,524	106,115
Interest income											877	417
Unallocated cost											(27,689)	(33,308)
Profit from operations											78,712	73,224
Finance costs											(1,202)	(557)
Profit before tax											77,510	72,667
Income tax expense											(19,713)	(10,781)
Profit for the year											57,797	61,886

(ii) Secondary reporting format - business segments

	Turnover		Carrying amount of segment assets		Capital expenditure	
	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000	2006 RMB'000	2005 RMB'000
Zirconium compounds	402,481	365,178	272,731	243,229	17,395	34,130
Electronic materials and electronic ceramics	3,866	1,341	18,265	20,562	1,277	1,148
New energy materials	28,151	45,439	49,951	64,372	1,450	1,824
Rechargeable batteries	12,221	13,809	54,450	50,754	74	1,847
	446,719	425,767	395,397	378,917	20,196	38,949
Unallocated assets	—	—	262,137	231,293	261	703
	446,719	425,767	657,534	610,210	20,457	39,652



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3. FINANCE COSTS

	2006 RMB'000	2005 RMB'000
Interest on short-term bank loan	421	—
Interest on trust receipt loans	781	557
	<u>1,202</u>	<u>557</u>

4. INCOME TAX EXPENSE

	2006 RMB'000	2005 RMB'000
Hong Kong profits tax	—	—
PRC enterprise income tax — current	19,713	10,781
	<u>19,713</u>	<u>10,781</u>

(a) No provision for Hong Kong profits tax is required since the Group has no assessable profit sourced in Hong Kong for the year (2005: Nil).

(b) Tax charge on profits assessable in the PRC have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

The reconciliation between the income tax expense and the product of profit before tax multiplied by the PRC enterprise income tax rate is as follows:

	2006 RMB'000	2005 RMB'000
Profit before tax	77,510	72,667
Tax at applicable tax rate of 24% (2005: 12%)	18,602	8,720
Tax effect of expenses / income that are not deductible / taxable	1,111	1,914
Tax effect of unrecognised tax losses	—	147
Income tax expense	<u>19,713</u>	<u>10,781</u>

Note: Yixing Xinxing Zirconium Company Limited (“Yixing Zirconium”) and Yixing Better Batteries Co., Ltd. (“Better Batteries”) are wholly-owned subsidiaries of the Company incorporated in the PRC, and therefore subject to PRC Enterprise Income Tax (“EIT”) at local statutory rate. Pursuant to the relevant income tax laws in the PRC, Yixing Zirconium and Better Batteries are entitled to income tax exemption for the first and second profit-making years and a 50% reduction in EIT for the following three years. Starting from January 2003, the applicable rate of EIT for Yixing Zirconium is 12% (being 50% of the standard rate for foreign enterprises located in coastal open economic regions) and is changed to 24% starting from January 2006. As a result, the provision for EIT is calculated at 24% (2005: 12%) on the assessable profit for the year. No EIT provision is made for Better Batteries as it had no assessable profit for the year.

(c) At the balance sheet date, the Group had unprovided deferred tax assets which arose from the followings:

	2006 RMB'000	2005 RMB'000
Tax losses:		
Hong Kong	5,532	5,532
PRC	—	—
	<u>5,532</u>	<u>5,532</u>

Tax losses in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in entities which have been loss-making for some time or in the directors' opinion, it is uncertain whether future taxable profits would arise to offset against these losses.

At 31 December 2006, there was no significant unrecognised deferred tax liability (2005: Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries as the Group has no liability to additional tax should such amounts be remitted.

5. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	2006 RMB'000	2005 RMB'000
Auditor's remuneration	502	468
Costs of inventories sold	328,668	303,026
Depreciation	15,138	13,697
Amortisation of intangible assets (included in cost of sales)	641	1,000
Exchange losses	5,751	3,403
Research and development expenditure	11,666	3,347
Operating lease charges		
In respect of office premises in Hong Kong	534	508
In respect of land use rights outside Hong Kong	1,351	1,202
	1,885	1,710
Allowance for inventories (included in other operating expenses)	—	1,543
Impairment on intangible assets and deferred expenses (included in other operating expenses)	—	1,977
Impairment on machinery and equipment (included in other operating expenses)	—	2,500
Staff costs including directors' emoluments		
Wages and salaries	16,934	17,187
Retirement benefit costs	1,345	1,010
Other social welfare costs	407	337
	<u>18,686</u>	<u>18,534</u>

6. DIVIDENDS

	2006 RMB'000	2005 RMB'000
Interim, paid	—	—
Final, proposed	15,857	17,303
	<u>15,857</u>	<u>17,303</u>

At a meeting of the board of directors held on 12 April 2007, a final dividend of HK2.8 cents (2005: HK3.3 cents) per ordinary share has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

7. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following:

	2006 RMB'000	2005 RMB'000
Earnings		
Profit attributable to equity holders of the Company, used in the basic earnings per share calculation	57,797	61,886
	2006	2005
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	504,170,946	504,170,946

No diluted earnings per share are presented as the Company did not have any dilutive potential ordinary shares during the two years ended 31 December 2006 and 2005.

8. TRADE RECEIVABLES

The aging analysis of trade receivables after provision for bad and doubtful debts is as follows:

	2006 RMB'000	2005 RMB'000
0 - 90 days	48,857	40,074
91 - 180 days	1,763	710
181 - 365 days	749	1,322
More than 1 year	717	358
	<u>52,086</u>	<u>42,464</u>

Normally 30 to 60 days credit term is granted to local customers in the PRC and 60 to 90 days credit term is granted to overseas customers.

9. TRADE AND BILL PAYABLES

The aging analysis of trade and bill payables is as follows:

	2006 RMB'000	2005 RMB'000
0 - 90 days	12,653	17,073
91 - 180 days	1,080	266
181 - 365 days	871	1,163
More than 1 year	3,297	2,214
	<u>17,901</u>	<u>20,716</u>



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FINAL DIVIDEND AND CLOSURE OF REGISTER OF MEMBERS

The Board has recommended payment of a final dividend of HK2.8 cents per ordinary share for the Year.

The register of members of the Company will be closed from 8 May 2007 (Tuesday) to 10 May 2007 (Thursday), both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final dividend and to attend and vote at the Company's annual general meeting to be held on 10 May 2007, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on 7 May 2007 (Monday).

INDUSTRY REVIEW

Despite the government's macroeconomic tightening drive that started in 2004, the PRC economy continued to grow rapidly in 2006, with a double-digit growth in the gross domestic product. The world economy also maintains a growth momentum in the year under review and is expected to continue into 2007. The economic growth enhanced the expansion of zirconium chemical market, mainly for applications in consumption products and oxidised zirconium ceramics. PRC has also developed itself into the world's major producer of zirconium oxychloride, a key basic material that is used in the nuclear power industry. As a result, the zirconium chemical producers in the PRC are expected to benefit from the promotion of nuclear power in both China and the US. Overall, the global demand for zirconium chemicals is expected to grow further in the years to come.

On the supply side, with the Indonesian zircon coming on, the market has gone on a more balance in terms of supply and demand. It is forecasted that demand for zircon is going to grow continuously at historical levels and a substantial part of this growth will come from China. Although the Indonesian zircon eased the tight supply in 2006 to a certain extent, the market is uncertain on its surety of supply and the quality. Hence, it is expected that the price of zircon will maintain at a stable but relatively high level. This in turns will constrain the profit margin of zirconium chemical producers.

BUSINESS REVIEW

During the year under review, the operating environment remained challenging. Prices of zircon and other key raw materials continued to rise in 2006 which exerted pressure on the Company's profit margin. The appreciation of Renminbi also has some effects on the margin of our zirconium products, though not significant, in the sense that the exchange rate risk might not be fully transferable to our overseas customers with which we traded in US dollars. Notwithstanding the unfavorable operating factors, the Company continued to achieve a double-digit growth in the turnover of zirconium business. On the other hand, development and results of the new energy materials segment and battery segment were not as promising as previously planned. During the year, the management had downsized the operations of these two business lines. The Group will continue to closely scrutinise the operating environment and implement prompt and suitable strategy to cope with the market sentiment.

FINANCIAL REVIEW

Turnover Analysis

For the year ended 31 December 2006, the Group reported a total turnover of RMB446,719,000, represented a year-to-year growth of 5%. The largest segment, zirconium chemicals, contributed to 90% of total turnover, while the new energy materials and battery business contributed 6% and 3%, respectively. Notwithstanding that the Group has successfully opened up new revenue streams in prior year, zirconium chemicals business remained as the main focus of the Group's development.

Gross Profit and Gross Margin

Gross profit for the Year dropped slightly from RMB106,115,000 to RMB105,524,000. Gross margin dropped by 1% to 24%. The continuous rise in raw materials prices and the production in the new energy materials and battery segments at a level below full capacity led to the increase in the production costs. Excluding the effect of these segments, gross margin of individual zirconium chemical products was relatively stable in 2006.

Capital Expenditure

The capital expenditures for the year ended 31 December 2006 and 2005 were approximately RMB20,457,000 and RMB39,652,000, respectively. Capital expenditure dropped by 48% in 2006 because there was no large scale expansion or construction project in the Year.

Liquidity and Financial Resources

The Group continued to be cash positive in 2006. As at 31 December 2006, the Group's bank and cash balances were approximately RMB165,718,000. (2005: RMB140,220,000). The Group continued to maintain a strong and healthy financial structure.

The Group's trade receivables turnover days increased from 34 days in 2005 to approximately 39 days in 2006. Nevertheless, the Group has not experienced significant bad debt problems and continued to maintain a healthy record of trade receivables turnover.

The inventory balance as at 31 December 2006 decreased by 19% to RMB53,467,000. Inventory turnover days decreased from 56 days to 49 days.

Contingent Liabilities

As at 31 December 2006, the Group had no contingent liabilities.

Pledge of Assets

As at 31 December 2006, the Group did not pledge any assets (2005: Nil) as securities for the banking facilities granted by its bankers.

PROSPECTS

Looking into 2007, it is expected that the increasing demand for zirconium chemicals, resulting from the robust global and PRC economies, will bring further rooms for the development to the Group. Therefore, over the coming year, the Group will focus its efforts on establishing stable channels for supply of zircon so as to satisfy the Group's production needs for existing capacity and future expansion. The management has been vigorously identifying potential opportunities for investment in or establishing long-term strategic partnership with zircon mines so as to improve the quality and secure zircon supply. If any of these investment or partnership is materialised, the Group will make appropriate disclosure in accordance with the Listing Rules. On the other hand, the Group will continue to devote significant efforts and resources in improving technology and technological innovation for products so as to increase the quality and added-values of products.

The Group will take full advantage of its existing resources and competitive edges to actively seek for expansion opportunities in zirconium and related operations. Looking forward, capitalising on its abundant industry experience, high quality products, solid customer relationship and expanded production scale, the Group will continue to develop its core zirconium business and further increase its corporate profitability so as to generate satisfactory returns for its shareholders.

CORPORATE GOVERNANCE PRACTICE

The Company believes that corporate governance is essential to the success of the Company and has adopted various measures to ensure that a high standard of corporate governance is maintained.

Throughout the Year, the Company has complied with the requirements of the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, except for the deviation in respect of the appointment of the same person as the Chairman and the Chief Executive Officer of the Company. The current practices will be reviewed and updated regularly to follow the latest practices in corporate governance.

Under the Code on CGP, the responsibilities of Chairman and CEO should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing. Mr. Yang Xin Min has been the Chairman and the CEO of the Company since its incorporation and is in charge of the overall management of the Company and the Group. The Company considers that the combination of the roles of Chairman and CEO is conducive to strong and consistent leadership and can promote the efficient formulation and implementation of the Company's strategies which will enable the Group to grasp business opportunities efficiently and promptly. The Company considers that through the supervision of its Board and its INEDs, a balancing mechanism between the Board and the management of the Company exists so that the interests of the shareholders are adequately and fairly represented.

AUDIT COMMITTEE

The Audit Committee, comprises all INEDs of the Company, is chaired by Mr. Cheng Faat Ting Gary who is a professional accountant and has proven experience in audit, finance and accounting. The Audit Committee has reviewed the Group's financial results for the year ended 31 December 2006.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

POST BALANCE SHEET DATE EVENT

Pursuant to a placing agreement dated 4 January 2007 entered into between Mr. Yang Xin Min ("Mr. Yang"), a substantial shareholder of the Company, and a placing agent, 60,000,000 existing ordinary shares of HK\$0.1 each in the Company were placed to independent investors at a price of HK\$0.74 per share. Upon completion of the placement of shares and pursuant to a subscription agreement entered into between the Company and Mr. Yang, Mr. Yang subscribed for 60,000,000 new ordinary shares of HK\$0.1 each in the Company at a price of HK\$0.74 per share. The net proceeds raised from the subscription were approximately HK\$42,400,000.

PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

This announcement will be published on the website of the Stock Exchange (www.hkex.com.hk) and the Company (www.asiazirconium.com.hk). The full 2006 Annual Report will be despatched to the shareholders and available on the aforementioned websites in due course.

By Order of the Board
Yang Xin Min
Chairman

Hong Kong, 12 April 2007

As at the date of this announcement, the Board of the Company comprises the following directors: Executive Directors — Mr. Yang Xin Min, Ms. Huang Yue Qin, Mr. Zhou Quan and Mr. Li Fu Ping; Independent Non-executive Directors — Mr. Cheng Faat Ting Gary, Mr. Guo Jing Mao and Mr. Shi You Chun.



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the "Annual General Meeting") of the Company will be held at Suite 2611, Shell Tower, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong on Thursday, 10 May 2007 at 3:00 p.m. for the following purposes:

- To receive and adopt the audited financial statements of the Company and the reports of the directors and the auditors for the year ended 31 December 2006.
- To declare a final dividend.
- To re-elect Ms. Huang Yue Qin as a director of the Company.
 - To re-elect Mr. Zhou Quan as a director of the Company.
 - To re-elect Mr. Shi You Chun as a director of the Company.
 - To authorise the board of directors to fix the directors' remuneration.
- To re-appoint auditors and to authorise the board of directors to fix their remuneration.
- As special business, to consider and, if thought fit, pass with or without amendments the following resolutions as Ordinary Resolutions;

A. "THAT,

- subject to sub-paragraph (iii) of this Resolution, the exercise by the directors of the Company (the "Directors") during the Relevant Period (as defined below) of all the powers of the Company to allot, issue and deal with new shares in the capital of the Company, and to make or grant offers, agreements and options which might require the exercise of such power be and is hereby generally and unconditionally approved;
- the approval in sub-paragraph (i) of this Resolution shall authorise the Directors during the Relevant Period to make or grant offers, agreements and options which would or might require the exercise of such power after the end of the Relevant Period;
- the aggregate nominal amount of share capital allotted or agreed conditionally or unconditionally to be allotted (whether pursuant to an option or otherwise) and issued by the Directors pursuant to the approval in sub-paragraph (i) of this Resolution, shall not exceed 20% of the aggregate nominal amount of the share capital of the Company in issue as at the date of passing of this Resolution and the said approval shall be limited accordingly, otherwise than pursuant to the following:
 - a Rights Issue (as defined below);
 - any shares issued pursuant to the exercise of rights of subscription or conversion under the terms of any warrants or any debentures, bond warrants, notes issued by the Company or any securities which are convertible into shares of the Company;
 - any share options granted or exercised pursuant to any option scheme or, any option scheme or similar arrangement for the time being adopted for the grant or issue to officers and / or employees of the Company and / or any of its subsidiaries of shares or rights to acquire shares of the Company; and
 - any scrip dividend or similar arrangement providing for the allotment of shares in lieu of the whole or part of a dividend on shares of the Company in accordance with the articles of association of the Company; and
- for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors; and

"Rights Issue" means an offer of shares, open for a period fixed by the Directors to shareholders of the Company on the register on a fixed record date in proportion to their then holdings of such new shares (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient in relation to fractional entitlements or having regard to any restrictions or obligations under the laws of, or the requirements of any recognised regulatory body or any stock exchange in any territory outside Hong Kong)."

B. "THAT,

- subject to sub-paragraph (ii) of this Resolution, the exercise by the Directors during the Relevant Period (as defined below) of all the powers of the Company to repurchase its shares in the capital of the Company, subject to and in accordance with all applicable laws and the requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time, be and is hereby generally and unconditionally approved;
- the aggregate nominal amount of shares of the Company which may be repurchased by the Company pursuant to the approval in sub-paragraph (i) of this Resolution, shall not exceed 10% of the aggregate nominal amount of the share capital of the Company in issue on the date of passing of this Resolution and the said approval shall be limited accordingly; and
- for the purposes of this Resolution:

"Relevant Period" means the period from the passing of this Resolution until whichever is the earliest of:

 - the conclusion of the next annual general meeting of the Company;
 - the expiration of the period within which the next annual general meeting of the Company is required by the articles of association of the Company or any applicable laws to be held; or
 - the passing of an ordinary resolution by the shareholders of the Company in general meeting revoking or varying the authority given to the Directors."

C. "THAT, the general mandate granted to the Directors to issue and dispose of additional shares pursuant to Ordinary Resolution No. 5A set out in the notice convening this meeting be and is hereby extended by the addition thereto of an amount representing the aggregate nominal amount of the share capital of the Company repurchased by the Company under the authority granted pursuant to Ordinary Resolution No. 5B set out in the notice convening this meeting, provided that such amount shall not exceed 10% of the aggregate nominal amount of the issued share capital of the Company as at the date of passing of the said Resolution."

- As special business, to consider and if thought fit, pass the following resolution as Special Resolution:-

"THAT the name of the Company be changed from "Asia Zirconium Limited" to "China Zirconium Limited" and subject to the new name of the Company becoming effective, to adopt 中國鋳業有限公司 as its Chinese name for identification purposes, and the directors of the Company be and are hereby authorised to do all such acts, deeds and things and executed all such documents and make all such arrangements as they shall, in their absolute discretion, deem necessary or expedient to effect the foregoing."
- To deal with other ordinary businesses of the Company.

By Order of the Board
Li Mei Kuen
Company Secretary

Hong Kong, 12 April 2007

Principal Place of Business in Hong Kong:
Suite 2611
Shell Tower, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Notes:

- The register of members of the Company will be closed from 8 May 2007 (Tuesday) to 10 May 2007 (Thursday), both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend to attend the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 7 May 2007 (Monday).
- A member entitled to attend and vote at the meeting convened by the above notice is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not be a member of the Company.
- In order to be valid, the instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed, or a copy of such authority notarially certified, must be deposited at the Company's branch share registrar in Hong Kong not less than 48 hours before the time appointed for the holding of the meeting or any adjournment thereof.
- An explanatory statement containing further information on the above Resolution 5B will be despatched to the shareholders together with 2006 Annual Report.