UNITED METALS HOLDINGS LIMITED
科鑄技術集團有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2302)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30TH JUNE, 2008

The Board of Directors (the "Board") of United Metals Holdings Limited (the "Company" or "United Metals") is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30th June, 2008 (the "period"), together with comparative figures for the corresponding period, as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

		Six months ended 30th June,	
		2008	2007
	Notes	***HK$'000***	*HK$'000*
		(unaudited)	*(unaudited)*
Revenue	3	**108,054**	124,528
Cost of sales		**(103,629)**	(107,324)
Gross profit		**4,425**	17,204
Other income		**1,577**	444
Selling and distribution expenses		**(3,902)**	(3,936)
Administrative expenses		**(6,776)**	(5,594)
Finance costs		**(442)**	(904)
Other expenses		**(72)**	(72)
(Loss) profit before taxation		**(5,190)**	7,142
Income tax credit (expense)	4	**318**	(302)
(Loss) profit for the period	5	**(4,872)**	6,840
Interim dividend	6	**—**	—
(Loss) earnings per share — basic	7	**(HK2.21 cents)**	HK3.11 cents

* *For identification purpose only*

CONDENSED CONSOLIDATED BALANCE SHEET

	At 30th June, 2008 HK$'000 (unaudited)	At 31st December, 2007 HK$'000 (audited)
Non-current assets		
Property, plant and equipment	**112,506**	113,454
Prepaid lease payments	**6,086**	6,153
Available-for-sale investments	**1,496**	1,483
Deposits paid for acquisition of property, plant and equipment	**5,401**	3,249
	125,489	124,339
Current assets		
Inventories	**45,346**	40,983
Trade and other receivables and prepayments	**48,508**	55,745
Prepaid lease payments	**133**	133
Investments held for trading	**355**	543
Taxation recoverable	**340**	340
Bank balances and cash	**18,020**	18,807
	112,702	116,551
Current liabilities		
Trade and other payables and accruals	**36,188**	30,840
Taxation payable	**154**	84
Unsecured bank loans — due within one year	**16,000**	19,334
	52,342	50,258
Net current assets	**60,360**	66,293
Total assets less current liabilities	**185,849**	190,632
Non-current liabilities		
Deferred tax liabilities	**431**	958
	431	958
Net assets	**185,418**	189,674
Capital and reserves		
Share capital	**2,200**	2,200
Reserves	**183,218**	187,474
Equity attributable to equity holders of the Company	**185,418**	189,674

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. Basis of preparation

The unaudited condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and with the Hong Kong Accounting Standard (the "HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

2. Significant accounting policies

The unaudited condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair values.

The accounting policies used in the unaudited condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31st December, 2007 except as described below.

In the current interim period, the Group has applied, for the first time, the following new standards, amendments and interpretations ("new HKFRSs") issued by the HKICPA, which are effective for the Group's financial year beginning on 1st January, 2008.

HK(IFRIC)-INT 11	HKFRS 2 — Group and Treasury Share Transactions
HK(IFRIC)-INT 12	Service Concession Arrangements
HK(IFRIC)-INT 14	HKAS 19 — The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction

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

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

HKAS 1 (Revised)	Presentation of Financial Statements[1]
HKAS 23 (Revised)	Borrowing Costs[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[2]
HKAS 32 & 1 (Amendments)	Puttable Financial Instruments and Obligations Arising on Liquidation[1]
HKFRS 2 (Amendment)	Vesting Conditions and Cancellations[1]
HKFRS 3 (Revised)	Business Combinations[2]
HKFRS 8	Operating Segments[1]
HK(IFRIC)-INT 13	Customer Loyalty Programmes[3]

[1] Effective for annual periods beginning on or after 1st January, 2009.
[2] Effective for annual periods beginning on or after 1st July, 2009.
[3] Effective for annual periods beginning on or after 1st July, 2008.

The adoption of HKFRS 3 (Revised) may affect the accounting for business combination for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1st July, 2009. HKAS 27 (Revised) will affect the accounting treatment for changes in a parent's ownership interest in a subsidiary that do not result in a loss of control, which will be accounted for as equity transactions. The directors of the Company anticipate that the application of the other new or revised standards and interpretations will have no material impact on the results and the financial position of the Group.

3. Revenue and segmental information

Revenue represents the amounts received and receivable for goods sold, net of returns and sales related taxes to outsiders during the period.

Business segments

The Group's revenue and contribution to (loss) profit before taxation, analysed by business segments (primary segments) are as follows:

	Revenue		**Segment Results**	
	Six months ended 30th June,		**Six months ended 30th June,**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
Aluminum parts	**98,739**	111,665	**(5,044)**	7,737
Zinc parts	**7,342**	11,794	**(217)**	693
Magnesium parts	**1,170**	615	**(44)**	55
Others	**803**	454	**(25)**	25
	108,054	124,528	**(5,330)**	8,510
Income from available-for-sale investments			**15**	15
Income from investments held for trading			**10**	101
Interest income			**49**	119
Finance costs			**(442)**	(904)
Unallocated corporate income (expenses)			**508**	(699)
(Loss) profit before taxation			**(5,190)**	7,142
Income tax credit (expense)			**318**	(302)
(Loss) profit for the period			**(4,872)**	6,840

Geographical segments

The group's revenue and contribution to (loss) profit before taxation, analysed by geographical markets are as follows:

	Revenue		**Segment Results**	
	Six months ended 30th June,		**Six months ended 30th June,**	
	2008	2007	**2008**	2007
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
	(unaudited)	*(unaudited)*	***(unaudited)***	*(unaudited)*
The People's Republic of China (the "PRC") including Hong Kong	**33,944**	43,260	**(1,703)**	2,961
North America	**33,821**	36,355	**(1,606)**	2,455
Europe	**32,864**	39,341	**(1,668)**	2,708
South East Asia	**7,425**	5,572	**(353)**	386
	108,054	124,528	**(5,330)**	8,510
Income from available-for-sale investments			**15**	15
Income from investments held for trading			**10**	101
Interest income			**49**	119
Finance costs			**(442)**	(904)
Unallocated corporate income (expenses)			**508**	(699)
(Loss) profit before taxation			**(5,190)**	7,142
Income tax credit (expense)			**318**	(302)
(Loss) profit for the period			**(4,872)**	6,840

4. Income tax (credit) expense

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
Current tax		
Hong Kong	**—**	154
Other Jurisdictions	**209**	193
Deferred tax	**(527)**	(45)
	(318)	302

Hong Kong Profits Tax is calculated at 16.5% (2007: 17.5%) of the estimated assessable profit for the six months ended 30th June, 2008.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

Pursuant to the relevant laws and regulations in the PRC, Dongguan United Metal Products Co., Ltd. 東莞鏗利五金制品有限公司 ("Dongguan United"), is regarded as a "High and New Technology enterprise with Foreign Investment", while United Metal Products (Shanghai) Co., Ltd. 科鑄金屬制品（上海）有限公司 ("United Shanghai") and United Castings (Dongguan) Co., Ltd. 東莞科鑄金屬制品有限公司 ("United Castings") are regarded as "Enterprise with Foreign Investment established on coastal economic open zones", hence, they are levied at a reduced PRC Enterprise Income Tax rate of 24%. Also, all of the subsidiaries are entitled to exemption from the PRC Enterprise Income Tax for two years commencing from their first profit-making year of operation and thereafter, they are entitled to 50% relief from the PRC Enterprise Income Tax for the following three years. The reduced tax rate for the relief period is 12%.

Dongguan United's first profit-making year is the year of 1999. Accordingly, tax relief expired in the year of 2003 and the tax rate thereafter is 24%.

United Castings' first profit-making year is the year of 2006. Accordingly, tax relief will expire in the year of 2010 and the tax rate thereafter is 25%.

No provision for taxation has been made for United Shanghai as the company had no assessable profit for the six months ended 30th June, 2008.

On 16th March, 2007, the PRC promulgated the Law of the PRC on Enterprise Income Tax (the "New Law") by Order No. 63 of the President of the PRC. On 6th December, 2007, the State Council of the PRC issued Implementation Regulations of the New Law. The New Law and Implementation Regulations will change the tax rate from 24% to 25% of Dongguan United, United Castings and United Shanghai from 1st January, 2008 onwards. United Castings will continue to entitle to 50% relief from PRC Enterprise Income Tax until 2010 based on the new tax rate of 25%.

5. (Loss) profit for the period

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
(Loss) profit for the period has been arrived at after charging (crediting):		
Depreciation	**8,772**	7,842
Gain on disposal of investments held for trading	**—**	(85)
Dividend income from unlisted available-for-sale investments	**(15)**	(15)
Loss (gain) on investments at fair value through profit or loss	**189**	(16)
Gain on disposal of property, plant and equipment	**(60)**	—

6. Interim Dividend

The Board does not recommend the payment of an interim dividend for the six months ended 30th June, 2008 (six months ended 30th June, 2007: Nil).

7. (Loss) earnings per share

The calculation of the basic (loss) earnings per share attributable to the ordinary equity holders of the Company is based on the following data:

	Six months ended 30th June,	
	2008	2007
	HK$'000	*HK$'000*
	(unaudited)	*(unaudited)*
(Loss) profit for the period	**(4,872)**	6,840
Number of shares in issue for the purpose of basic (loss) earnings per share	**220,000,000**	220,000,000

No diluted earnings per share has been presented for the six months ended 30th June, 2007 and 2008 as there were no potential dilutive ordinary shares outstanding during the periods.

MANAGEMENT DISCUSSION AND ANALYSIS

United Metals is the leading vertically-integrated die caster of the global market and an indispensable die casting partner of domestic and international manufacturers in the PRC.

Market Overview

For the six months ended 30th June, 2008, the overseas die casting market was stable, while demand for die casting products in China remained strong due to continuous economic growth and the shift of production bases of the metal parts industry to the economic giant. Although the United States' subprime mortgage crisis has slowed down global economic growth, the impact on the industry has not emerged yet. The industrial sector, which is the Group's main target market, was relatively undaunted compared with the consumer sector, which is more vulnerable to the changes of the economic condition.

Nonetheless, the industry was not free from challenge during the period under review. Appreciation of the renminbi and rising inflation, attributable in part to the surge in energy cost, pushed up production cost and brought down profit margin, forcing the industry to find ways to tighten cost. Natural disaster also posed a challenge: flooding in southern China in June 2008 interrupted production of some industry players, including the Group.

Business Review

For the period under review, turnover dropped by 13.2% to HK$108,054,000 as compared to the corresponding period of the previous year. The fall was attributable to external factors, namely an approximately 22.1% year-on-year decrease in the production volume after the flooding in southern China in June led to a three-week suspension of production, as well as a shortage in labor supply. In accordance with the drop in turnover, a loss of HK$5,190,000 was reported for the six months ended 30th June, 2008. Meanwhile, the gross profit margin dropped to 4.1% mainly because of several adverse factors, including the appreciation of renminbi, rising inflation, reduction of export tax rebates, increase in labor cost and energy cost during the review period.

In the face of the challenge, the Group stayed focused on its business development strategy, continuing to apply stringent cost and quality controls, bringing into full play our strength in handling business with value-added services, and consolidating sales related to business with acceptable margin. We also continued to maintain good relations with our clients in a bid to seek year-on-year increase in the total value of customer contracts.

Operation Review

During the period under review, rising inflation was the key challenge to the Group, pushing up the labor cost, electricity cost and diesel fuel significantly. As a globally renowned and fully vertically integrated die caster based in the PRC, the Group actively introduced a series of appropriate initiatives to cope with the changes and mitigate any negative impact. Meanwhile, it continued to make efforts in capturing market opportunities whilst maintaining the strength of its existing business operations.

Effective management of cost issue

In view of inflation, the Group intended to raise the price of its products during the period under review, and it was accepted by a few of customers. Some others were understandably averse to the change and, therefore, we have initiated negotiations with them, which are still being conducted with a view to reaching an agreement on a price level that suited both sides.

Tighten cost control and increase cost effectiveness

In view of the surge in energy cost, the Group's research and development team has stepped up efforts in researching and developing alternative options of fuel for production in order to reduce costs. In addition, we believe that rearrangement of the utilization of furnace may also help bring down the running cost.

In addition, to tackle the increase in labor cost, due to the inflation as well as the New Labor Law introduced by the Chinese government, the Group is actively seeking to introduce full automation as part of our long term strategy. We have also focused more on domestic sales to mitigate the exchange loss resulted from the renminbi appreciation.

Meanwhile, various departments within the Group regularly undertake improvement projects that enable the diligent implementation of a variety of cost-control measures. The progress of these departments in this endeavor is closely monitored by the senior management team, thus ensuring that the Group's cost effectiveness is maximized across the board.

Sales volumes of different metal-based products

Aluminum-based products continued to be the core profit contributor of the Group during the period under review, accounting for approximately 91.4% of the total sales volume (1st half of 2007: 89.7%). While zinc-based and magnesium-based products accounted for approximately 6.8% and 1.1% respectively.

Diversified clientele and consolidation of sales/clients

With more than half of a hundred clients at present, the customer base of the Group spans numerous regions around the world. The European and American markets account for 50% and 50% respectively of the Group's export sales. During the period under review, some of the Group's major customers slightly increased the volume of their orders and also placed orders on new items, such as automobile components and industrial and furniture parts, contributing to the additional sales volume of mould. The Group is now in talks with a few potential clients from the industrial sector and the automobile industry for future development.

United Metals is also making efforts in consolidating sales. The Group intends to reconsider unprofitable items as well as clients who are reluctant to accept increased prices of long-standing items in spite of repeated negotiations. This measure will enable the Group to provide better services through existing resources to respectable clients, thus boosting efficiency and profitability in the long run.

FUTURE STRATEGIES

As the leading vertically integrated die caster of the global market and an indispensable die casting partner of domestic and international manufacturers in China, United Metals always strives to provide products of top quality, maximize production efficiency, boost profitability and create the best returns for its shareholders, with or without external challenges. The Group's underlying strengths and solid market position has stood it in good stead amidst the current changes of the economic condition.

Looking ahead, we will focus on making internal improvements by actively consolidating our business operations, exerting tight and effective control on cost, and strengthening our resources. We will also try to forge closer ties with existing customers to maintain the pace of growth while actively identifying potential and reliable customers in China.

With regard to the product mix, strong automotive production levels are expected to remain the growth driver of United Metals. However, the Group will also focus its efforts on other manufacturer components and industrial parts that offer the best profitability.

Despite the changes of the economic situation, we expect the growth momentum of China's economic development to continue in the coming years, and United Metals will continue to make prudent maneuvers, with a view to maintaining its solid market position and bringing the best returns to our shareholders.

HUMAN RESOURCES MANAGEMENT

As at 30th June, 2008, the Group employed approximately 1,790 full-time employees. The Group's remuneration package is determined with reference to the experience and qualifications of the individual's performance. The Group also ensures that all employees are provided with adequate training and continued professional opportunities according to their needs.

LIQUIDITY AND FINANCIAL RESOURCES

The Group recorded a net cash outflow of approximately HK$787,000 during the first six months ended 30th June, 2008, resulting in cash-on-hand and bank balances of approximately HK$18,020,000 as at the balance sheet date.

Stock turnover days amounted to 76 days, compared with a yearly average of about 72 days for the previous year. Debtors' turnover days decreased from 79 days as at 31st December, 2007 to 73 days as at 30th June, 2008.

The Group's financial position remained healthy. In respect of its gearing position, which is represented by the ratio of total debts to total assets, the ratio stood at 0.22 (at 31st December, 2007: 0.21).

The working capital of the Group was generally financed by internally generated cash flows from its operation and existing banking facilities. As at 30th June 2008, the Group's cash-on-hand and bank balances amounted to approximately HK$18,020,000 (at 31st December, 2007: HK$18,807,000) and secured bank loans amounted to approximately HK$16,000,000 (at 31st December, 2007: HK$19,334,000), of which HK$16,000,000 was due within one year (at 31st December, 2007: HK$19,334,000). The Group's net current assets and current liabilities amounted to HK$60,360,000 (at 31st December, 2007: HK$66,293,000) and HK$52,342,000 (at 31st December, 2007: HK$50,258,000) respectively as at 30th June, 2008.

Total shareholders' funds decreased from HK$189,674,000 as at 31st December, 2007 to HK$185,418,000 as at 30th June, 2008, as a result of HK$4,256,000 total recognized loss incurred for the period.

ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

There were no material acquisitions and disposals of subsidiaries and associated companies for the six months ended 30th June, 2008.

EXPOSURE TO FOREIGN EXCHANGE RISK

The Group's income and expenditure of raw materials, manufacturing cost and borrowings are mainly denominated in USD, HKD and RMB. Fluctuations of the exchange rates of RMB against foreign currencies could affect the operating costs of the Group. Currencies other than RMB were relatively stable during the period, the Group did not expose to significant foreign exchange risk. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign exchange exposure and will take prudence measure to minimize the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

CAPITAL STRUCTURE

There has been no significant change in the capital structure of the Group since 31st December, 2007.

CHARGE ON ASSETS

There was no charge on the Group's assets during the six months ended 30th June, 2008 (at 31st December, 2007: Nil).

CONTINGENT LIABILITIES

The Company has given guarantee to banks in respect of general facilities granted to its subsidiaries. The extent of such facilities utilized by the subsidiaries as at 30th June, 2008 amounted to approximately HK$16,000,000 (at 31st December, 2007: HK$19,334,000).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30th June, 2008, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has complied with the code provisions laid down in the Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 to the Listing Rules on the Stock Exchange throughout the six months ended 30th June, 2008.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

AUDIT COMMITTEE

An Audit Committee has been established by the Company for the purpose of reviewing and providing supervision on the financial reporting process and internal control of the Group. The Audit Committee comprises three independent non-executive directors and one non-executive director. The present members are Mr. Lee Tho Siem, Mr. Wang Jianguo, Dr. Loke Yu alias Loke Hoi Lam and Mr. Wong Wing Sing. Mr. Lee is the Chairman of the Audit Committee. The Group's interim reports for the six months ended 30th June, 2008 as well as the accounting principles and practices have been reviewed by the Audit Committee.

REMUNERATION COMMITTEE

In accordance with the requirements of the CG Code, a Remuneration Committee has been established by the Company to consider the remuneration of directors of the Company. The Remuneration Committee comprises two independent non-executive directors namely Mr. Lee Tho Siem and Mr. Wang Jianguo and one executive director namely Mr. Kong Cheuk Luen, Trevor who chairs the Remuneration Committee.

PUBLICATION OF INTERIM REPORT ON THE WEBSITE OF THE STOCK EXCHANGE

The interim report for the six months ended 30th June, 2008 containing all the information as required by the Listing Rules will be published on the websites of the Stock Exchange and the Company respectively and copies will be dispatched to shareholders of the Company in due course.

APPRECIATION

The Board would like to take this opportunity to thank our shareholders, the management and our staff members for their dedication and support.

On behalf of the Board
United Metals Holdings Limited
Tsang Chiu Wai
Chairman

Hong Kong, 5th September, 2008

As at the date of this announcement, the Board of Directors of the Company comprises Mr. Tsang Chiu Wai, and Mr. Kong Cheuk Luen, Trevor as executive directors; Mr. Wong Wing Sing as non-executive director; and Mr. Lee Tho Siem, Mr. Wang Jianguo, and Dr. Loke Yu alias Loke Hoi Lam as independent non-executive directors.